Daily Livestock Report

Sponsored in part by CME Group

Vol. 15, No. 79 / April 24, 2017

The latest USDA cattle on feed numbers came in above the average of analyst estimates, which would normally call for a somewhat bearish reaction from futures when they open this morning. Total on feed numbers as of April 1 were pegged at 10.904 million head, 0.5% higher than a year ago and the largest April inventory since 2012. The challenge for the cattle market, however, is that in the very near term supplies of market ready cattle are tight and packers continue to bid up prices in order to fill orders ahead of the start of the grilling season. The supply of cattle that on April 1 had been on feed for more than 120 days calculates to 3.122 million head, 15.4% less than a year ago. The supply of 150 day cattle is down 40%. This is the largest on feed inventory for the month of April since 2012. But in April 2012 the inventory of 120day cattle was 4.270 million head, almost 1.2 million head (+37%) higher than it is today. The bears in the market continue to point out that eventually the higher placements will catch up with the cattle market, maybe in early May... maybe in late May... maybe in June. Those that hold a more bullish view of the market, on the other hand, continue to point to robust beef demand and the fact that packers are sending cattle to market at a rapid clip in order to fill orders. The rapid pace of marketings combined with light placements in September and October appears to have created a marketing hole that has lifted spot cash prices and created a very wide spread between spot April cattle and June futures. Weather is quickly improving across the country, which is generally good for both retail and foodservice demand.

But let's look at those March placement numbers a bit more closely since they were indeed quite significant. Cattle placed on feed in March were 2.102 million head, 210,000 head (+11.1%) more than a year ago. Almost half of the increase was due to more placements of cattle in the 700-799 pound category. Placements of such cattle were up 130,000 head (+26.5%) from a year ago. August futures already hold a notable discount to June and the latest placement data suggest that a big discount for late summer cattle may indeed be warranted. Placements of heavy and very heavy feeders (+900 lb.) also were higher but the absolute numbers were relatively small, about 17,000 head more than a year ago. But also consider this: In the first three months of this year feedlots have placed 5.777 million head of cattle on feed, **almost 400,000 head more than the same period a year ago**. The January 1 feeder cattle supply (i.e. the number of cattle outside feedlots that was available for placement) was 563,000 head larger than the previous year. We appear to have already worked through much of that growth in feeder supplies and April 1 feeder numbers are only modestly higher than they were a year ago. It appears unlikely that feedlots will be able to maintain the current rate of placements in the second half of the year. One way we could place more cattle on feed later this year is if producers decide to shift heifers scheduled for herd rebuilding into feedlots. Heifer slaughter is up year over year, but that's not because producers have decided to stop growing. Rather it is just a function of having a larger calf crop. Heifers placed on feed during Q1 were just 33.7% of all placements, a ratio that is still relatively low (no liquidation yet). Bottom line, placements are up. There could be some supply pressure for summer/early fall. But also more limited supply growth for late 2017/early 2018.

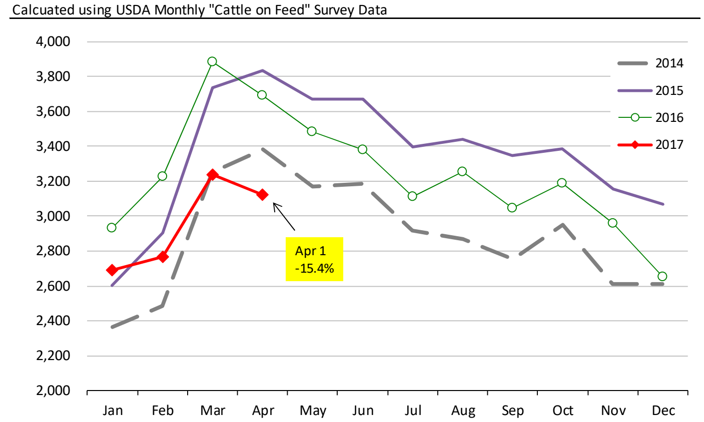
U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

Source: USDA/NASS. Analyst Estimates from Urner Barry

	Number, Thousand Head			Current Year as % of Year Prior		
	2014	2015	2016	Actual	Estimates	Difference
Placed on Feed During Mar	1,809	1,892	2,102	111.1	106.0	5.1
Fed Cattle Marketed Mar	1,631	1,747	1,914	109.6	109.5	0.1
On Feed April 1	10,797	10,853	10,904	100.5	99.7	0.8

