Daily Livestock Report

Sponsored in part by CME Group

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<u>As of June 1, the total inventory of cattle on feed in feedlots with +1000 head capacity was estimated at 11.096 million head, almost 300,000 head (+2.7%) larger than a year ago</u>. This was the first time since January 2013 that the inventory has surpassed 11 million head and the last comparable June 1 inventory was in 2012. On feed supplies have increased recently as feedlots in the last three months (Mar, Apr & May) have increased placements by 600,000 head vs. the comparable period a year ago. So while the front end supply still looks relatively current, available inventory should start to increase in August. The 120-day inventory on June 1 was down about 9% compared to the previous year. The marketing rate in May was 17.7%, faster than the previous years and in line with the five year. Based on fed cattle slaughter so far in June, we think the marketing rate in June was near 18%, surpassing both last year and the five year average. Robust marketings and the seasonal decline in placements in February have contributed to the tight front end supply.

<u>While there has been a lot of talk about the surge in Mexico cattle imports recently, at this point it looks like larger domestic calf supplies rather than big imports are the main reason for the surge in placements</u>. During the 13 weeks in Mar, Apr and May, imports of feeder cattle from Mexico were 336,983 head, about 34,000 head more than the previous year. However, imports of feeder cattle from Canada during this period were down by a little over 50,000 so overall imports of feeder cattle in the last three months are down compared to the same period a year ago.

<u>Marketings in July and August remain key although at this time it appears futures are trying to price in a possible slowdown in retail beef features and slower product movement</u>. While this is possible, there are also a number of factors that should continue to support beef demand this summer. Consumer income growth remains good, the unemployment rate is substantially lower and higher equity/housing markets have bolstered both household balance sheets and overall consumer confidence. Retailers were quite adept at promoting beef this year, in part because lower prices last fall and early this year provided an opportunity to do so. Also, beef provides the opportunity to book higher dollar sales while holding the meat margin together. Beef packer margins at this point remain excellent and this has encouraged them to maximize fed cattle slaughter. Total cattle slaughter last week was reported by USDA at 632,000 head, 4% higher than the previous year. One of the issues that some readers have brought up, and its quite valid, is that more recently the first USDA estimate of cattle slaughter has fallen well short of the actual. For those not following the cattle market as closely, USDA provides an estimate of daily slaughter based on numbers reported by larger plants. In two weeks, USDA will issue the actual slaughter numbers (the same report that also includes cattle weights) which tabulates all the slaughter data reported by USDA inspectors from all plants. For the week ending June 10, fed cattle slaughter was 512,000 head, almost 12,000 head (2.4%) higher than the initial estimate. Since March, the shortfall in first estimate reporting vs. actual has averaged 6,657 head/week.

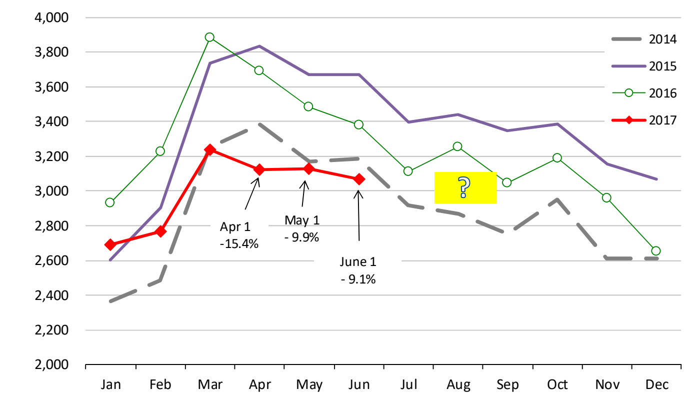
U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

Source: USDA/NASS. Analyst Estimates from Urner Barry

	Number, Thousand Head			Current Year as % of Year Prior		
	2015	2016	2017	Actual	Estimates	Difference
Placed on Feed During May	1,719	1,889	2,119	112.2	110.1	2.1
Fed Cattle Marketed May	1,711	1,794	1,951	108.8	108.8	0.0
On Feed June 1	10,571	10,804	11,096	102.7	102.2	0.5

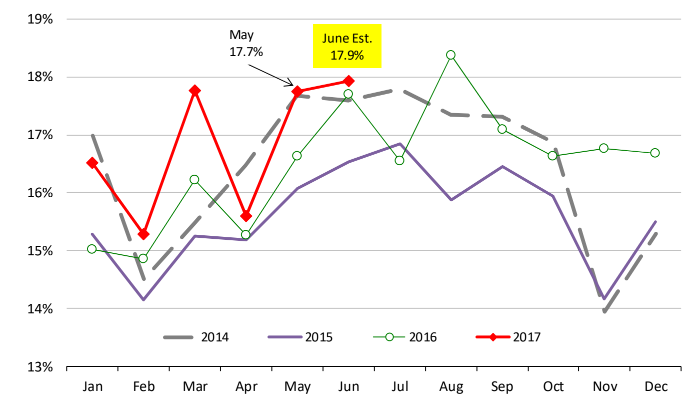
INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



FEEDLOT TURN-OVER RATE (MARKETING RATIO VS. INVENTORY)

