

USDA's National Agricultural Statistics Service (NASS) released the monthly Cattle on Feed report on Friday, May 25, 2018; the full publication is available [here](#). The report detailed April's placements and marketings by feedlots with a capacity of 1000 head or more. The numbers were in-line with pre-report estimates, year-over-year April placements were down, and animals marketed were up.

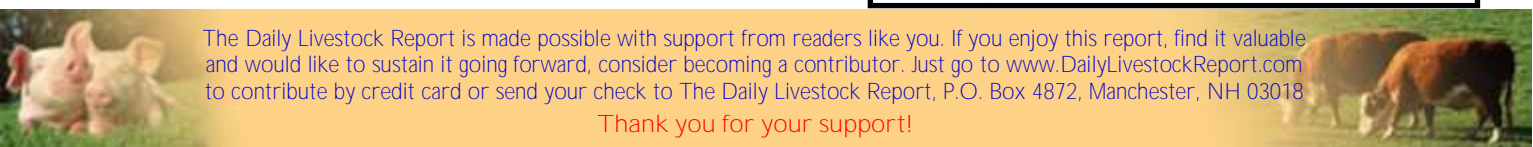
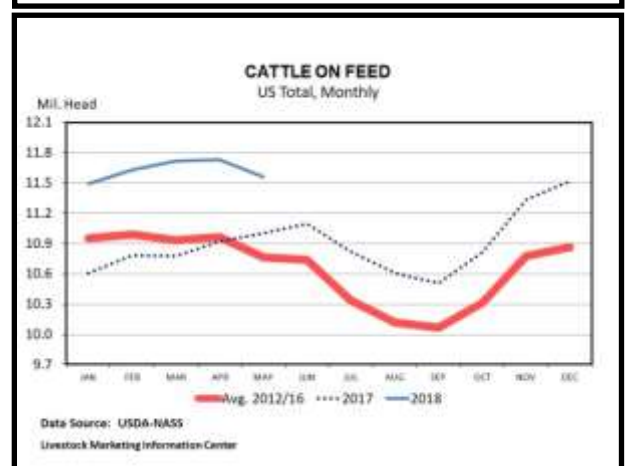
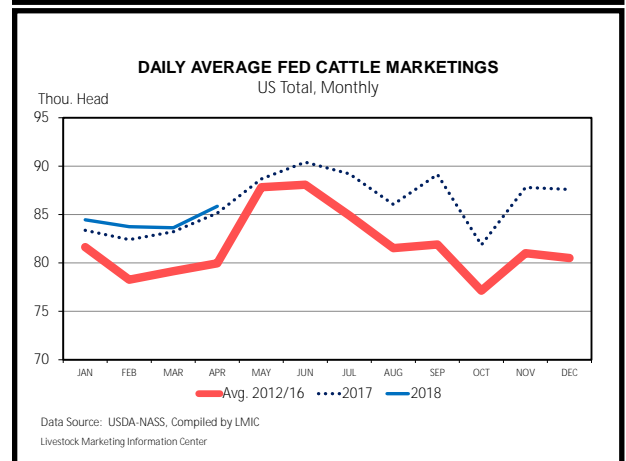
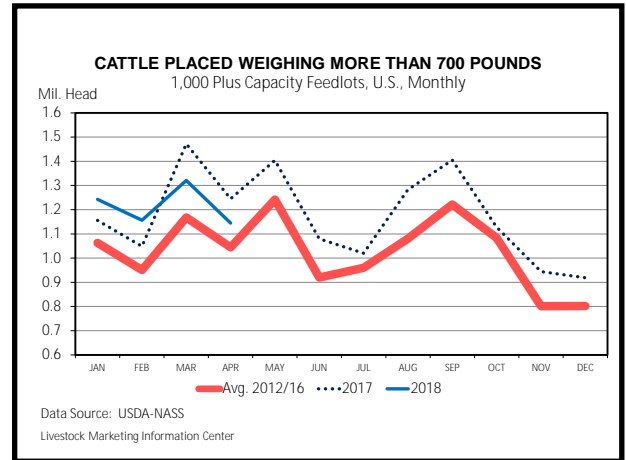
The number of Cattle on Feed as of May 1st was 105.1% of a year ago. Placements came in at 91.7% of a year ago, and marketings were 105.9% of 2017's. (Note that there was one more slaughter day in April 2018 versus a year earlier.) A key takeaway from the report is that the placing of lighter weight cattle into feedlots had slowed significantly for the second month in a row. Animals placed in the under 600 pounds and the 600-700 pounds categories both saw substantial declines compared to a year ago of 8% and 9.8%, respectively. But the most significant drop was in the 700-800 pound category, which fell 15%.

Daily average marketings continue to be healthy, indicative of good demand by packers for animals. May and June tend to have the most head marketed per day, and 2018 is expected to be no different.

The number of cattle on feed is now seasonally declining. Moving into summer, there should be a significant drop in feedlot inventory. April and May showed an inflection point from the linear up-trend that dates back to November 2017.

Packer margins remain strongly positive heading into summer and are supportive of them buying more fed cattle than a year ago. Based on steer and heifer slaughter data, and estimates, it appears that fed cattle marketed during May of this year should come in about 4% above 2017's. Forecasts for June are for average daily animals sold to be near to slightly above last year's level. Cattle feeding margins, on the other hand, are deteriorating quickly. The spread between feeder cattle and live cattle pricing has been a headwind regarding feedlots placing animals on-feed. That situation may continue for a few more months. So, the August 1, 2018, count by NASS could be 2% to 3% above a year ago. That year-over-year increase could further shrink as of September 1st. Compared to where this year began (as of January 1, 2018 the number of cattle on-feed up 8.3% from the prior year's), those would be dramatic declines in the year-over-year percentage increase.

