Daily Livestock Report

Sponsored in part by CME Group

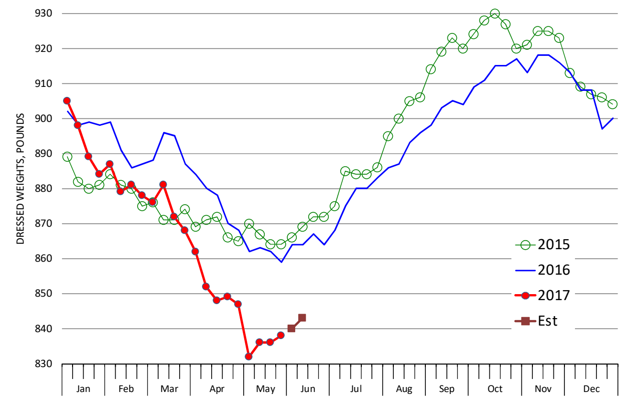
Vol. 15, No. 114 / June 12, 2017

<u>Total cattle slaughter last week was reported at 622,000 head, 13% higher than the previous (holiday) week and 4.7% higher than the same week a year ago</u>. We do not have USDA estimates for the breakdown of fed and non fed cattle but our best guess at this point is that fed cattle slaughter for the week surpassed 500,000 head, making it the largest fed cattle slaughter week so far this year. If we are correct in our estimates, fed slaughter for the week was 3.6% higher than a year ago . The increase in fed cattle slaughter has come even as front end supplies have been particularly tight. The inventory of +150day cattle on May 1 was 32% less than the previous year and the inventory of +120day cattle was 10% less than the previous year. According to USDA, total beef production last week was estimated at 489.9 million bounds, 1.7% higher than last year. **<u>Fed beef production for the week was steady to maybe under year ago levels due to a combination of lighter carcass weights as well as more heifers in the slaughter mix</u>**. Market participants will continue to focus on USDA reported steer weights for an indication of feedlot currentness. Keep in mind that the steer weight data reported by USDA on Thursday was for the week ending May 27. The chart to the right shows our projections for the week of June 3 and June 10. Those estimates are derived from slaughter weights reported by packers into the USDA Mandatory Price Reporting system. But even as weights may have been moving higher in the last two weeks, the increase in largely in line with what we would expect for this time of year. One needs to consider that cattle feeding was significantly disrupted at the end of April due to late spring snow storms and producers for the most part are still not where they should be for this time of year. There is still a wide gap between last year and this year, which in the short term will limit the supply of beef, particularly fat beef trimmings. **<u>The price of 50CL beef trim has adjusted lower but at $140/cwt it is not exactly a bargain for this time of year</u>**. Packers also have been quite successful in putting more money on end cuts (rounds and chucks) and in turn this has helped support the beef cutout at much higher levels than earlier expected.

<u>Hog slaughter last week was 2.192 million head, one of the lowest non-holiday slaughter weeks this year</u>. Combined with lower hog carcass weights, last week likely was the smallest non-holiday pork production week this year. Slaughter so far has tracked slightly under the projections we developed from the March Hogs and Pigs report. For the last six weeks we had projected an average weekly hog slaughter of 2.217 million head (includes a short holiday week). This compares to to an actual weekly kill of 2.194 million, a 1% difference. It does not appear that producers have fallen behind in their marketings. As we noted in our report yesterday, both producer and packer hog weights are now well under year ago levels. The overall weight of all barrows and gilts reported into the Mandatory Price Reporting system in the last five business days was down 1.5% compared to a year ago. The seasonal decline in hog slaughter and weights as well as strong demand have bolstered pork trim prices, which are now up 26% from a year ago (see page 2). Belly values also are heating up as retailers start featuring more bacon for Father's Day and 4th of July needs. The belly primal last week averaged $151.55/cwt, 28% higher than a year ago. Normally belly prices move up into early July, which could help further bolster cutout and cash hog values.

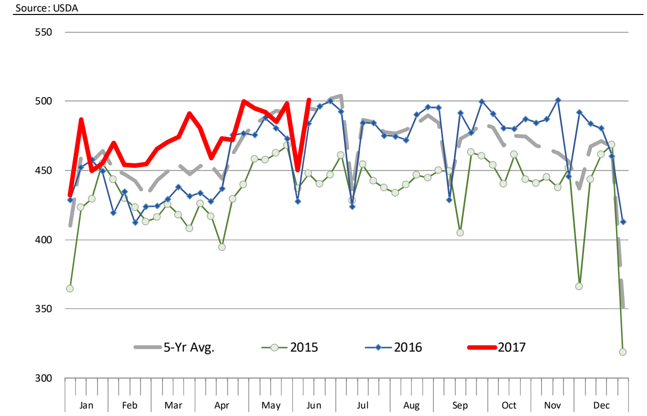
Actual USDA Weekly Steer Weights. Reported with a Two week lag + Steiner Estimate

Source: USDA & Steiner Consulting Estimates



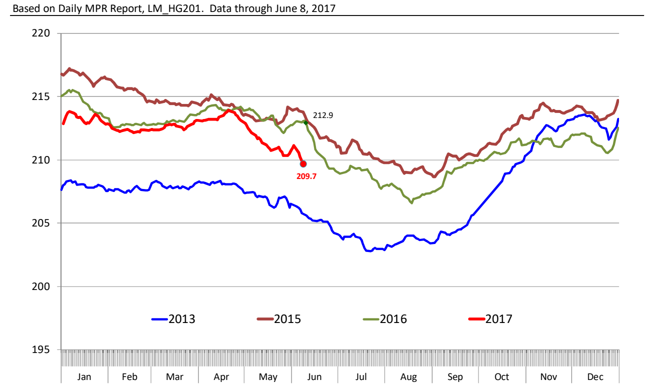
WEEKLY STEER & HEIFER SLAUGHTER. '000 HEAD

