

In the futures markets last week, the April Live Cattle contract posted much stronger prices week-over-week as it was forced to catch-up with the cash market, deferred contracts also gained ground. Feeder Cattle contract prices increased, too. For hogs, the nearby contract (April) softened week-over-week, but the deferred months posted price upticks.

On the second page of this newsletter is our weekly cash price and production summary. Cash prices for fed cattle were higher for the week, while slaughter hog prices declined. Week-over-week, both the Choice beef cutout value and the pork cutout were essentially unchanged. Federally Inspected cattle slaughter was well above a year ago (up 7.2%). The year-over-year increase in hog slaughter was only 1.3%, a percentage gain well below that of recent weeks. For comparable weeks (same number of slaughter days), hog slaughter recorded its smallest percentage year-over-year increase so far this calendar year.

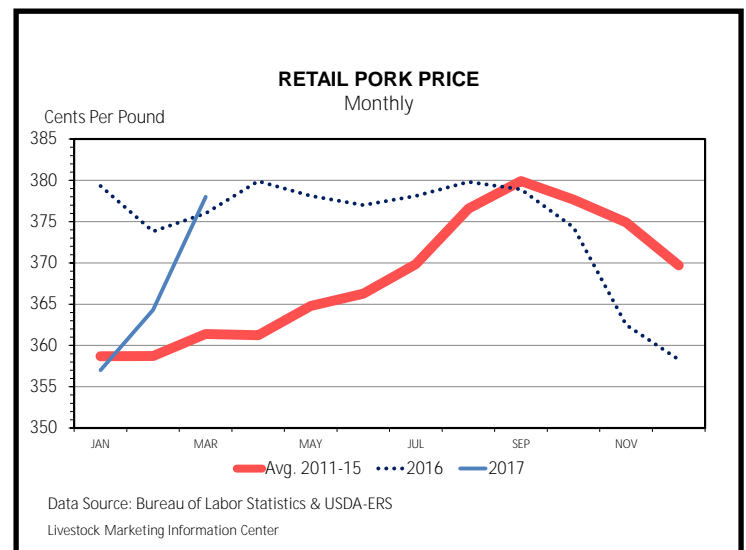
Several media stories last week played-up the in person meetings of President Trump with Chinese President Xi Jinping in Florida, at which the reopening of China to U.S. beef was one of the many topics discussed. Even market reporters with USDA's Agricultural Marketing Service highlighted the associated optimism in their weekly national feeder cattle summary (see that report [here](#)). However, there were no new developments announced compared to what was already said by the Chinese leadership back in September 2016 (see the Secretary of Agriculture announcement [here](#)). For many years now this situation has been discussed (a quick online search results in references back to 2006) and there have been meetings between U.S. and Chinese officials. For at least the last five years, statements have been made that reopening of China to U.S. beef was just a matter of months away. Maybe that situation will materialize, maybe not. The details to actually reopen China still need to be worked out, or maybe more correctly stated need to be agreed upon.

For readers that want to dig deeper into the likely Chinese positions, we suggest looking at the details of the Chinese reopening to Canada (announced by Canadian Food Inspection Agency on October 8, 2016). Specifically, the announcement e-mail said "China requires that the beef exported from Canada to China must be produced under the Canadian Beta-Agonist Free Beef Certification Program developed by the Canadian beef industry." Further, from the documentation (the link is [here](#)), the cattle from which the beef is derived for export to China must meet several requirements, importantly "each animal has a unique

identity, the farm of origin (place of birth) can be traced, and the cattle should be slaughtered less than 30 months of age."

The USDA's monthly World Agricultural Supply and Demand Estimates (WASDE) report was published last Tuesday, the full report is available [here](#). From the perspective of livestock industries, there were no surprises. In fact, all the livestock and poultry livestock changes were insignificant from numbers reported in the prior report.

On Friday, USDA's Economic Research Service (ERS) released their March retail meat and poultry "prices", which are actually values (the link is here). As regular readers of this newsletter know, those values are calculated using data collected by the U.S. Bureau of Labor Statistics to develop the monthly national Consumer Price Index (CPI). ERS then applies a set of assumptions to the CPI collected items to calculate retail values for beef, pork, etc. The surprise in the latest ERS calculations was the price (value) of pork, which increased by a rather large amount month-over-month. The March pork value increased 13.7 cents per pound (up 3.8%) compared to February's. The March pork value was the highest for any month since September 2016. ERS gives two calculated beef values. Choice graded beef increased 6.4 cents per pound month-over-month and was the highest since August 2016. In March, the "All Fresh" beef calculation (which includes all grades of beef items collected for the CPI plus hamburger) was 2.7 cents (0.5%) above February's, but remained below January of this year.



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PRODUCTION & PRICE SUMMARY

Week Ending

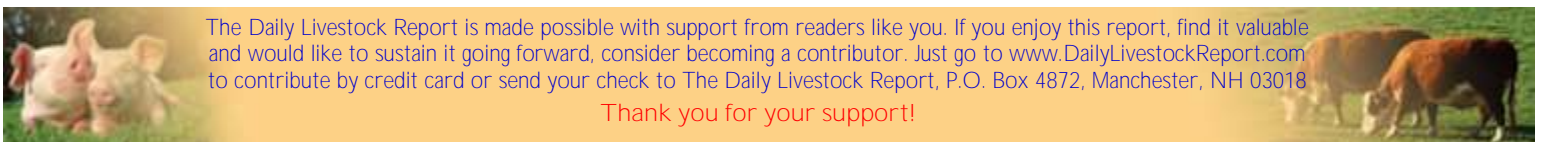
4/15/2017

Source: Various USDA Agricultural Marketing Service (Market News) reports. Some data are preliminary.

Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
		15-Apr-17	8-Apr-17		16-Apr-16			
Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,805	1,805	0.0%	1,781	1.3%	26,459	2.2%
C FI Slaughter	Thou. Head	590	573	3.0%	551	7.2%	8,777	6.3%
A FI Cow Slaughter **	Thou. Head	110	112	-1.8%	97	12.9%	1,455	4.7%
T Avg. Dressed Weight	Lbs.	814	817	-0.4%	832	-2.2%	818	-1.2%
T Beef Production	Million Lbs.	479.0	467.4	2.5%	452.0	6.0%	7,183	5.0%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	128.12	124.33	3.0%	133.99	-4.4%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	205.34	198.01	3.7%	213.98	-4.0%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	151.43	146.90	3.1%	169.15	-10.5%		
& Choice Beef Cutout	\$ per cwt	209.94	209.99	0.0%	221.51	-5.2%		
Hide/Offal	\$ per cwt, live wt	11.89	11.93	-0.3%	11.32	5.0%		
B Rib, Primal, Choice	\$ per cwt	336.34	339.39	-0.9%	334.94	0.4%		
E Round, Primal, Choice	\$ per cwt	165.12	164.65	0.3%	178.17	-7.3%		
E Chuck, Primal, Choice	\$ per cwt	162.74	160.53	1.4%	164.64	-1.2%		
F Trimnings, 50%, Fresh	\$ per cwt	100.47	101.49	-1.0%	80.02	25.6%		
Trimnings, 90%, Fresh	\$ per cwt	216.76	217.99	-0.6%	218.97	-1.0%		
H FI Slaughter	Thou. Head	2,223	2,306	-3.6%	2,195	1.3%	34,643	2.0%
H FI Sow Slaughter **	Thou. Head	59.9	59.1	1.4%	55.4	8.2%	749	1.8%
O Avg. Dressed Weight	Lbs.	212.0	212.0	0.0%	214.0	-0.9%	213	-0.3%
G Pork Production	Million Lbs.	472.4	489.7	-3.5%	468.7	0.8%	7,364	1.7%
S Iowa-S. Minn. Direct	Wtd. Avg.	56.93	60.18	-5.4%	63.29	-10.1%		
Natl. Base Carcass Price	Wtd. Avg.	62.75	64.28	-2.4%	65.26	-3.8%		
& Natl. Net Carcass Price	Wtd. Avg.	65.00	66.67	-2.5%	67.56	-3.8%		
Pork Cutout	\$ per cwt	75.27	75.13	0.2%	77.94	-3.4%		
P By-product Value	\$ per cwt, live wt	3.96	3.97	-0.3%	3.60	10.0%		
O Ham, Primal	\$ per cwt	56.48	55.43	1.9%	57.42	-1.6%		
R Loin, Primal	\$ per cwt	74.52	74.55	0.0%	77.41	-3.7%		
K Belly, Primal	\$ per cwt	122.84	125.08	-1.8%	127.87	-3.9%		
Trimnings, 72%, Fresh	\$ per cwt	66.85	66.37	0.7%	67.42	-0.8%		
C Young Chicken Slaughter *	Million Head	161.5	159.6	1.1%	160.24	0.8%	2,237	1.2%
H Avg. Weight (RTC)	Lbs.	4.64	4.64	0.2%	4.69	-1.0%	4.66	-0.5%
I Young Chicken Production (RTC)	Million Lbs.	749.8	740.1	1.3%	751.4	-0.2%	10,427	0.6%
C Eggs Set (19-state)	Million	213.9	213.2	0.3%	208.9	2.4%	2,974	1.9%
K Chicks Placed (19-state)	Million Head	174.3	174.9	-0.4%	172.1	1.3%	2,419	1.3%
E National Composite Whole Bird	Composite	96.49	97.41	-0.9%	88.37	9.2%		
N Northeast Breast, B/S	\$ per cwt	128.51	129.11	-0.5%	115.34	11.4%		
Northeast Leg Quarters	\$ per cwt	38.17	40.61	-6.0%	35.05	8.9%		
T Total Turkey Slaughter *	Million Head	4.11	4.18	-1.6%	4.35	-5.3%	57.8	0.0%
U Avg. Weight (RTC)	Lbs.	25.23	25.74	-2.0%	25.13	0.4%	25.71	2.0%
R Turkey Production (RTC)	Million Lbs.	103.8	107.7	-3.6%	109.2	-5.0%	1,485	2.0%
K National Hen (8-12 Lbs)	\$ per cwt	99.00	99.05	-0.1%	116.93	-15.3%		
G Corn, Omaha	\$ per Bushel	3.39	3.26	3.8%	3.58	-5.4%		
R Distillers Grain, Chicago	\$ per Ton	97.50	NQ	N/A	NQ	N/A		
A Wheat, Kansas City (delivered)	\$ per Bushel	4.65	4.62	0.6%	NQ	N/A		
I Soybean, Cntrl IL	\$ per Bushel	9.46	9.29	1.8%	9.48	-0.3%		
N Soybn Meal 48%, Cntrl IL	\$ per Ton	310.00	302.20	2.6%	297.10	4.3%		

* 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 (part of "actual" rather than "preliminary" weekly slaughter report).



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