Daily Livestock Report

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USDA released on Friday the results of its latest feedlot inventory survey, showing that feedlots with +1000 head capacity had 7.4% more cattle on feed than a year ago. All the key numbers in the report were close to pre-report estimates and futures this morning opened higher following the latest data.

The larger inventory was well anticipated and it is currently reflected in the sharp discount for the summer months. Indeed, at this time it appears participants are looking to square the expectations for ample supplies/lower prices in May and June vs. very tight spot supplies and prices that on Friday were around $121 live and $194 dressed. Beef demand for spring grilling remains key, determining the marketing rate for April and May and ultimately the supply of finished cattle on June 1.

Feedlots placed 1.921 million head of cattle on feed in March, 196,000 head (-9.3%) less than a year ago. Analysts polled ahead of the report were expecting placements to be down 9.1%. **Placements in Kansas were down 85.000 head (-17%) compared to a year ago and placements in Colorado were down 40,000 head (-19.5%)**. The early removal of cattle from winter wheat/small grains grazing reduced March placements in these states. The breakdown of placements shows the biggest decline was in the 700-799 pound category, which was down 100,000 head (-16%) from a year ago. The time such cattle will spend on feed will vary depending on breed, location and market factors. For those that would like to get some insight on this we would suggest the KSU report 'Focus on Feedlots.' In their February report, the report indicated that the average weight of the 23,491 steer closeouts was 758 pounds with a final live weight of 1,385 pounds and spending an average of 176 days on feed. Average daily gain was reported at 3.48 pounds.

Feedlots marketed 3.9% fewer cattle in March, mostly because there was one less marketing day than a year ago. The marketing rate in March was 15.5%, compared to 17.8% last year and 16.2% in 2016. The pace of marketings has been lower than some expected, leading to forecasts for higher marketings in May and June.

The supply of cattle that have been on feed for more than 150 days on April 1 is calculated at 1.687 million head, 39.4% higher than a year ago. We could see the supply of +150day cattle on May 1 be as high as 50% from a year ago. The inventory of +120day cattle was 23% higher than a year ago. Fed cattle supplies are front loaded, hence the sharp discount of futures for June and August.

USDA offered a breakdown of the feedlot inventory by sex, which is done quarterly. The latest data points to part of the reason for the big increase in feedlot inventories - more heifers going to slaughter rather than staying in the herd. The total number of steers on feed on April 1 was 7.535 million head, 4% higher than a year ago. The inventory of heifers on feed was 4.194 million head, 13.9% higher than a year ago. Despite the increase in the number of heifers on feed, we don't think the cattle industry in the US has entered a contraction phase. Rather, the pace of expansion has slowed down and given the larger calf crop and lower retention rate more heifers are available for feeding.

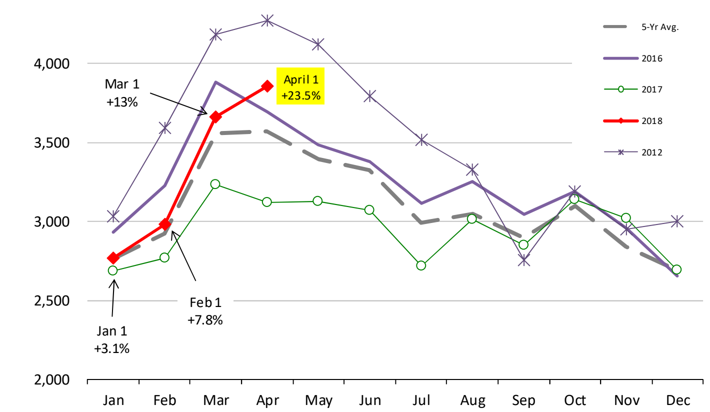
U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

Source: USDA/NASS. Analyst Estimates from Urner Barry

	Number, Thousand Head			Current Year as % of Year Prior		
	2016	2017	2018	Actual	Estimates	Difference
Placed on Feed During Mar	1,892	2,117	1,921	90.7	90.9	-0.2
Fed Cattle Marketed in Mar	1,747	1,914	1,840	96.1	96.0	0.1
On Feed April 1	10,853	10,919	11,729	107.4	107.6	-0.2

INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



Inventory of Heifers as % of Total Inventory on Feed, Quarterly

Source: USDA/NASS 'Cattle on Feed' Survey. Quarterly Report

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PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 4/21/2018

