Daily Livestock Report

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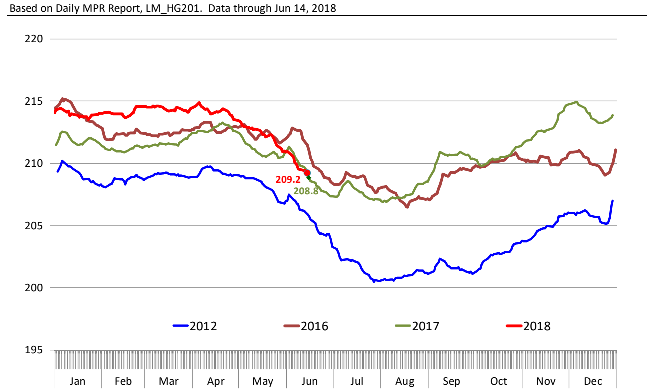
Vol. 16, No. 120 / June 18, 2018

<u>Both the cash hog index and nearby futures gained last week on tighter pork supplies and seasonal demand improvement</u>. The table on page 2 summarizes key USDA supply and price metrics. But as we noted recently, it is important to recognize that some of these are estimates - trended using data from previous weeks. While this generally works and the deviation from actuals is not that great, it is worth keeping in mind when the trend starts to shift. **<u>Pork production was reported last week at 470.4 million pounds, 3.8% higher than a year ago</u>**. This estimated volume is based on the reported weekly slaughter of 2.215 million head, up 1.7% from a year ago, and average dressed weights for the week, estimated up 1.9% compared to last year. The slaughter numbers are reported daily and we have no special insight whether they will be revised or not. But we do know that in the last six reported weeks, the actual hog slaughter reported on Thursday has been about 8,800 head lower than earlier indicated or 0.4%. As for the weights, we think hog weights today are only slightly above last year, we do not think they are up 2%. The chart to the right is something we have presented often. It shows a rolling 5-day average of the daily barrow and gilt dressed weights reported by the AMS Mandatory Price Reporting system (LM_HG201 report). The chart shows the average carcass weight of producer owned hogs. The average weight of packer owned hogs was running well above last year in April and May but that also has plummeted in the last two weeks and it is now just 1% higher than a year ago**. <u>The average weight of all hogs reported in MPR is currently 0.6% higher than a year ago</u>**. So we would venture to guess/estimate that pork production last week did not increase by 3.8% compared to a year ago. Rather, it looks to us that production was up somewhere between 2% to 2.5%. Retailers are now looking to feature for the 4th of July, which should provide some support to items such as ribs, loins and hot dogs. Pork trimmings have been relatively soft through much of the spring but the last two trading days prices have surpassed 80 cents for the first time this year. Higher trim values help the overall carcass, setting a value floor under which various shoulder and trim cuts can end up in the grinder. For now the pork cutout is pushing higher. The challenge for the pork market is more longer term as industry continues to expand and more pork will have to be absorbed by domestic channels rather than exports. This is easier to do in the summer when supplies seasonally decline and hog summer heat takes pounds off each carcass. This fall slaughter will head back towards 2.6 million head/week and fresh corn and cooler temps will once again add more pounds to the carcass.

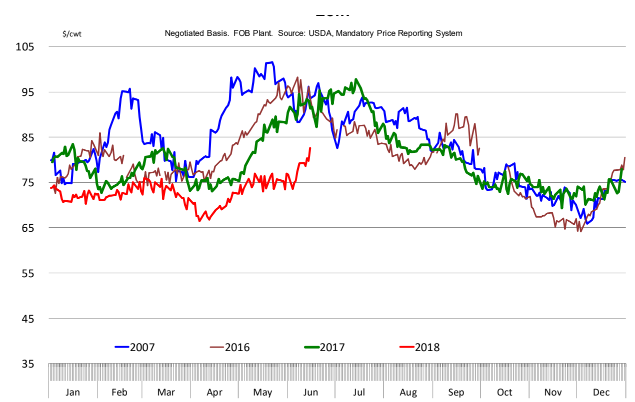
The beef cutout continues to hold up quite well. In part this is due to the modest increase in beef slaughter/weights. For the week we estimate fed slaughter was 525,000 head, 2% higher than a year ago. Fed steer weights have started to move slowly higher but they are close to year ago levels rather than +2% that was expected earlier in the spring. Beef prices have held up well thanks to Memorial Day and Father's Day features. However, last week the average price of 73CL ground beef fell off sharply, maybe a warning sign for ground beef features into 4th of July and beyond. Middle meats (ribs and loins) are the thing to watch, however, dictating how quickly packers take their foot off the gas.

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

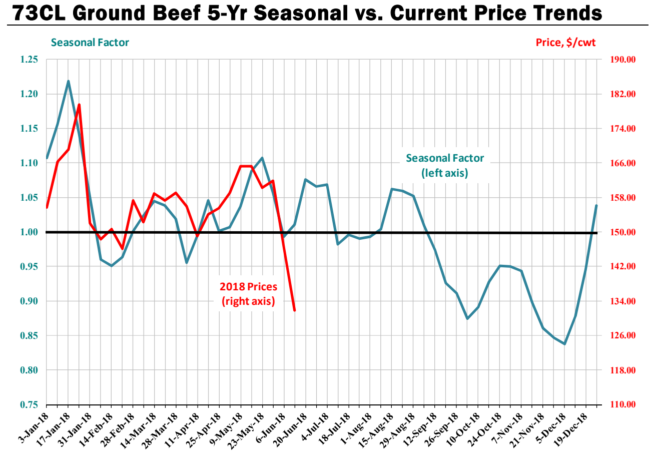
Based on Daily MPR Report, LM_HG201. Data through Jun 14, 2018



