

The talk of the agriculture sector last week was “trade war.” On Thursday, the U.S. announced the imposition of new tariffs at the rate of 25% on all steel and 10% for imported aluminum. Those penalties were enacted under a 1962 law that gives the president broad power to increase or reduce tariffs on goods deemed critical to national security. Apparently, the U.S. is also moving ahead with additional tariffs explicitly targeted at China. From a livestock perspective, the immediate reaction of Mexico, which specifically listed retaliatory tariffs on U.S. pork products, was very concerning. Mexico is the largest foreign market for U.S. pork sector products. Also, the situation has heightened concern regarding the NAFTA negotiations, which were thought to moving toward consensus on key provisions.

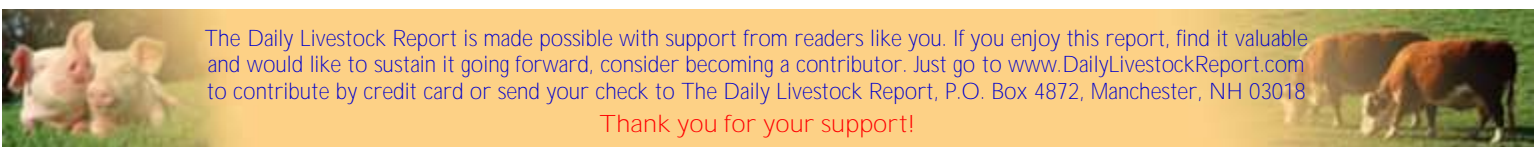
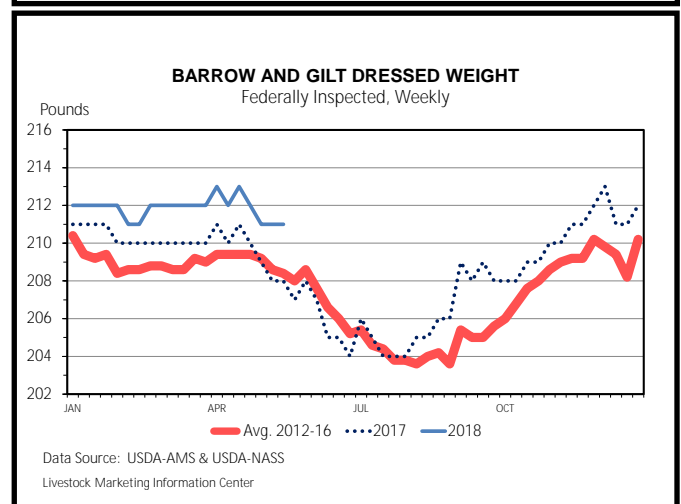
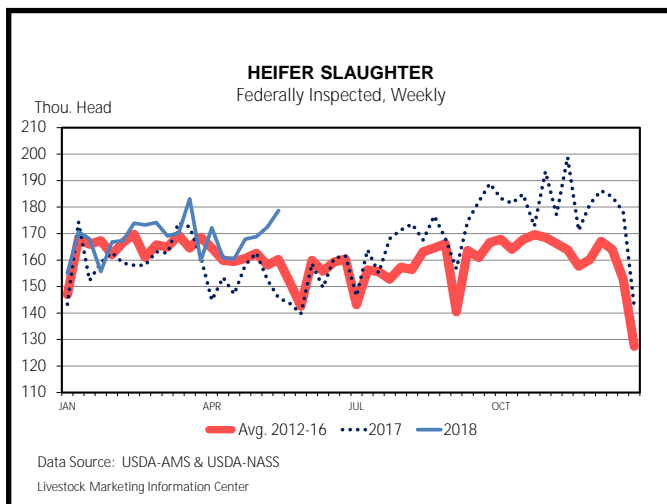
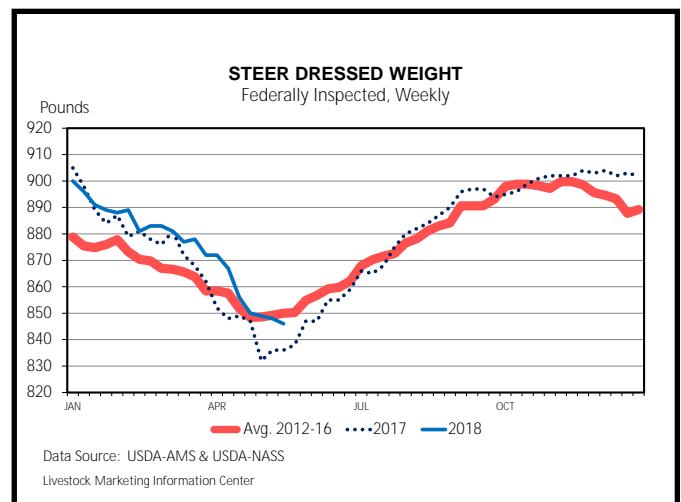
We highlight three items from the weekly actual slaughter data released last Thursday on the USDA-AMS Market News Division website. Those data are for the week ending May 19th. Federally Inspected (FI) heifer slaughter surged, increasing 23% (nearly 33,000 head) year-over-year (see the first graphic). For comparison purposes, steer slaughter posted an increase of 4% (about 12,800 head). For the next few months, heifer slaughter levels, along with that of cows, will be monitored closely for their implications on the size of the nation’s breeding herd.

FI steer carcass weight declined week-over-week (note the second graphic). Even though the dressed weight is above 2017’s (up 10 pounds), it has drifted below the prior five-year average (2012-16) by 4 pounds. As is clear from the graphic, the seasonal

turn-higher in cattle weights is near. To-date, fed cattle have continued to be marketed in a timely fashion.