On the second page of this newsletter is a production and cash price summary compiled from various reports by the Market News Division of USDA's Agricultural Marketing Service. We highlight feedstuff costs for livestock producers — the Omaha corn price last week was 12% above a year ago, while soybean meal was up nearly 29%.



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PRODUCTION & PRICE SUMMARY

Week Ending 5/26/2018

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
		26-May-18	19-May-18		27-May-17			
Beef, Pork, Chicken, & Turkey	Mill Lbs., cwe	1,890	1,908	-0.9%	1,825	3.6%	38,156	2.0%
C FI Slaughter	Thou. Head	647	660	-2.0%	623	3.9%	12,850	2.9%
A FI Cow Slaughter **	Thou. Head	116	117	-0.3%	108	7.5%	8,035	6.8%
T Avg. Dressed Weight	Lbs.	798	799	-0.1%	791	0.9%	814	0.6%
T Beef Production	Million Lbs.	515.4	526.5	-2.1%	491.2	4.9%	10,461	3.6%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	112.73	114.73	-1.7%	131.50	-14.3%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	180.35	184.02	-2.0%	208.61	-13.5%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	150.34	148.71	1.1%	158.43	-5.1%		
& Choice Beef Cutout	\$ per cwt	229.34	231.94	-1.1%	246.28	-6.9%		
Hide/Offal	\$ per cwt, live wt	9.49	9.69	-2.1%	11.38	-16.6%		
B Rib, Primal, Choice	\$ per cwt	382.76	389.30	-1.7%	418.98	-8.6%		
E Round, Primal, Choice	\$ per cwt	172.45	175.97	-2.0%	182.18	-5.3%		
E Chuck, Primal, Choice	\$ per cwt	174.01	177.64	-2.0%	191.09	-8.9%		
F Trimmings, 50%, Fresh	\$ per cwt	78.96	84.89	-7.0%	183.32	-56.9%		
Trimmings, 90%, Fresh	\$ per cwt	221.15	219.82	0.6%	226.97	-2.6%		
FI Slaughter	Thou. Head	2,302	2,348	-2.0%	2,202	4.5%	49,651	2.9%
H FI Sow Slaughter **	Thou. Head	58.3	57.1	2.1%	58.4	-0.2%	4,058	1.9%
O Avg. Dressed Weight	Lbs.	214.0	214.0	0.0%	210.0	1.9%	214	0.8%
G Pork Production	Million Lbs.	492.2	502.9	-2.1%	462.2	6.5%	10,629	3.7%
S Iowa-S. Minn. Direct	Wtd. Avg.	64.66	64.67	0.0%	71.67	-9.8%		
& Natl. Base Carcass Price	Wtd. Avg.	69.08	67.53	2.3%	74.08	-6.8%		
Natl. Net Carcass Price	Wtd. Avg.	71.40	69.75	2.4%	76.58	-6.8%		
Pork Cutout	\$ per cwt	75.35	74.32	1.4%	89.89	-16.2%		
P By-product Value	\$ per cwt, live wt	3.84	3.84	0.0%	3.92	-2.0%		
O Ham, Primal	\$ per cwt	51.63	49.35	4.6%	67.23	-23.2%		
R Loin, Primal	\$ per cwt	75.45	74.88	0.8%	87.59	-13.9%		
K Belly, Primal	\$ per cwt	110.43	104.66	5.5%	143.92	-23.3%		
Trimmings, 72%, Fresh	\$ per cwt	57.83	66.68	-13.3%	82.36	-29.8%		
C Young Chicken Slaughter *	Million Head	164.1	162.3	1.1%	164.58	-0.3%	3,184	-0.9%
H Avg. Weight (RTC)	Lbs.	4.75	4.70	1.1%	4.66	2.0%	4.70	1.0%
I Young Chicken Production (RTC)	Million Lbs.	779.7	762.4	2.3%	766.8	1.7%	14,973	0.1%
C Eggs Set (US)	Million	231.9	229.8	0.9%	225.1	3.1%	16,135	2.9%
K Chicks Placed (US)	Million Head	185.6	185.4	0.1%	180.5	2.8%	13,028	1.7%
E National Composite Whole Bird	Composite	119.57	117.97	1.4%	113.84	5.0%		
N Northeast Breast, B/S	\$ per cwt	122.23	131.08	-6.8%	162.49	-24.8%		
Northeast Leg Quarters	\$ per cwt	39.91	40.43	-1.3%	40.94	-2.5%		
T Total Turkey Slaughter *	Million Head	4.15	4.60	-9.8%	4.19	-1.0%	82.0	-0.4%
U Avg. Weight (RTC)	Lbs.	24.84	25.17	-1.3%	25.08	-1.0%	25.55	-0.5%
R Turkey Production (RTC)	Million Lbs.	103.2	115.9	-11.0%	105.2	-1.9%	2,094	-0.9%
K National Hen (8-12 Lbs)	\$ per cwt	79.00	81.00	-2.5%	99.50	-20.6%		
G Corn, Omaha	\$ per Bushel	3.84	3.72	3.2%	3.43	12.1%		
R Distillers Grain, Chicago	\$ per Ton	175.00	177.50	-1.4%	105.00	66.7%		
A Wheat, Kansas City (delivered)	\$ per Bushel	5.91	5.87	0.7%	4.88	21.1%		
I Soybean, Cntrl IL	\$ per Bushel	10.20	9.77	4.4%	9.34	9.2%		
N Soybn Meal 48%, Cntrl IL	\$ per Ton	387.80	385.60	0.6%	301.20	28.8%		

* 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).

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