Daily Livestock Report

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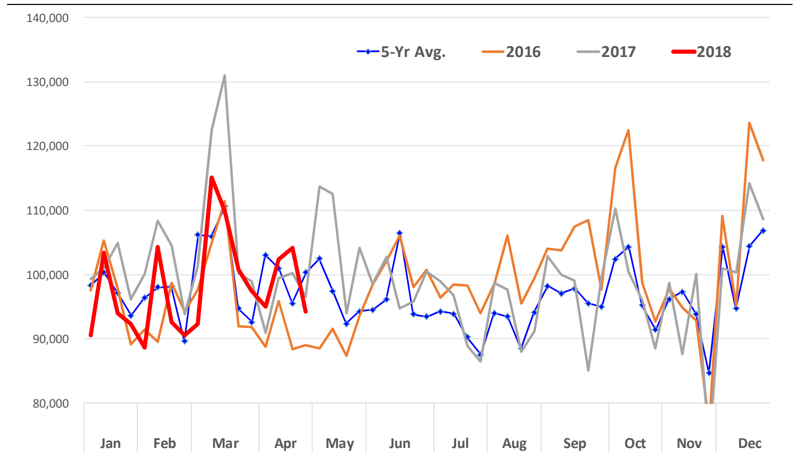
Vol. 16, No. 95 / May 14, 2018

Memorial Day weekend is just two weeks away, a critical demand period for meat protein sales. Retailers have once again taken advantage of the increase in beef supply availability to feature more beef in the meat case. **The retail beef feature activity index for the week ending May 11 was close to year ago levels and 15% above the five year average**. Increased feature activity has bolstered overall beef prices and limited the supply of beef trading in the open market. US packers are processing more cattle on Saturday shifts to fill holiday orders. Based on the latest USDA information, we estimate that fed cattle slaughter last week was 518,000 head, just a couple of head lower than the previous week. These have been the two largest fed slaughter weeks of the year but even larger slaughter numbers are expected in June. Saturday fed cattle slaughter the week before last was 49,000 head and this week it was estimated at 44,000 head. Last year Saturday fed cattle slaughter during non-holiday weeks peaked at around 48,000 head. And the increase in Saturday shifts started in June. This year we have started to ramp up slaughter earlier, a function of larger on feed supplies. Labor remains a tight commodity for packers and could present a bottleneck going into the summer months. Spot fed cattle prices have been higher recently as packers were more active in the market looking to fill needs for Memorial Day features. This has supported June fed cattle futures but participants still remain quite bearish for prices into the summer. The discounted price structure should continue to support more beef features in the second half of the year, something that we observed in 2016.

The increase in beef features may have crowded out pork features, at least in the short term. **The pork retail feature activity index for the last reported week was 17% lower than the same week a year ago and 7% lower than the five year average**. Ribs and pork butt (shoulder) continue to perform well. They generally benefit from the start of the grilling season and are a favorite item for many families. We have discussed loins at length in this report and the challenges associated with loin cuts. Prices for loins are slowly moving higher but below year ago levels. Two items that appear to be problematic in the short term are hams and bellies. Bellies normally move higher into June and July as hog slaughter declines and increased retail features provide more competition for the regular belly users - restaurants. We think the relatively low value of pork trim and **sluggish demand from Mexico has created a more challenging environment for hams**. Normally trim prices move higher in May and June, supported by demand for sausage and hot dogs. Trim values set a floor for hams. This year that floor has been lower than in past years. USDA quoted the price of 72CL pork trimmings on Friday at around 70 cents. Last year the average price of 72CL pork was 80 cents in May but current prices are comparable to the levels paid in 2015 and 2016. Export business to Mexico last year was excellent. This year it has been challenging to push even more volume. But hams should benefit from the reduction in slaughter. Record hog supplies this fall should provide retails with plenty of opportunities to feature hams for Thanksgiving and Christmas.

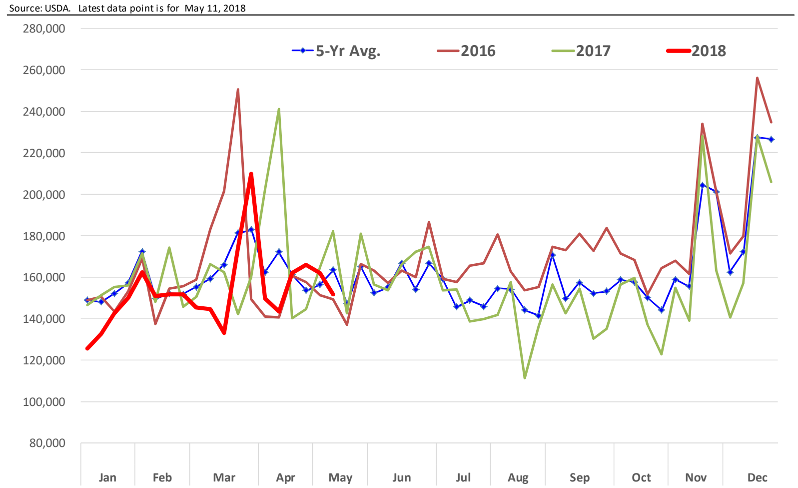
NATIONAL RETAIL BEEF FEATURE REPORT: ACTIVITY INDEX

