Daily Livestock Report

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Cash fed cattle prices last week were lower but remained above a year ago, as reported by USDA-AMS Market News Division. Feeder cattle prices (e.g. 600- to 700-pound steers in Oklahoma City) were higher for the week and above 2016's. Slaughter hog prices were higher week-over-week, but remained below a year earlier. <u>Our weekly summary of production and cash prices is on the next page of this newsletter.</u>

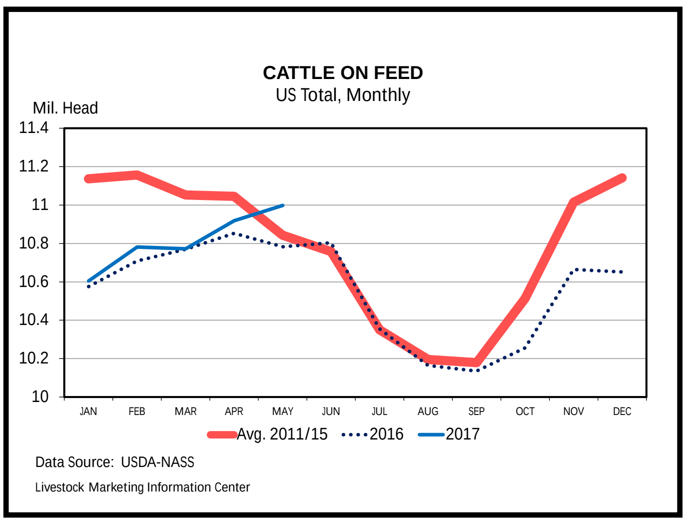
In the futures markets, Live Cattle (fed) contracts were a little higher week for the week. For example, using the average of the daily closing prices, August Live Cattle averaged $120.73 per cwt., up $1.41 from the prior week. Feeder Cattle contracts also were higher week-over-week. Producers with yearling cattle out on summer grazing programs interested in hedging mostly look to the September contract; last week that price averaged $150.18 per cwt., which was up $1.34 from the prior week. Turning to the Lean Hog contracts, prices for the balance of this calendar year were up slightly, while prices slipped for early 2018. The June, July, and August Lean Hog contracts for 2017 all were over $80.00 per cwt.

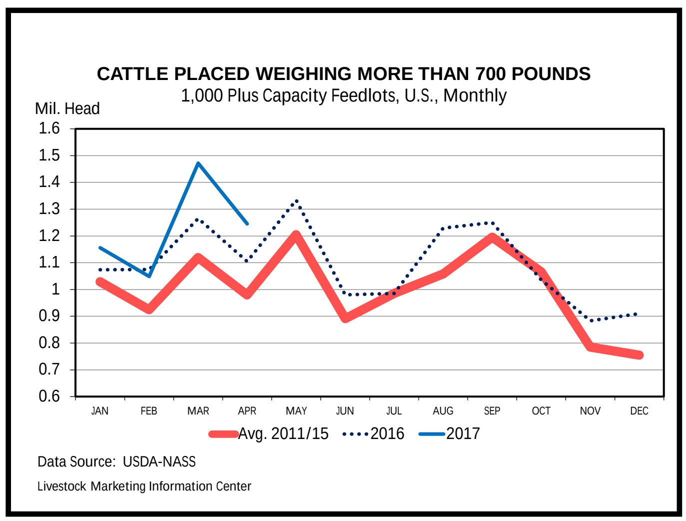
Early last week the news media focused on accelerated talks between China and the U.S. regarding beef and the potential for a deal (China formally opening to U.S. beef) by early June. Then attention jumped to the massive corruption scandal in Brazil that now has engulfed the holding company for meatpacker JBS. Over the Memorial Day weekend, the JBS story continued to unfold with resignations by key members on their Board of Directors. Both those stories could become even more important to the U.S. cattle/beef industry in coming weeks, months, and years.

<u>On Friday, USDA's National Agricultural Statistics Service (NASS) released the monthly Cattle on Feed report.</u> The report is available here. Three key national numbers make-up the report: 1) the number of head on-feed at the beginning of the month (lots with 1000 head or more capacity); 2) animals placed into feedlots; and 3) head marketed (sold) by cattle feeders. All those categories were near the upper end of the range of pre-report estimates. And those pre-report ranges were wide.

At 11.0 million head, the count of animals in U.S. feedlots as of May 1st was the largest since February 1, 2013. The on-feed inventory was driven higher by large placements compared to the norm for April. Animals placed into feedlots during April were up 11.1% or 184,000 head year-over-year. During April, head marketed by feedlots remained aggressive. On a monthly basis the number of animals marketed in April was up 2.7% (45,000 head) compared to 2016's. Importantly, adjusting for the number of slaughter days in April (which was one less than a year ago), daily average marketing's were 7.7% above 2016's.

The bulk of the year-over-year jump in cattle placed into feedlots (140,000 head of the 184,000 mentioned in the previous paragraph) occurred in the heavier weight categories, that is animals weighing over 700 pounds. The bulk of those heavyweight animals placed during April will be marketed in the September through December 2016 timeframe. In the next newsletter, we will carry on this discussion of the latest NASS Cattle on Feed report and draw some implications.