Calcuated using USDA Monthly "Cattle on Feed" Survey Data



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 6/24/2017

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
			24-Jun-17	17-Jun-17		25-Jun-16			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,824**	**1,840**	-0.87%	**1,786**	2.13%	**44,588**	2.0%
	FI Slaughter	Thou. Head	632	628	0.64%	608	3.98%	14,940	5.7%
C	FI Cow Slaughter **	Thou. Head	112	95	17.69%	99	12.34%	2,520	2.1%
T	Avg. Dressed Weight	Lbs.	795	792	0.38%	815	-2.45%	806	-1.8%
T	Beef Production	Million Lbs.	501.0	496.4	0.93%	494.0	1.42%	12,046	3.8%
L	Live Fed Steer Price	$ per cwt	121.51	130.12	-6.62%	116.74	4.09%		
E	Dressed Fed Steer Price	$ per cwt	193.80	205.94	-5.89%	187.81	3.19%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	N/A	N/A	N/A	142.43	N/A		
&	Choice Beef Cutout	$ per cwt	244.90	250.86	-2.38%	216.82	12.95%		
	Hide/Offal	$ per cwt, live wt	11.76	11.69	0.60%	11.49	2.35%		
B	Rib Primal, Choice	$ per cwt	419.39	433.78	-3.32%	350.94	19.50%		
E	Round Primal, Choice	$ per cwt	190.20	192.30	-1.09%	155.79	22.09%		
E	Chuck Primal, Choice	$ per cwt	184.62	184.68	-0.03%	157.25	17.41%		
F	Trimmings, 50%	$ per cwt	124.14	134.06	-7.40%	88.84	39.73%		
	Trimmings, 90%	$ per cwt	231.04	230.56	0.21%	218.11	5.93%		
	FI Slaughter	Thou. Head	2,144	2,179	-1.61%	2,095	2.34%	56,760	2.7%
	FI Sow Slaughter **	Thou. Head	61.0	45.1	35.37%	55.3	10.39%	1,319	0.1%
H	Avg. Dressed Weight	Lbs.	210.0	210.0	0.00%	209.0	0.48%	212	-0.4%
O	Pork Production	Million Lbs.	450	458.1	-1.77%	437.8	2.79%	12,031	2.3%
G	Iowa-S. Minn. Base	Wtd. Avg.	87.08	82.38	5.71%	82.10	6.07%		
S	Natl. Base Carcass Price	Wtd. Avg.	84.33	79.94	5.49%	80.97	4.15%		
	Natl. Net Carcass Price	Wtd. Avg.	87.06	82.62	5.37%	83.56	4.19%		
	Pork Cutout	205 Lbs.	99.44	94.74	4.96%	88.77	12.02%		
	Ham Primal	$ per cwt	72.53	69.22	4.78%	74.31	-2.40%		
	Loin Primal	$ per cwt	91.54	92.38	-0.91%	90.24	1.44%		
	Belly Primal	$ per cwt	182.43	164.78	10.71%	126.09	44.68%		
	Trimmings, 72%, Fresh	$ per cwt	98.15	99.17	-1.03%	76.21	28.79%		
	Hog By-Product Value	$ per cwt, live wt	4.09	4.06	0.74%	4.05	0.99%		
C	Young Chicken Slaughter *	Million Head	165.0	164.9	0.08%	162.2	1.77%	3,860	1.4%
H	Avg. Weight (RTC)	Lbs.	4.66	4.67	-0.33%	4.64	0.49%	6.13	-0.5%
I	Young Chicken Production (RTC)	Million Lbs.	768.8	770.7	-0.24%	751.8	2.27%	17,982	0.8%
C	Eggs Set (19-state)	Million	214.3	216.8	-1.17%	209.1	2.49%	5,120	2.1%
K	Chicks Placed (19-state)	Million Head	176.0	175.4	0.35%	174.3	0.95%	4,164	1.4%
E	National Composite Whole Bird	Composite	108.17	107.79	0.35%	94.88	14.01%		
	Northeast Breast, B/S	$/cwt	163.56	161.22	1.45%	119.48	36.89%		
	Northeast Leg Quarters	$/cwt	40.76	40.86	-0.24%	37.1	9.87%		
T	Total Turkey Slaughter *	Million Head	4.082	4.465	-8.58%	4.069	0.32%	98.881	-1.6%
U	Avg. Weight (RTC)	Lbs.	25.53	25.72	-0.74%	25.18	1.39%	31.89	2.2%
R	Turkey Production (RTC)	Million Lbs.	104.2	114.8	-9.25%	102.5	1.72%	2,530	0.2%
K	National Hen (8-12 lb)	8-16 Lbs.	98.50	98.50	0.00%	117.00	-15.81%		
G	Corn, Omaha	$ per Bushel	3.32	3.47	-4.32%	3.57	-7.00%		
R	Distillers Grain, Chicago	$ per Ton	107.50	102.50	4.88%	177.50	-39.44%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	4.44	4.41	0.68%	3.98	11.56%		
I	Soybeans, Cntrl IL	$ per Bushel	9.02	9.32	-3.22%	11.22	-19.61%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	295.80	302.10	-2.09%	387.70	-23.70%		

* 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.