Barrow and gilt dressed weight was unchanged week-over-week and remained above 2017’s and the prior five-year average (third graphic). Year-over-year, the FI carcass weight increased 3 pounds (1.4%). In coming weeks, hog weights will start to be dampened by summer heat, but will they remain 3 pounds above 2017’s?

On the second page of this newsletter is a summary compiled from various reports by the Market News Division of USDA-AMS. We highlight the Northeast boneless wholesale chicken breast price, which slipped for the week and was 27.5% below a year ago.



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PRODUCTION & PRICE SUMMARY

Week Ending 6/2/2018

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
		2-Jun-18	26-May-18		3-Jun-17			
Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,784	1,889	-5.6%	1,759	1.4%	39,938	2.0%
C Fl Slaughter	Thou. Head	582	647	-10.0%	563	3.5%	13,439	3.0%
A Fl Cow Slaughter **	Thou. Head	116	116	-0.2%	107	8.6%	8,151	6.8%
T Avg. Dressed Weight	Lbs.	797	798	-0.1%	797	0.0%	813	0.6%
T Beef Production	Million Lbs.	463.2	515.4	-10.1%	447.5	3.5%	10,927	3.6%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	109.82	110.06	-0.2%	136.27	-19.4%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	177.63	178.33	-0.4%	216.00	-17.8%		
E Oklahoma Steer (600-700 lbs)	\$ per cwt	154.37	150.34	2.7%	161.19	-4.2%		
& Choice Beef Cutout	\$ per cwt	227.99	229.34	-0.6%	245.40	-7.1%		
B Hide/Offal	\$ per cwt, live wt	9.57	9.49	0.8%	11.53	-17.0%		
E Rib, Primal, Choice	\$ per cwt	379.22	382.76	-0.9%	422.49	-10.2%		
E Round, Primal, Choice	\$ per cwt	168.72	172.45	-2.2%	183.84	-8.2%		
E Chuck, Primal, Choice	\$ per cwt	170.44	174.01	-2.1%	188.66	-9.7%		
F Trimmings, 50%, Fresh	\$ per cwt	79.88	78.96	1.2%	163.98	-51.3%		
F Trimmings, 90%, Fresh	\$ per cwt	222.43	221.15	0.6%	228.34	-2.6%		
H Fl Slaughter	Thou. Head	2,030	2,296	-11.6%	1,980	2.5%	51,667	2.8%
O Fl Sow Slaughter **	Thou. Head	59.3	58.3	1.8%	57.4	3.4%	4,117	1.9%
O Avg. Dressed Weight	Lbs.	214.0	214.0	0.0%	211.0	1.4%	214	0.8%
G Pork Production	Million Lbs.	433.4	490.9	-11.7%	416.6	4.0%	11,057	3.7%
S Iowa-S. Minn. Direct	Wtd. Avg.	67.61	64.78	4.4%	73.97	-8.6%		
& Natl. Base Carcass Price	Wtd. Avg.	69.50	69.08	0.6%	75.12	-7.5%		
& Natl. Net Carcass Price	Wtd. Avg.	71.79	71.40	0.5%	77.59	-7.5%		
P Pork Cutout	\$ per cwt	76.73	75.35	1.8%	90.99	-15.7%		
O By-product Value	\$ per cwt, live wt	3.84	3.84	0.0%	3.96	-3.0%		
R Ham, Primal	\$ per cwt	57.15	51.63	10.7%	66.00	-13.4%		
K Loin, Primal	\$ per cwt	75.59	75.45	0.2%	89.63	-15.7%		
K Belly, Primal	\$ per cwt	118.30	110.43	7.1%	147.42	-19.8%		
K Trimmings, 72%, Fresh	\$ per cwt	59.84	57.83	3.5%	84.10	-28.8%		
C Young Chicken Slaughter *	Million Head	166.4	164.1	1.4%	167.36	-0.5%	3,351	-0.8%
H Avg. Weight (RTC)	Lbs.	4.66	4.75	-1.9%	4.67	-0.3%	4.70	0.9%
I Young Chicken Production (RTC)	Million Lbs.	775.4	779.7	-0.5%	782.2	-0.9%	15,748	0.0%
C Eggs Set (US)	Million	232.2	234.1	-0.8%	225.5	3.0%	16,369	2.9%
K Chicks Placed (US)	Million Head	185.5	185.4	0.0%	182.6	1.6%	13,213	1.7%
E National Composite Whole Bird	Composite	120.18	119.57	0.5%	115.62	3.9%		
N Northeast Breast, B/S	\$ per cwt	119.81	122.23	-2.0%	165.34	-27.5%		
N Northeast Leg Quarters	\$ per cwt	38.2	39.91	-4.3%	41.16	-7.2%		
T Total Turkey Slaughter *	Million Head	4.41	4.15	6.3%	4.53	-2.6%	86.4	-0.5%
U Avg. Weight (RTC)	Lbs.	25.31	24.84	1.9%	24.91	1.6%	25.53	-0.4%
R Turkey Production (RTC)	Million Lbs.	111.7	103.2	8.3%	112.9	-1.1%	2,206	-0.9%
K National Hen (8-12 Lbs)	\$ per cwt	79.45	79.00	0.6%	99.50	-20.2%		
G Corn, Omaha	\$ per Bushel	3.74	3.84	-2.7%	3.44	8.6%		
R Distillers Grain, Chicago	\$ per Ton	180.00	175.00	2.9%	105.00	71.4%		
A Wheat, Kansas City (delivered)	\$ per Bushel	5.87	5.91	-0.7%	4.80	22.3%		
I Soybean, Cntrl IL	\$ per Bushel	10.03	10.20	-1.7%	9.06	10.6%		
N Soybn Meal 48%, Cntrl IL	\$ per Ton	385.30	387.80	-0.6%	293.50	31.3%		

* 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).

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