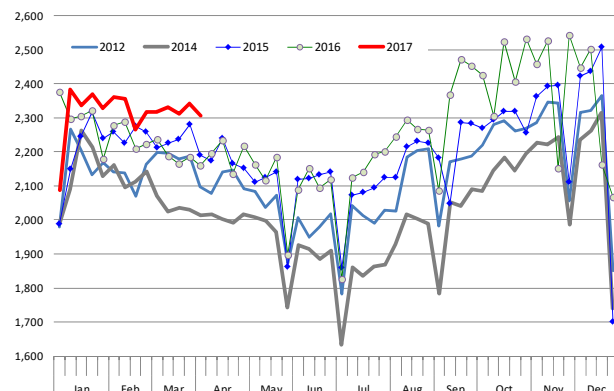


Hog slaughter for week ending April 8 was 2.301 million head, 6.8% higher than the same week a year ago. This is the sixth consecutive week that hog slaughter has surpassed 2.3 million head and since the start of March hog slaughter has averaged almost 6% above year ago and slightly above the levels indicated by the March 1 Hog Inventory survey. Pork production last week was 489.7 million pounds, 6.2% higher than a year ago. **In the last four reported weeks, pork production was a total 1.973 billion pounds, almost 120 million pounds (+6.4%) more than the previous year.** While pork exports were excellent in the first three months of the year, it has not been enough in our view to absorb the bulk of this increase. More pork has had to go through domestic channels, which in turn has kept prices in check even as demand generally starts to improve into the spring. Also we think the sharp spike in the value of pork bellies earlier in the year negatively impacted retail features for the spring and we are now seeing that playing out. The second chart to the right illustrates the effect that the change in the value of various primal has on the overall value of the cutout. On Friday USDA quoted the value of pork cutout (a weighted average price of all pork cuts sold) at \$75.28/cwt, \$6/cwt or 7.4% lower than where prices were at the end of February. What accounts for that decline? All of it is due to lower pork belly prices. The value of the belly primal on Friday was quoted at \$122.72/cwt, \$38/cwt (-24%) since late February. Since the belly primal accounts for about 16% of the total carcass, the decline in belly prices has subtracted a little over \$6/cwt from the cutout value. Interestingly prices for other items have been fairly steady since then and also relatively steady compared to a year ago. Indeed, the comparisons to a year ago are quite telling considering the large supplies coming to market. The loin primal on Friday was \$75.47/cwt, 2% lower than a year ago while the ham primal at \$55.74/cwt is actually 2% higher than what it was last year. Also positive for the pork market so far has been the performance of pork trimmings and picnics. Both lean and fat pork trim prices have been above year ago levels to this point, an indication of still very robust demand for hot dogs, sausages and other such items.

The erosion in the value of the pork cutout since late February has negatively impacted packer margins but, in our view, at \$37/cwt they still remain in positive territory. Discussion of margins always goes to the assumptions about operating costs but the gross margin calculations show packer margins at this point are almost as good as they were last year and above what we see as needed to break even (between \$25-\$30 per head). As a result packers continue to push as many hogs through as they can, with slaughter last Tuesday at 449,000 head. Slaughter should be near full capacity during this week but we expect a smaller slaughter next Monday because of Easter celebrations. Last year Easter Sunday was on March 27 and the following Monday hog slaughter was 298,000 head, down from around 434,000 that would have been a normal level. We suspect a shortfall of a similar amount again next Monday but most of it likely will be made up on Saturday. The net effect of the holiday will likely be limited in terms of the weekly slaughter.

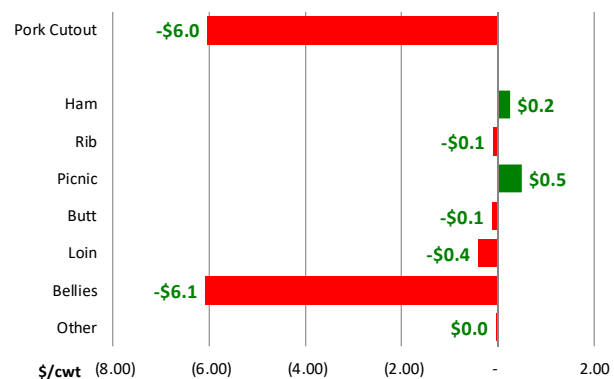
Weekly Hog Slaughter

000 Head. Data Source: USDA. Calculations by Steiner Consulting



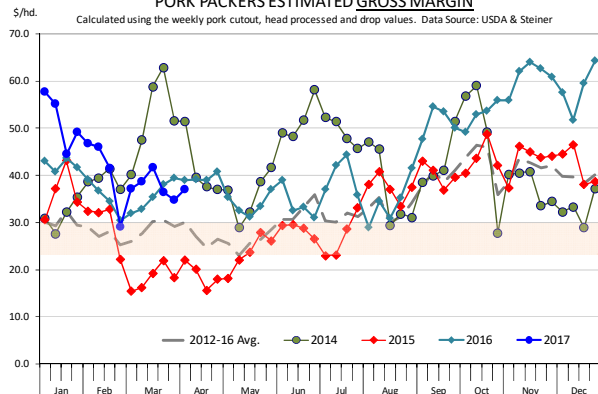
Contribution of Each Primal to the Change in the Value of Pork Cutout

April 7, 2017 vs. Feb 24, 2017



PORK PACKERS ESTIMATED GROSS MARGIN

Calculated using the weekly pork cutout, head processed and drop values. Data Source: USDA & Steiner



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com. Copyright © 2016 Steiner Consulting Group, DLR Division, Inc. All rights reserved.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group, CME and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

