Daily Livestock Report

Vol. 15, No. 130 / July 2, 2018

Before we review some of the production data for last week, a **quick note on the Canadian tariffs on 13 billion dollars of US products**. The list of US products that will be subject to a Canadian retaliatory tariffs does not include any pork items. **The only beef products that will be subject to a 10% tariff are cooked beef products**. Last year the value of cooked beef exports to Canada was $169.7 million. Overall the impact of the Canadian tariffs on US beef is quite small. For a complete listing of the products that will be subject to a tariff in Canada please see the following link:

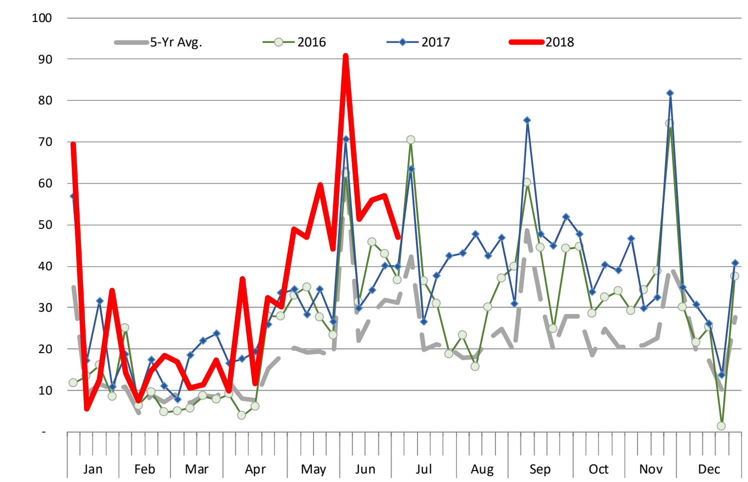
https://www.fin.gc.ca/access/tt-it/cacsap-cmpcaa-1-eng.asp

Fed cattle prices rallied on Friday on reports of more robust cash cattle prices and possibly due to quarter end trading activity. Total cattle slaughter for the week ending June 30 was 646,000 head, 1.2% higher than a year ago. We estimate fed cattle slaughter for last week at 518,000 head, 0.8% higher than last year. Fed slaughter in June slowed down from May levels. There is one less marketing day in June 2018, which also impacts the monthly calculation. Based on USDA daily slaughter estimates, we calculate fed cattle slaughter for the month of June at 2.293 million head, 0.7% higher than a year ago. **If we were to adjust for the one less marketing day, slaughter would we 5.5% higher than last year**. In May fed slaughter was 5% higher than the previous year. Supplies of market ready cattle remain above year ago levels but a robust slaughter pace should help keep feedlots current going into the fall. Beef features have been excellent until this point and large forward sales for the summer months point to continued good featuring in July and August. Having said that, it is normal for beef demand to ease from May levels. Additionally, there will be more competition from lower priced proteins and retailers will look to shift away from higher priced steak items featured for Memorial Day and Father's Day. Loin and rib primal values decline into the summer and already we have seen significant price erosion for ribs.. Seasonally loins decline in July, August and September. Still, packer margins remain in excellent shape and robust sales should continue support high slaughter numbers through the summer. Much of the additional increase in slaughter will come through running more Saturday shifts. Saturday slaughter last week was 18% higher than a year ago and it has averaged 52% higher than a year ago since the first week of May.

Hog slaughter for the week was estimated at 2.239 million head, 1.8% higher than a year ago. For the period June 3 through June 30 hog slaughter been a total of 8.887 million head, 1.7% higher than the previous year. This contrasts with the latest USDA 'Hogs and Pigs' report which pegged the supply of +180 pound hogs at +2.4% above year ago levels. Hog slaughter will be light this week due to one less slaughter day. Producer hog weights increased last week and the short slaughter this week could further push weights higher. Weather remains a key factor for hogs in the very near term. Hog slaughter numbers should start to move higher in the next four weeks and rise above 2.3 million head by the first week of

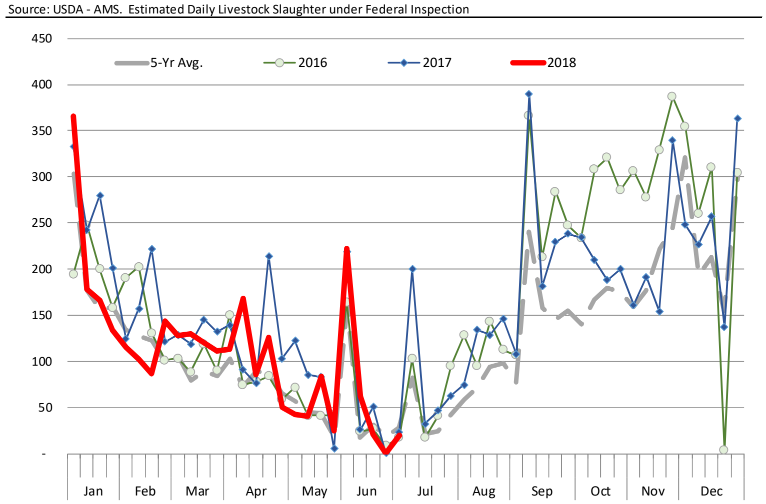
SATURDAY FED CATTLE SLAUGHTER. '000 HEAD