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
			21-Apr-18	14-Apr-18		22-Apr-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,893**	**1,843**	2.68%	**1,801**	5.10%	**28,736**	1.7%
	FI Slaughter	Thou. Head	624	605	3.14%	601	3.83%	9,600	2.3%
C	FI Cow Slaughter **	Thou. Head	117	115	2.00%	108	8.31%	1,676	7.2%
T	Avg. Dressed Weight	Lbs.	817	818	-0.12%	800	2.13%	821	0.7%
T	Beef Production	Million Lbs.	508.5	493.5	3.04%	479.9	5.96%	7,884	3.1%
L	Live Fed Steer Price	$ per cwt	121.31	119.49	1.52%	131.60	-7.82%		
E	Dressed Fed Steer Price	$ per cwt	187.21	189.97	-1.45%	209.23	-10.52%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	159.42	157.85	0.99%	155.07	2.81%		
&	Choice Beef Cutout	$ per cwt	211.78	213.34	-0.73%	215.63	-1.79%		
	Hide/Offal	$ per cwt, live wt	9.75	9.76	-0.10%	12.05	-19.09%		
B	Rib Primal, Choice	$ per cwt	346.17	350.29	-1.18%	341.72	1.30%		
E	Round Primal, Choice	$ per cwt	165.82	165.30	0.31%	170.46	-2.72%		
E	Chuck Primal, Choice	$ per cwt	170.94	172.07	-0.66%	168.43	1.49%		
F	Trimmings, 50%	$ per cwt	93.41	91.83	1.72%	104.32	-10.46%		
	Trimmings, 90%	$ per cwt	218.16	218.31	-0.07%	217.01	0.53%		
	FI Slaughter	Thou. Head	2,436	2,372	2.70%	2,297	6.03%	38,030	2.9%
	FI Sow Slaughter **	Thou. Head	60.4	55.1	9.69%	59.5	1.51%	817	1.1%
H	Avg. Dressed Weight	Lbs.	214.0	214.0	0.00%	213.0	0.47%	214	0.7%
O	Pork Production	Million Lbs.	522.3	508	2.81%	490.3	6.53%	8,142	3.6%
G	Iowa-S. Minn. Base	Wtd. Avg.	55.31	48.45	14.16%	54.24	1.97%		
S	Natl. Base Carcass Price	Wtd. Avg.	58.65	55.39	5.89%	61.17	-4.12%		
	Natl. Net Carcass Price	Wtd. Avg.	60.70	57.38	5.79%	63.47	-4.36%		
	Pork Cutout	205 Lbs.	68.23	66.29	2.93%	75.06	-9.10%		
	Ham Primal	$ per cwt	55.11	53.43	3.14%	57.82	-4.69%		
	Loin Primal	$ per cwt	69.26	67.70	2.30%	75.14	-7.83%		
	Belly Primal	$ per cwt	91.32	85.37	6.97%	117.03	-21.97%		
	Trimmings, 72%, Fresh	$ per cwt	56.82	57.18	-0.63%	69.59	-18.35%		
	Hog By-Product Value	$ per cwt, live wt	3.62	3.61	0.28%	3.96	-8.59%		
C	Young Chicken Slaughter *	Million Head	159.4	158.7	0.42%	160.4	-0.65%	2,375	-0.9%
H	Avg. Weight (RTC)	Lbs.	4.77	4.67	2.28%	4.61	3.46%	6.18	0.8%
I	Young Chicken Production (RTC)	Million Lbs.	760.8	740.7	2.71%	740.1	2.79%	11,155	-0.1%
C	Eggs Set (19-state)	Million	0.0	229.0	NA	223.3	NA	3,403	2.3%
K	Chicks Placed (19-state)	Million Head	0.0	182.2	NA	181.5	NA	2,727	1.1%
E	National Composite Whole Bird	Composite	108.75	108.34	0.38%	96.44	12.76%		
	Northeast Breast, B/S	$/cwt	133.57	139.33	-4.13%	127.72	4.58%		
	Northeast Leg Quarters	$/cwt	40.18	41.35	-2.83%	37.94	5.90%		
T	Total Turkey Slaughter *	Million Head	3.966	3.95	0.41%	3.456	14.76%	60.507	-1.1%
U	Avg. Weight (RTC)	Lbs.	25.48	25.55	-0.27%	26.19	-2.72%	31.94	-0.2%
R	Turkey Production (RTC)	Million Lbs.	101.0	100.9	0.14%	90.5	11.63%	1,554	-1.3%
K	National Hen (8-12 lb)	8-16 Lbs.	79.50	80.50	-1.24%	99.00	-19.70%		
G	Corn, Omaha	$ per Bushel	3.68	3.71	-0.81%	3.28	12.20%		
R	Distillers Grain, Chicago	$ per Ton	177.50	165.00	7.58%	100.00	77.50%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	4.83	4.98	-3.01%	3.65	32.33%		
I	Soybeans, Cntrl IL	$ per Bushel	10.24	10.47	-2.20%	9.37	9.28%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	378.30	391.40	-3.35%	302.40	25.10%		

* 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. YTD still references 2017.

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