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PRODUCTION & PRICE SUMMARY

Week Ending 5/27/2017

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
			27-May-17	20-May-17		28-May-16			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,820	1,839	-1.0%	1,801	1.0%	37,405	1.9%
C	FI Slaughter	Thou. Head	613	602	1.8%	587	4.4%	12,462	5.6%
A	FI Cow Slaughter **	Thou. Head	108	107	0.8%	101	7.2%	2,101	5.2%
T	Avg. Dressed Weight	Lbs.	791	795	-0.5%	806	-1.9%	809	-1.6%
T	Beef Production	Million Lbs.	483.9	477.5	1.3%	471.5	2.6%	10,084	3.9%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	131.59	134.26	-2.0%	124.99	5.3%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	208.60	212.62	-1.9%	198.28	5.2%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	158.43	155.21	2.1%	148.65	6.6%		
&	Choice Beef Cutout	$ per cwt	246.28	248.36	-0.8%	223.19	10.3%		
	Hide/Offal	$ per cwt, live wt	11.38	11.42	-0.4%	11.12	2.3%		
B	Rib, Primal, Choice	$ per cwt	418.98	417.63	0.3%	352.17	19.0%		
E	Round, Primal, Choice	$ per cwt	182.18	181.99	0.1%	175.08	4.1%		
E	Chuck, Primal, Choice	$ per cwt	191.09	191.58	-0.3%	164.29	16.3%		
F	Trimmings, 50%, Fresh	$ per cwt	183.32	200.80	-8.7%	53.53	242.5%		
	Trimmings, 90%, Fresh	$ per cwt	226.97	225.28	0.8%	217.98	4.1%		
	FI Slaughter	Thou. Head	2,192	2,249	-2.5%	2,185	0.3%	48,231	2.6%
H	FI Sow Slaughter **	Thou. Head	58.4	57.6	1.3%	52.2	11.9%	1,098	2.7%
O	Avg. Dressed Weight	Lbs.	212.0	213.0	-0.5%	212.0	0.0%	213	-0.3%
G	Pork Production	Million Lbs.	464.2	478.2	-2.9%	462.8	0.3%	10,249	2.3%
S	Iowa-S. Minn. Direct	Wtd. Avg.	71.67	71.66	0.0%	74.31	-3.6%		
	Natl. Base Carcass Price	Wtd. Avg.	74.03	72.66	1.9%	76.07	-2.7%		
&	Natl. Net Carcass Price	Wtd. Avg.	76.51	75.17	1.8%	78.46	-2.5%		
	Pork Cutout	$ per cwt	89.89	86.11	4.4%	83.91	7.1%		
P	By-product Value	$ per cwt, live wt	3.92	3.95	-0.8%	3.87	1.3%		
O	Ham, Primal	$ per cwt	67.02	65.83	1.8%	62.63	7.0%		
R	Loin, Primal	$ per cwt	88.04	85.76	2.7%	94.36	-6.7%		
K	Belly, Primal	$ per cwt	144.00	135.26	6.5%	103.97	38.5%		
	Trimmings, 72%, Fresh	$ per cwt	83.63	80.80	3.5%	63.07	32.6%		
C	Young Chicken Slaughter *	Million Head	164.6	164.2	0.2%	161.97	1.6%	3,212	1.1%
H	Avg. Weight (RTC)	Lbs.	4.66	4.68	-0.5%	4.68	-0.5%	4.66	-0.6%
I	Young Chicken Production (RTC)	Million Lbs.	766.8	768.9	-0.3%	758.3	1.1%	14,958	0.5%
C	Eggs Set (19-state)	Million	215.7	214.4	0.6%	211.4	2.0%	4,259	2.0%
K	Chicks Placed (19-state)	Million Head	174.3	174.7	-0.2%	171.4	1.7%	3,463	1.4%
E	National Composite Whole Bird	Composite	113.84	108.46	5.0%	98.27	15.8%		
N	Northeast Breast, B/S	$ per cwt	162.49	153.73	5.7%	119.03	36.5%		
	Northeast Leg Quarters	$ per cwt	40.94	40.94	0.0%	36.77	11.3%		
T	Total Turkey Slaughter *	Million Head	4.19	4.43	-5.3%	4.36	-3.8%	82.3	-1.9%
U	Avg. Weight (RTC)	Lbs.	25.08	25.85	-3.0%	24.98	0.4%	25.68	2.2%
R	Turkey Production (RTC)	Million Lbs.	105.2	114.5	-8.1%	108.9	-3.4%	2,114	0.3%
K	National Hen (8-12 Lbs)	$ per cwt	99.50	102.50	-2.9%	116.40	-14.5%		
G	Corn, Omaha	$ per Bushel	3.43	3.40	0.7%	3.85	-11.0%		
R	Distillers Grain, Chicago	$ per Ton	105.00	97.50	7.7%	160.00	-34.4%		
A	Wheat, Kansas City (delivered)	$ per Bushel	4.88	4.85	0.6%	NQ	N/A		
I	Soybean, Cntrl IL	$ per Bushel	9.34	9.36	-0.3%	10.72	-12.9%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	301.20	303.00	-0.6%	416.10	-27.6%		

* 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).