Daily Livestock Report

Sponsored by  **CME Group**

Vol. 15, No. 69 / April 10, 2017

PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **4/8/2017**

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. Weekly Avg. Prices

Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
		8-Apr-17	1-Apr-17		9-Apr-16			
Total Beef, Pork, Chicken, Turkey	mil lbs., cwe	1,805	1,818	-0.70%	1,735	4.06%	24,652	2.2%
C Fl Slaughter	Thou. Head	573	593	-3.37%	536	6.96%	8,179	6.1%
C Fl Cow Slaughter **	Thou. Head	112	105	6.67%	98	14.19%	1,345	-2.1%
T Avg. Dressed Weight	Lbs.	817	819	-0.24%	822	-0.61%	820	-1.1%
T Beef Production	Million Lbs.	467.4	484.6	-3.55%	439.6	6.32%	6,703	5.0%
L Live Fed Steer Price	\$ per cwt	121.71	127.38	-4.45%	133.90	-9.10%		
E Dressed Fed Steer Price	\$ per cwt	197.37	205.01	-3.73%	214.81	-8.12%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	147.32	148.29	-0.65%	179.93	-18.12%		
& Choice Beef Cutout	\$ per cwt	209.99	217.15	-3.30%	216.21	-2.88%		
Hide/Offal	\$ per cwt, live wt	11.93	11.84	0.76%	11.37	4.93%		
B Rib Primal, Choice	\$ per cwt	339.39	337.35	0.60%	336.18	0.95%		
E Round Primal, Choice	\$ per cwt	164.65	174.55	-5.67%	171.63	-4.07%		
E Chuck Primal, Choice	\$ per cwt	160.53	163.61	-1.88%	156.06	2.86%		
F Trimmings, 50%	\$ per cwt	101.49	103.43	-1.88%	81.74	24.16%		
Trimmings, 90%	\$ per cwt	217.99	217.63	0.17%	218.93	-0.43%		
H Fl Slaughter	Thou. Head	2,306	2,343	-1.58%	2,159	6.81%	32,419	2.0%
H Fl Sow Slaughter **	Thou. Head	59.1	58.5	1.09%	52.0	13.60%	689	-4.4%
H Avg. Dressed Weight	Lbs.	212.0	212.0	0.00%	214.0	-0.93%	213	-0.3%
O Pork Production	Million Lbs.	489.7	497.5	-1.57%	461.3	6.16%	6,891	1.7%
G Iowa-S. Minn. Base	Wtd. Avg.	60.51	62.45	-3.11%	63.20	-4.26%		
S Natl. Base Carcass Price	Wtd. Avg.	64.65	66.47	-2.74%	64.97	-0.49%		
Natl. Net Carcass Price	Wtd. Avg.	66.98	68.86	-2.73%	67.26	-0.42%		
Pork Cutout	205 Lbs.	75.13	76.71	-2.06%	77.23	-2.72%		
Ham Primal	\$ per cwt	55.43	56.78	-2.38%	55.52	-0.16%		
Loin Primal	\$ per cwt	74.55	75.80	-1.65%	76.98	-3.16%		
Belly Primal	\$ per cwt	125.08	130.68	-4.29%	129.21	-3.20%		
Trimmings, 72%, Fresh	\$ per cwt	66.67	67.62	-1.40%	62.01	7.51%		
Hog By-Product Value	\$ per cwt, live wt	3.97	3.98	-0.25%	3.51	13.11%		
C Young Chicken Slaughter *	Million Head	159.6	158.4	0.78%	156.2	2.22%	2,076	1.2%
H Avg. Weight (RTC)	Lbs.	4.64	4.62	0.33%	4.67	-0.81%	6.14	-0.5%
I Young Chicken Production (RTC)	Million Lbs.	740.1	731.9	1.11%	730.0	1.38%	9,677	0.7%
C Eggs Set (19-state)	Million	212.8	212.2	0.25%	208.1	2.26%	2,759	1.8%
K Chicks Placed (19-state)	Million Head	175.0	175.0	-0.01%	172.7	1.34%	2,245	1.3%
E National Composite Whole Bird	Composite	97.41	98.45	-1.06%	87.32	11.56%		
Northeast Breast, B/S	\$/cwt	129.11	128.24	0.68%	115.96	11.34%		
Northeast Leg Quarters	\$/cwt	40.61	38.08	6.64%	32.01	26.87%		
T Total Turkey Slaughter *	Million Head	4.183	4.097	2.10%	4.078	2.57%	53.636	0.5%
U Avg. Weight (RTC)	Lbs.	25.74	25.26	1.89%	25.41	1.30%	32.00	2.3%
R Turkey Production (RTC)	Million Lbs.	107.7	103.5	4.03%	103.6	3.91%	1,381	2.6%
K National Hen (8-12 lb)	8-16 Lbs.	99.05	100.40	-1.34%	117.00	-15.34%		
G Corn, Omaha	\$ per Bushel	3.26	3.22	1.24%	3.47	-6.05%		
R Distillers Grain, Chicago	\$ per Ton	97.50	102.50	-4.88%	127.50	-23.53%		
A Wheat, Kansas City (deliv.)	\$ per Bushel	3.77	3.76	0.27%	4.38	-13.93%		
I Soybeans, Cntrl IL	\$ per Bushel	9.29	9.50	-2.21%	9.05	2.65%		
N Soybn Meal 48%, Cntrl IL	\$ per Ton	302.20	305.90	-1.21%	273.30	10.57%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.

The Daily Livestock Report is made possible with support from readers like you. If you enjoy reading this report and would like to sustain it going forward, consider becoming a contributor by going to our website: www.DailyLivestockReport.com

Thank you for your support!

