Daily Livestock Report

Sponsored in part by CME Group

Vol. 16, No. 100 / May 21, 2018

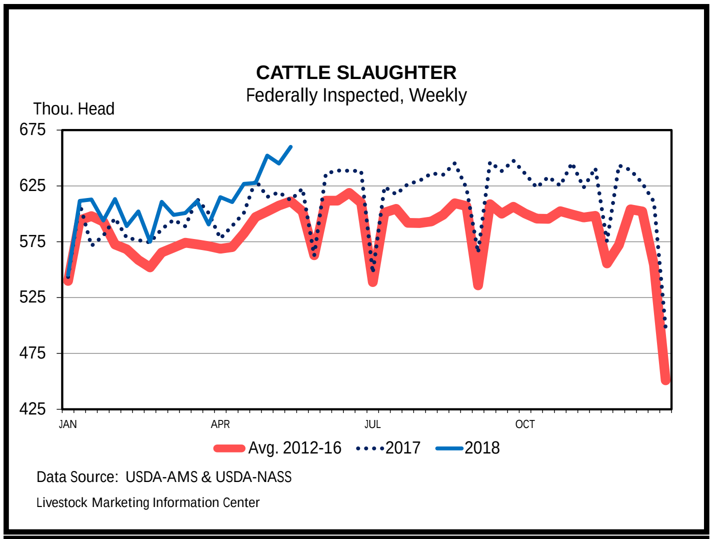
In the livestock futures markets last week, Live Cattle contracts declined; the June contract was $102.98 per cwt. (average of the daily closing prices), dropping $4.49 for the week. The October Live Cattle contract fell by $4.52 per cwt. week-over-week. The August Feeder Cattle contract averaged $138.38 last week, falling $5.21 from the prior week. Lean Hog contract prices were only slightly changed for the week; the July contract averaged $78.12 per cwt, up $0.86.

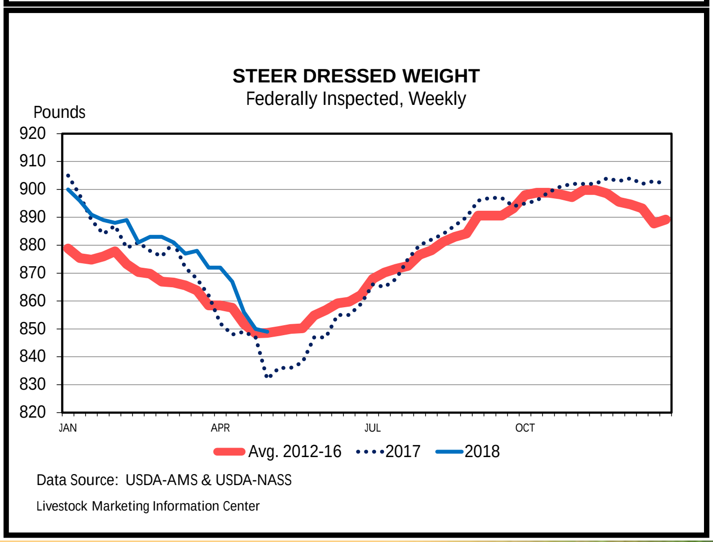
August Soybean Meal futures averaged $377.50 per ton last week, a decline of $3.84 week-over-week. The December corn price was $4.17 per bushel down slightly (-1 cent).

The second page of this newsletter has a production and cash price summary compiled from various reports by the Market News Division of USDA's Agricultural Marketing Service (AMS), note that the data are preliminary. We highlight the preliminary cattle slaughter data (see the first graphic). If those data are not revised significantly, at 660,000 head Federally Inspected (FI) cattle slaughter last week was the largest for any week since the week ending June 22, 2013 (659,700 head). Compared to a year ago, harvest increased 48,000 head or 7.8%.

A wide basis (price difference between the current cash market and the June futures) is "doing its job" of enticing cattle into packing plants. The pull of animals out of feedlots into packing plants is not as aggressive as a year ago at this time; nonetheless, it has been impressive. Large packer profits have kept them willing buyers and discounted futures have made owners of cattle in feedlots very interested sellers. We currently put the status of animals in feedlots as current to very current. In comparison, last year was extremely current. That conclusion is mainly based on the FI steer dressed weights. Notably, let's put those data into context—the long-term trend in cattle weight is heavier. For the 25 years from 1993 through 2017, the increase in steer dressed weight averaged 5.8 pounds each year. But last year was a bit unusual, weight declined by 13-pounds. In the prior 25 years to last year, annual steer dressed weight only fell year-over-year six times. As shown in the second graphic, FI steer weights have been above 2017's, but importantly they have been nearly identical to the prior 5-year average (2012-16).

In the past, as another gauge of how current feedlots were in their cattle inventories, market analysts looked at the Yield Grade data compiled by AMS. In contrast to Quality Grade (e.g., Prime, Choice, Select), Yield Grade (YG) estimates show the differences in the total yield of retail cuts from a beef carcass. We expect a YG 1 carcass to have the highest percentage of boneless, closely trimmed retail cuts, or high cutability, while a YG 5 carcass would have the poorest cutability. YG 5 are often termed "over-finished," that is, animals were not marketed in a timely fashion and had excessive fat. Unfortunately, from a market analysis perspective, those data from AMS are no longer representative of the industry. Reporting those numbers are voluntary, and the most packers no longer provide such.