Pork Loin Primal Value



73CL Ground Beef 5-Yr Seasonal vs. Current Price Trends



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PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 6/16/2018

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
			16-Jun-18	9-Jun-18		17-Jun-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**862**	**1,783**	-51.65%	**1,851**	-53.41%	**43,569**	1.9%
	FI Slaughter	Thou. Head	654	658	-0.61%	639	2.39%	14,759	3.1%
C	FI Cow Slaughter **	Thou. Head	105	115	-8.81%	95	10.69%	2,600	7.9%
T	Avg. Dressed Weight	Lbs.	796	797	-0.13%	803	-0.87%	811	0.5%
T	Beef Production	Million Lbs.	0.0	523.1	-100.00%	511.9	-100.00%	11,973	3.6%
L	Live Fed Steer Price	$ per cwt	110.81	114.66	-3.36%	130.12	-14.84%		
E	Dressed Fed Steer Price	$ per cwt	177.94	182.75	-2.63%	205.94	-13.60%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	161.94	157.20	3.02%	166.14	-2.53%		
&	Choice Beef Cutout	$ per cwt	223.52	226.95	-1.51%	250.86	-10.90%		
	Hide/Offal	$ per cwt, live wt	9.47	9.48	-0.11%	11.69	-18.99%		
B	Rib Primal, Choice	$ per cwt	381.97	384.61	-0.69%	433.78	-11.94%		
E	Round Primal, Choice	$ per cwt	159.32	162.80	-2.14%	192.30	-17.15%		
E	Chuck Primal, Choice	$ per cwt	165.11	167.02	-1.14%	184.68	-10.60%		
F	Trimmings, 50%	$ per cwt	68.65	74.26	-7.55%	134.06	-48.79%		
	Trimmings, 90%	$ per cwt	221.15	221.96	-0.36%	230.56	-4.08%		
	FI Slaughter	Thou. Head	2,215	2,271	-2.47%	2,178	1.68%	56,151	2.8%
	FI Sow Slaughter **	Thou. Head	50.7	57.4	-11.72%	45.1	12.39%	1,274	1.2%
H	Avg. Dressed Weight	Lbs.	212.0	213.0	-0.47%	208.0	1.92%	214	0.8%
O	Pork Production	Million Lbs.	0	483.5	-100.00%	453.3	-100.00%	12,003	3.7%
G	Iowa-S. Minn. Base	Wtd. Avg.	81.19	74.66	8.75%	82.38	-1.44%		
S	Natl. Base Carcass Price	Wtd. Avg.	76.92	72.76	5.72%	79.94	-3.78%		
	Natl. Net Carcass Price	Wtd. Avg.	79.49	75.17	5.75%	82.62	-3.79%		
	Pork Cutout	205 Lbs.	81.98	78.49	4.45%	94.74	-13.47%		
	Ham Primal	$ per cwt	62.18	60.72	2.40%	69.22	-10.17%		
	Loin Primal	$ per cwt	80.13	76.10	5.30%	92.38	-13.26%		
	Belly Primal	$ per cwt	137.44	127.19	8.06%	164.78	-16.59%		
	Trimmings, 72%, Fresh	$ per cwt	77.54	67.09	15.58%	99.17	-21.81%		
	Hog By-Product Value	$ per cwt, live wt	3.90	3.85	1.30%	4.06	-3.94%		
C	Young Chicken Slaughter *	Million Head	163.9	149.5	9.64%	164.9	-0.63%	3,664	-0.8%
H	Avg. Weight (RTC)	Lbs.	4.60	4.66	-1.31%	4.67	-1.63%	6.18	0.7%
I	Young Chicken Production (RTC)	Million Lbs.	753.4	696.3	8.21%	770.7	-2.24%	17,198	-0.1%
C	Eggs Set (19-state)	Million	0.0	233.0	NA	224.2	NA	5,260	2.7%
K	Chicks Placed (19-state)	Million Head	0.0	188.8	NA	183.5	NA	4,209	1.3%
E	National Composite Whole Bird	Composite	120.03	121.00	-0.80%	107.79	11.36%		
	Northeast Breast, B/S	$/cwt	114.73	116.46	-1.49%	161.22	-28.84%		
	Northeast Leg Quarters	$/cwt	37.7	37.93	-0.61%	40.86	-7.73%		
T	Total Turkey Slaughter *	Million Head	4.320	3.232	33.66%	4.465	-3.25%	93.929	-0.9%
U	Avg. Weight (RTC)	Lbs.	25.20	24.87	1.31%	25.72	-2.04%	31.69	-0.6%
R	Turkey Production (RTC)	Million Lbs.	108.9	80.4	35.42%	114.8	-5.22%	2,395	-1.3%
K	National Hen (8-12 lb)	8-16 Lbs.	81.60	80.00	2.00%	98.50	-17.16%		
G	Corn, Omaha	$ per Bushel	3.46	3.58	-3.35%	3.47	-0.29%		
R	Distillers Grain, Chicago	$ per Ton	170.00	175.00	-2.86%	102.50	65.85%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.50	5.36	2.61%	4.41	24.72%		
I	Soybeans, Cntrl IL	$ per Bushel	9.16	9.60	-4.58%	9.32	-1.72%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	352.70	367.90	-4.13%	302.10	16.75%		

* 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. YTD still references 2017.

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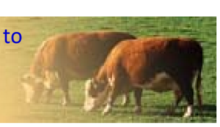

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