Source: USDA - AMS. Estimated Daily Livestock Slaughter under Federal Inspection



SATURDAY HOG SLAUGHTER. '000 HEAD

Source: USDA - AMS. Estimated Daily Livestock Slaughter under Federal Inspection



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PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 6/30/2018

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
			30-Jun-18	23-Jun-18		1-Jul-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,877**	**1,842**	1.93%	**1,828**	2.71%	**47,275**	1.8%
	FI Slaughter	Thou. Head	646	664	-2.71%	638	1.21%	16,065	3.0%
C	FI Cow Slaughter **	Thou. Head	117	117	0.29%	111	4.99%	2,833	7.7%
T	Avg. Dressed Weight	Lbs.	799	797	0.25%	804	-0.62%	810	0.4%
T	Beef Production	Million Lbs.	514.9	528.1	-2.50%	512.0	0.57%	13,018	3.5%
L	Live Fed Steer Price	$ per cwt	106.35	108.74	-2.20%	118.64	-10.36%		
E	Dressed Fed Steer Price	$ per cwt	169.99	173.21	-1.86%	189.95	-10.51%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	N/A	N/A	N/A	163.79	N/A		
&	Choice Beef Cutout	$ per cwt	215.00	218.65	-1.67%	230.64	-6.78%		
	Hide/Offal	$ per cwt, live wt	9.58	9.65	-0.73%	11.86	-19.22%		
B	Rib Primal, Choice	$ per cwt	343.03	365.55	-6.16%	367.84	-6.74%		
E	Round Primal, Choice	$ per cwt	160.70	158.60	1.32%	186.06	-13.63%		
E	Chuck Primal, Choice	$ per cwt	166.72	164.79	1.17%	179.63	-7.19%		
F	Trimmings, 50%	$ per cwt	62.66	64.51	-2.87%	111.49	-43.80%		
	Trimmings, 90%	$ per cwt	221.12	220.84	0.13%	231.84	-4.62%		
	FI Slaughter	Thou. Head	2,239	2,168	3.27%	2,200	1.77%	60,551	2.7%
	FI Sow Slaughter **	Thou. Head	60.6	55.8	8.70%	58.3	3.91%	1,390	0.9%
H	Avg. Dressed Weight	Lbs.	211.0	211.0	0.00%	207.0	1.93%	213	0.8%
O	Pork Production	Million Lbs.	471.3	457.9	2.93%	454.7	3.65%	12,918	3.5%
G	Iowa-S. Minn. Base	Wtd. Avg.	77.33	82.22	-5.95%	87.11	-11.23%		
S	Natl. Base Carcass Price	Wtd. Avg.	81.00	81.68	-0.83%	86.92	-6.81%		
	Natl. Net Carcass Price	Wtd. Avg.	83.49	84.17	-0.81%	89.67	-6.89%		
	Pork Cutout	205 Lbs.	87.30	84.94	2.78%	102.49	-14.82%		
	Ham Primal	$ per cwt	63.14	62.50	1.02%	74.12	-14.81%		
	Loin Primal	$ per cwt	83.01	82.47	0.65%	94.29	-11.96%		
	Belly Primal	$ per cwt	156.43	147.52	6.04%	193.37	-19.10%		
	Trimmings, 72%, Fresh	$ per cwt	88.46	85.74	3.17%	90.68	-2.45%		
	Hog By-Product Value	$ per cwt, live wt	3.96	3.94	0.51%	4.10	-3.41%		
C	Young Chicken Slaughter *	Million Head	165.3	161.1	2.59%	163.9	0.85%	3,991	-0.8%
H	Avg. Weight (RTC)	Lbs.	4.72	4.68	0.81%	4.57	3.33%	6.18	0.8%
I	Young Chicken Production (RTC)	Million Lbs.	780.2	754.4	3.42%	748.7	4.21%	18,732	0.0%
C	Eggs Set (19-state)	Million	230.9	229.8	0.50%	224.5	2.84%	5,714	2.6%
K	Chicks Placed (19-state)	Million Head	188.6	186.7	1.03%	183.1	3.02%	4,583	1.4%
E	National Composite Whole Bird	Composite	116.34	118.19	-1.57%	107.97	7.75%		
	Northeast Breast, B/S	$/cwt	123.44	115.65	6.74%	163.31	-24.41%		
	Northeast Leg Quarters	$/cwt	33.95	36.19	-6.19%	44.05	-22.93%		
T	Total Turkey Slaughter *	Million Head	4.364	4.007	8.91%	4.542	-3.92%	102.300	-1.1%
U	Avg. Weight (RTC)	Lbs.	25.39	25.26	0.50%	24.72	2.69%	31.68	-0.5%
R	Turkey Production (RTC)	Million Lbs.	110.8	101.2	9.46%	112.3	-1.33%	2,607	-1.3%
K	National Hen (8-12 lb)	8-16 Lbs.	80.00	80.00	0.00%	98.50	-18.78%		
G	Corn, Omaha	$ per Bushel	3.31	3.42	-3.22%	3.32	-0.30%		
R	Distillers Grain, Chicago	$ per Ton	157.50	152.50	3.28%	100.00	57.50%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.16	5.19	-0.58%	4.91	5.09%		
I	Soybeans, Cntrl IL	$ per Bushel	8.57	8.72	-1.72%	9.15	-6.34%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	341.90	341.30	0.18%	296.40	15.35%		

* Chicken & turkey slaughter. Production, egg sets 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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