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PRODUCTION & PRICE SUMMARY

Week Ending 5/19/2018

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			19-May-18	12-May-18		20-May-17			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,908	1,877	1.6%	1,842	3.6%	36,264	1.9%
C	FI Slaughter	Thou. Head	660	645	2.3%	612	7.8%	12,193	2.8%
A	FI Cow Slaughter **	Thou. Head	117	119	-1.7%	107	8.7%	7,919	6.8%
T	Avg. Dressed Weight	Lbs.	799	803	-0.5%	789	1.3%	815	0.7%
T	Beef Production	Million Lbs.	526.5	517.0	1.8%	481.9	9.3%	9,941	3.5%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	114.88	121.65	-5.6%	134.26	-14.4%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	184.28	191.99	-4.0%	212.62	-13.3%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	148.71	157.42	-5.5%	155.21	-4.2%		
&	Choice Beef Cutout	$ per cwt	231.94	230.61	0.6%	248.36	-6.6%		
	Hide/Offal	$ per cwt, live wt	9.69	9.85	-1.6%	11.42	-15.1%		
B	Rib, Primal, Choice	$ per cwt	389.30	380.10	2.4%	417.63	-6.8%		
E	Round, Primal, Choice	$ per cwt	175.97	177.16	-0.7%	181.99	-3.3%		
E	Chuck, Primal, Choice	$ per cwt	177.64	178.12	-0.3%	191.58	-7.3%		
F	Trimmings, 50%, Fresh	$ per cwt	84.89	89.49	-5.1%	200.80	-57.7%		
	Trimmings, 90%, Fresh	$ per cwt	219.82	219.20	0.3%	225.28	-2.4%		
	FI Slaughter	Thou. Head	2,348	2,313	1.5%	2,264	3.7%	47,356	2.8%
H	FI Sow Slaughter **	Thou. Head	57.1	56.8	0.5%	57.6	-0.9%	4,000	2.0%
O	Avg. Dressed Weight	Lbs.	214.0	214.0	0.0%	210.0	1.9%	214	0.8%
G	Pork Production	Million Lbs.	502.9	495.9	1.4%	476.4	5.6%	10,140	3.6%
S	Iowa-S. Minn. Direct	Wtd. Avg.	64.62	60.97	6.0%	71.66	-9.8%		
	Natl. Base Carcass Price	Wtd. Avg.	67.17	64.73	3.8%	72.66	-7.6%		
&	Natl. Net Carcass Price	Wtd. Avg.	69.44	66.92	3.8%	75.17	-7.6%		
	Pork Cutout	$ per cwt	74.32	72.19	3.0%	86.11	-13.7%		
P	By-product Value	$ per cwt, live wt	3.84	3.76	2.1%	3.95	-2.8%		
O	Ham, Primal	$ per cwt	49.35	51.10	-3.4%	65.83	-25.0%		
R	Loin, Primal	$ per cwt	74.88	75.25	-0.5%	85.76	-12.7%		
K	Belly, Primal	$ per cwt	104.66	92.13	13.6%	135.26	-22.6%		
	Trimmings, 72%, Fresh	$ per cwt	66.68	69.45	-4.0%	80.80	-17.5%		
C	Young Chicken Slaughter *	Million Head	162.3	160.7	1.0%	164.23	-1.2%	3,020	-0.9%
H	Avg. Weight (RTC)	Lbs.	4.70	4.71	-0.3%	4.68	0.3%	4.70	0.9%
I	Young Chicken Production (RTC)	Million Lbs.	762.4	757.2	0.7%	768.9	-0.8%	14,193	0.0%
C	Eggs Set (US)	Million	229.9	230.9	-0.5%	223.5	2.9%	15,902	2.9%
K	Chicks Placed (US)	Million Head	185.3	184.3	0.5%	182.1	1.8%	12,842	1.7%
E	National Composite Whole Bird	Composite	117.97	116.42	1.3%	108.46	8.8%		
N	Northeast Breast, B/S	$ per cwt	131.08	130.51	0.4%	153.73	-14.7%		
	Northeast Leg Quarters	$ per cwt	40.43	40.43	0.0%	40.94	-1.2%		
T	Total Turkey Slaughter *	Million Head	4.60	4.31	6.7%	4.43	3.9%	77.8	-0.4%
U	Avg. Weight (RTC)	Lbs.	25.17	24.82	1.4%	25.85	-2.6%	25.58	-0.5%
R	Turkey Production (RTC)	Million Lbs.	115.9	107.0	8.3%	114.5	1.2%	1,991	-0.9%
K	National Hen (8-12 Lbs)	$ per cwt	81.00	79.00	2.5%	102.50	-21.0%		
G	Corn, Omaha	$ per Bushel	3.72	3.78	-1.6%	3.40	9.4%		
R	Distillers Grain, Chicago	$ per Ton	177.50	177.50	0.0%	97.50	82.1%		
A	Wheat, Kansas City (delivered)	$ per Bushel	5.87	5.83	0.7%	4.85	21.0%		
I	Soybean, Cntrl IL	$ per Bushel	9.77	10.02	-2.5%	9.36	4.4%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	385.60	396.60	-2.8%	303.00	27.3%		

* 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).