Source: USDA



Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - All Hogs

Based on Daily MPR Report, LM_HG201. Data through June 8, 2017



Daily Livestock Report

Sponsored by CME Group

Vol. 15, No. 114 / June 12, 2017

PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 6/10/2017

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
			10-Jun-17	3-Jun-17		11-Jun-16			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,737**	**1,744**	-0.39%	**1,685**	3.11%	**40,894**	90.4%
	FI Slaughter	Thou. Head	622	550	13.09%	594	4.70%	13,654	5.7%
C	FI Cow Slaughter **	Thou. Head	106	107	-0.50%	101	4.77%	2,314	1.5%
T	Avg. Dressed Weight	Lbs.	790	788	0.25%	813	-2.83%	807	-1.8%
T	Beef Production	Million Lbs.	489.9	432.4	13.30%	481.8	1.68%	11,018	3.8%
L	Live Fed Steer Price	$ per cwt	135.14	136.27	-0.83%	127.52	5.98%		
E	Dressed Fed Steer Price	$ per cwt	219.34	216.00	1.55%	205.64	6.66%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	170.24	N/A	N/A	157.19	8.30%		
&	Choice Beef Cutout	$ per cwt	250.22	245.44	1.95%	225.60	10.91%		
	Hide/Offal	$ per cwt, live wt	11.71	11.53	1.56%	11.33	3.35%		
B	Rib Primal, Choice	$ per cwt	432.92	422.55	2.45%	362.82	19.32%		
E	Round Primal, Choice	$ per cwt	189.74	183.84	3.21%	165.33	14.76%		
E	Chuck Primal, Choice	$ per cwt	186.54	188.68	-1.13%	159.47	16.97%		
F	Trimmings, 50%	$ per cwt	146.48	163.98	-10.67%	80.55	81.85%		
	Trimmings, 90%	$ per cwt	229.33	228.34	0.43%	217.85	5.27%		
	FI Slaughter	Thou. Head	2,192	1,972	11.16%	2,090	4.88%	52,421	2.8%
	FI Sow Slaughter **	Thou. Head	58.2	57.4	1.38%	53.4	8.91%	1,213	-0.1%
H	Avg. Dressed Weight	Lbs.	210.0	211.0	-0.47%	212.0	-0.94%	212	-0.4%
O	Pork Production	Million Lbs.	461.2	416.2	10.81%	443.1	4.08%	11,123	2.3%
G	Iowa-S. Minn. Base	Wtd. Avg.	76.75	73.97	3.76%	78.24	-1.90%		
S	Natl. Base Carcass Price	Wtd. Avg.	76.81	75.12	2.25%	77.50	-0.89%		
	Natl. Net Carcass Price	Wtd. Avg.	79.37	77.59	2.29%	79.89	-0.65%		
	Pork Cutout	205 Lbs.	91.50	90.99	0.56%	87.14	5.00%		
	Ham Primal	$ per cwt	64.93	66.00	-1.62%	67.96	-4.46%		
	Loin Primal	$ per cwt	91.16	89.63	1.71%	95.03	-4.07%		
	Belly Primal	$ per cwt	151.55	147.42	2.80%	117.85	28.60%		
	Trimmings, 72%, Fresh	$ per cwt	96.31	84.10	14.52%	76.53	25.85%		
	Hog By-Product Value	$ per cwt, live wt	4.05	3.96	2.27%	3.97	2.02%		
C	Young Chicken Slaughter *	Million Head	151.1	167.4	-9.69%	144.9	4.29%	3,530	N/A
H	Avg. Weight (RTC)	Lbs.	4.64	4.67	-0.65%	4.64	0.16%	6.13	-0.6%
I	Young Chicken Production (RTC)	Million Lbs.	701.9	782.2	-10.27%	671.9	4.46%	16,442	N/A
C	Eggs Set (19-state)	Million	215.3	215.2	0.02%	209.8	2.63%	4,688	2.0%
K	Chicks Placed (19-state)	Million Head	174.4	175.3	-0.52%	172.1	1.34%	3,812	1.4%
E	National Composite Whole Bird	Composite	112.61	115.62	-2.60%	99.17	13.55%		
	Northeast Breast, B/S	$/cwt	166.72	165.34	0.83%	113.56	46.81%		
	Northeast Leg Quarters	$/cwt	40.09	41.16	-2.60%	37.36	7.31%		
T	Total Turkey Slaughter *	Million Head	3.499	4.533	-22.81%	3.507	-0.23%	90.334	N/A
U	Avg. Weight (RTC)	Lbs.	24.02	24.91	-3.56%	25.04	-4.07%	31.89	2.2%
R	Turkey Production (RTC)	Million Lbs.	84.1	112.9	-25.56%	87.8	-4.29%	2,311	N/A
K	National Hen (8-12 lb)	8-16 Lbs.	97.06	99.50	-2.45%	120.50	-19.45%		
G	Corn, Omaha	$ per Bushel	3.59	3.44	4.36%	3.99	-10.03%		
R	Distillers Grain, Chicago	$ per Ton	102.50	105.00	-2.38%	162.50	-36.92%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	4.16	3.98	4.52%	4.49	-7.35%		
I	Soybeans, Cntrl IL	$ per Bushel	9.39	9.06	3.64%	11.62	-19.19%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	307.60	293.50	4.80%	420.00	-26.76%		

* 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.