

Cattle and hog weights have been trending in opposite directions in the last few weeks.

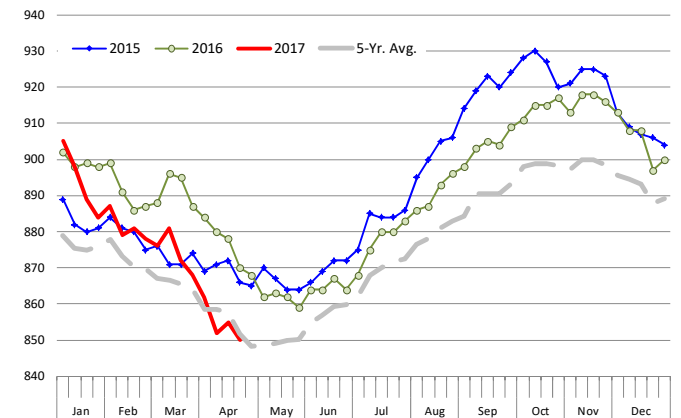
Some of this is seasonal but it also may reflect some of the short term supply issues in both markets. Let's start with cattle. USDA reported that for the week ending April 8 the average dressed carcass, this is both fed and non fed cattle, was 802 pounds. This is 20 pounds lighter (-2.4%) than a year ago and 22 pounds lighter than the five year average. Cattle weights normally decline into the spring but the decline this year has been more significant than usual. The five year average carcass for all cattle at the start of the year was around 810 pounds per carcass and by the end of April the five year average stands at 794 pounds, a 2% decline. This year carcass weights in early January stood at an average 837 pounds and since then have declined 4.2%, more than double the five year average rate. The decline in fed cattle carcass weights has been even more dramatic and has been the primary contributor for the weight reduction. The average fed steer carcass weight for the latest reported week was 852 pounds, 28 pounds (-3.2%) lower than a year ago and now about 6 pounds less than the five year average. The five year average decline for steer weights between early January and the end of April is around 3.4%. So far we are down 5.8% for the year and it is very likely we will see further declines in weights through the end of this month. At this point it looks possible that steer weights may eventually get as low as 840-845 by early May before starting their seasonal upswing. Heifer weights have declined just as sharply this year. Keep in mind that heifers are smaller than steers. An increase in the percentage of heifers in the slaughter mix (keep an eye on this in today's COF report) will also tend to lower overall cattle carcass weights. The average weight of heifers in the latest report was pegged at 792 pounds, 26 pounds (-3.2%) lower than last year. The implication of the lower weights is both direct and indirect. Lower weights will subtract from beef production. While fed cattle slaughter for the week of April 8 was around 6% higher than the previous year, fed beef production for the week likely increased by less than 3% from the previous year. And with robust exports and less imports coming in, the amount of beef available to the domestic user likely was less than a year ago. The indirect implication of the fed cattle weights has to do with the supply conditions in the feedyards. The sharp decline in weights indicates that feedlots are much more current than a year ago and also more current than normal. A current yard does wonders for the testicular fortitude of a feedlot operator.

In the case of hogs, we have seen the trend on weights follow the opposite path as with cattle.

USDA does report hog carcass weights with a two week lag, like cattle, but the data from Mandatory Price Reporting is consistent and much more timely so we tend to look at that report to assess the situation in the pork complex. The latest data for all barrows and gilts shows an average dressed weight of 213.8 pounds, slightly lower than a year ago (213.9) but about a pound heavier than at the end of March. There has also been a divergence in the weight of

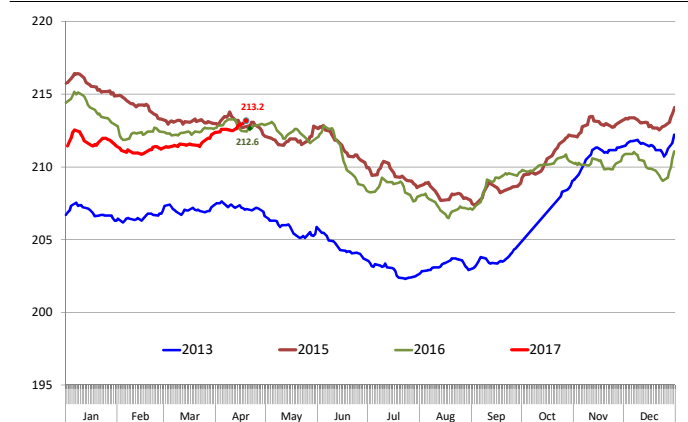
Fed Steer. Dressed Weight. Actual thru Apr. 8 + Fcast for Last 2 Weeks

Source: USDA+ Steiner Projection Based on MPR Actual Reported Weights. Lbs. Dressed Carcass

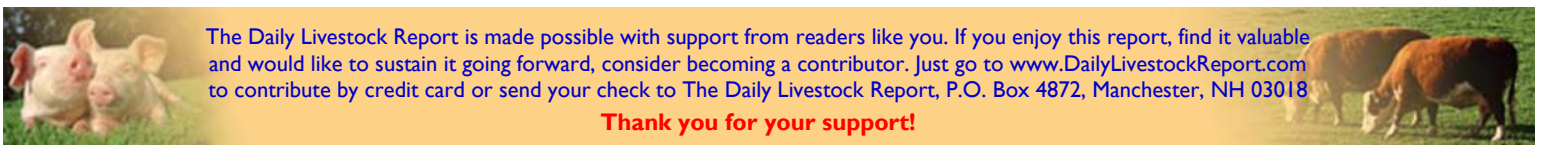


Dressed Barrow/Gilt Carcass Weights, 5-day Moving Avg. - Producer Hogs

Based on Daily MPR Report, LM_HG201. Data through April 19, 2017



producer v. packer hogs. Which sort of makes sense, when prices are coming down, packers have an incentive to put their hogs at the start of the line. The average weight of producer barrows and gilts is now at 213.2 pounds per carcass, 0.2% higher than a year ago and almost a percentage higher than what it was in late March. The average weight of packer barrows and gilts, on the other hand, is 216 pounds, about 2 pounds (-0.9%) less than a year ago. Hog slaughter continues to run significantly above year ago levels and based on the last Hogs and Pigs report, slaughter should remain above 5% through June. Weights that are at par with a year ago imply robust growth in overall pork production and ample supplies available through the spring.



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.