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

Calcuated using USDA Monthly "Cattle on Feed" Survey Data



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

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

Daily Livestock Report

Sponsored by CME Group

Vol. 15, No. 79 / April 24, 2017

PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 4/22/2017

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
			22-Apr-17	15-Apr-17		23-Apr-16			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,797**	**1,805**	-0.43%	**1,808**	-0.57%	**28,255**	2.0%
	FI Slaughter	Thou. Head	595	590	0.85%	585	1.75%	9,377	6.0%
C	FI Cow Slaughter **	Thou. Head	108	110	-1.17%	99	9.55%	1,563	-0.4%
T	Avg. Dressed Weight	Lbs.	809	814	-0.61%	816	-0.86%	817	-1.3%
T	Beef Production	Million Lbs.	480.1	479.0	0.23%	476.4	0.78%	7,658	4.7%
L	Live Fed Steer Price	$ per cwt	131.62	128.01	2.82%	126.45	4.09%		
E	Dressed Fed Steer Price	$ per cwt	209.22	205.30	1.91%	200.68	4.26%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	155.07	151.31	2.49%	161.07	-3.72%		
&	Choice Beef Cutout	$ per cwt	215.63	209.94	2.71%	222.27	-2.99%		
	Hide/Offal	$ per cwt, live wt	12.05	11.89	1.35%	11.41	5.61%		
B	Rib Primal, Choice	$ per cwt	341.72	336.34	1.60%	335.44	1.87%		
E	Round Primal, Choice	$ per cwt	170.46	165.12	3.23%	178.39	-4.45%		
E	Chuck Primal, Choice	$ per cwt	168.43	162.74	3.50%	169.76	-0.78%		
F	Trimmings, 50%	$ per cwt	104.32	100.47	3.83%	73.38	42.16%		
	Trimmings, 90%	$ per cwt	217.01	216.76	0.12%	218.83	-0.83%		
	FI Slaughter	Thou. Head	2,287	2,223	2.88%	2,233	2.41%	36,942	2.0%
	FI Sow Slaughter **	Thou. Head	59.5	59.9	-0.64%	54.9	8.51%	809	-2.7%
H	Avg. Dressed Weight	Lbs.	213.0	212.0	0.47%	214.0	-0.47%	213	-0.3%
O	Pork Production	Million Lbs.	486.5	472.4	2.98%	477.2	1.95%	7,855	1.7%
G	Iowa-S. Minn. Base	Wtd. Avg.	54.42	56.86	-4.29%	65.50	-16.92%		
S	Natl. Base Carcass Price	Wtd. Avg.	61.48	62.36	-1.41%	66.93	-8.14%		
	Natl. Net Carcass Price	Wtd. Avg.	63.87	64.73	-1.33%	69.13	-7.61%		
	Pork Cutout	205 Lbs.	75.06	75.27	-0.28%	80.27	-6.49%		
	Ham Primal	$ per cwt	57.82	56.48	2.37%	64.69	-10.62%		
	Loin Primal	$ per cwt	75.14	74.52	0.83%	80.33	-6.46%		
	Belly Primal	$ per cwt	117.03	122.84	-4.73%	120.20	-2.64%		
	Trimmings, 72%, Fresh	$ per cwt	65.86	67.49	-2.42%	74.84	-12.00%		
	Hog By-Product Value	$ per cwt, live wt	3.96	3.96	0.00%	3.61	9.70%		
C	Young Chicken Slaughter *	Million Head	160.4	161.5	-0.64%	159.5	0.57%	2,398	1.1%
H	Avg. Weight (RTC)	Lbs.	4.61	4.64	-0.65%	4.70	-1.78%	6.13	-0.6%
I	Young Chicken Production (RTC)	Million Lbs.	740.1	749.8	-1.29%	749.3	-1.22%	11,167	0.5%
C	Eggs Set (19-state)	Million	212.3	213.8	-0.66%	207.6	2.30%	3,186	1.9%
K	Chicks Placed (19-state)	Million Head	173.2	174.1	-0.50%	170.2	1.79%	2,592	1.3%
E	National Composite Whole Bird	Composite	96.44	96.49	-0.05%	89.19	8.13%		
	Northeast Breast, B/S	$/cwt	127.72	128.51	-0.61%	116.65	9.49%		
	Northeast Leg Quarters	$/cwt	37.94	38.17	-0.60%	34.17	11.03%		
T	Total Turkey Slaughter *	Million Head	3.456	4.114	-15.99%	4.33	-20.18%	61.206	-1.4%
U	Avg. Weight (RTC)	Lbs.	26.19	25.23	3.80%	24.19	8.29%	31.99	2.5%
R	Turkey Production (RTC)	Million Lbs.	90.5	103.8	-12.80%	104.7	-13.57%	1,575	1.0%
K	National Hen (8-12 lb)	8-16 Lbs.	99.00	99.00	0.00%	124.22	-20.30%		
G	Corn, Omaha	$ per Bushel	3.28	3.39	-3.24%	3.62	-9.39%		
R	Distillers Grain, Chicago	$ per Ton	100.00	97.50	2.56%	125.00	-20.00%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	3.65	3.83	-4.70%	4.42	-17.42%		
I	Soybeans, Cntrl IL	$ per Bushel	9.37	9.46	-0.95%	10.15	-7.68%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	302.40	310.00	-2.45%	331.70	-8.83%		

* 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.