Source: USDA LSWBFRTL Report. Latest data point is for May 11, 2018



NATIONAL RETAIL PORK FEATURES REPORT: ACTIVITY INDEX

Source: USDA. Latest data point is for May 11, 2018



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 5/12/2018

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
			12-May-18	5-May-18		13-May-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,877**	**1,891**	-0.75%	**1,821**	3.10%	**34,362**	1.8%
	FI Slaughter	Thou. Head	645	647	-0.31%	619	4.15%	11,528	2.5%
C	FI Cow Slaughter **	Thou. Head	119	120	-1.29%	109	8.43%	2,031	7.7%
T	Avg. Dressed Weight	Lbs.	803	809	-0.74%	789	1.77%	817	0.7%
T	Beef Production	Million Lbs.	517.0	522.6	-1.07%	487.4	6.07%	9,417	3.2%
L	Live Fed Steer Price	$ per cwt	121.21	124.81	-2.88%	137.28	-11.71%		
E	Dressed Fed Steer Price	$ per cwt	191.75	193.65	-0.98%	220.33	-12.97%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	164.06	163.28	0.48%	160.87	1.98%		
&	Choice Beef Cutout	$ per cwt	230.61	226.80	1.68%	244.55	-5.70%		
	Hide/Offal	$ per cwt, live wt	9.85	9.74	1.13%	11.54	-14.64%		
B	Rib Primal, Choice	$ per cwt	380.10	374.91	1.38%	399.14	-4.77%		
E	Round Primal, Choice	$ per cwt	177.16	173.07	2.36%	182.76	-3.06%		
E	Chuck Primal, Choice	$ per cwt	178.12	176.88	0.70%	189.35	-5.93%		
F	Trimmings, 50%	$ per cwt	89.49	95.75	-6.54%	184.29	-51.44%		
	Trimmings, 90%	$ per cwt	219.20	218.01	0.55%	221.90	-1.22%		
	FI Slaughter	Thou. Head	2,313	2,327	-0.60%	2,266	2.06%	45,011	2.8%
	FI Sow Slaughter **	Thou. Head	56.8	57.6	-1.28%	58.3	-2.45%	991	0.9%
H	Avg. Dressed Weight	Lbs.	214.0	215.0	-0.47%	211.0	1.42%	214	0.8%
O	Pork Production	Million Lbs.	495.9	500.6	-0.94%	478	3.74%	9,640	3.6%
G	Iowa-S. Minn. Base	Wtd. Avg.	60.67	59.08	2.69%	69.55	-12.77%		
S	Natl. Base Carcass Price	Wtd. Avg.	64.60	64.04	0.87%	68.23	-5.32%		
	Natl. Net Carcass Price	Wtd. Avg.	66.82	66.22	0.91%	70.66	-5.43%		
	Pork Cutout	205 Lbs.	72.19	69.36	4.08%	81.25	-11.15%		
	Ham Primal	$ per cwt	51.10	50.50	1.19%	65.35	-21.81%		
	Loin Primal	$ per cwt	75.25	73.12	2.91%	81.82	-8.03%		
	Belly Primal	$ per cwt	92.13	84.84	8.59%	120.83	-23.75%		
	Trimmings, 72%, Fresh	$ per cwt	69.45	62.60	10.94%	78.75	-11.81%		
	Hog By-Product Value	$ per cwt, live wt	3.76	3.70	1.62%	3.93	-4.33%		
C	Young Chicken Slaughter *	Million Head	160.7	160.2	0.34%	161.9	-0.73%	2,858	-0.9%
H	Avg. Weight (RTC)	Lbs.	4.71	4.73	-0.48%	4.61	2.31%	6.18	0.9%
I	Young Chicken Production (RTC)	Million Lbs.	757.2	758.3	-0.15%	745.5	1.57%	13,430	0.1%
C	Eggs Set (19-state)	Million	0.0	229.2	NA	223.5	NA	4,092	2.4%
K	Chicks Placed (19-state)	Million Head	0.0	183.5	NA	182.1	NA	3,277	1.0%
E	National Composite Whole Bird	Composite	116.42	113.96	2.16%	104.25	11.67%		
	Northeast Breast, B/S	$/cwt	130.51	130.47	0.03%	144.89	-9.92%		
	Northeast Leg Quarters	$/cwt	40.43	39.72	1.79%	39.85	1.46%		
T	Total Turkey Slaughter *	Million Head	4.312	4.343	-0.71%	4.248	1.51%	73.208	-0.6%
U	Avg. Weight (RTC)	Lbs.	24.82	25.30	-1.89%	25.84	-3.95%	31.84	-0.8%
R	Turkey Production (RTC)	Million Lbs.	107.0	109.9	-2.59%	109.8	-2.50%	1,875	-1.0%
K	National Hen (8-12 lb)	8-16 Lbs.	79.00	79.50	-0.63%	101.50	-22.17%		
G	Corn, Omaha	$ per Bushel	3.78	3.85	-1.82%	3.43	10.20%		
R	Distillers Grain, Chicago	$ per Ton	177.50	173.50	2.31%	97.50	82.05%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.03	5.37	-6.33%	3.99	26.07%		
I	Soybeans, Cntrl IL	$ per Bushel	10.02	10.35	-3.19%	9.58	4.59%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	396.60	408.10	-2.82%	310.40	27.77%		

* 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.