

The Office of the Chief Economist released the latest [WASDE](#) yesterday, following usual protocol, updating crop acres to match the USDA NASS Acreage report but leaving yields on their respective trend lines. **Notably, an announcement went out ahead of the report indicating that WAOB would consider current policy and address the tariff implications in the July WASDE.** However, based on the changes or lack thereof to pork exports, it appears that WAOB largely adjusted numbers to reflect the May export figures with no changes to longer term forecasts. It is unclear whether this implies that no impact is anticipated for pork exports or that is too early to know the trade impact. Soybeans and Soybean meal saw small adjustments to exports. Soybean exports were lowered 250 million bushels adjusting for China's tariff rate increase and Soybean meal exports were increased 1 million tons citing smaller exports of meal from South America.

Bureau of Labor Statistics and USDA ERS released retail meat prices today updating the industry on the last stop in the supply chain, consumers. The retail margin (cutout to retail spread) is the largest component in the supply chain. In June that margin was more than 40% of the retail value for beef, greater than 60% of the retail value in hogs, and over 50% the composite broiler retail price for poultry.

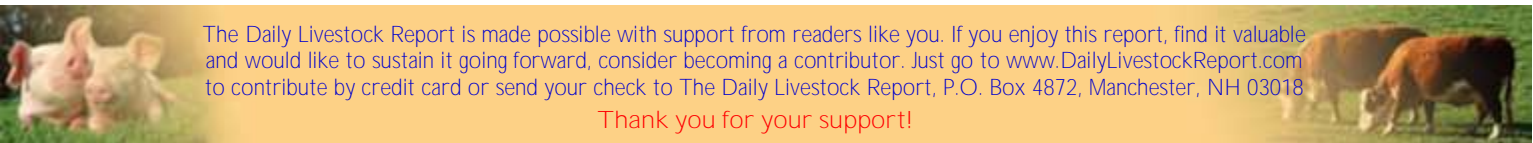
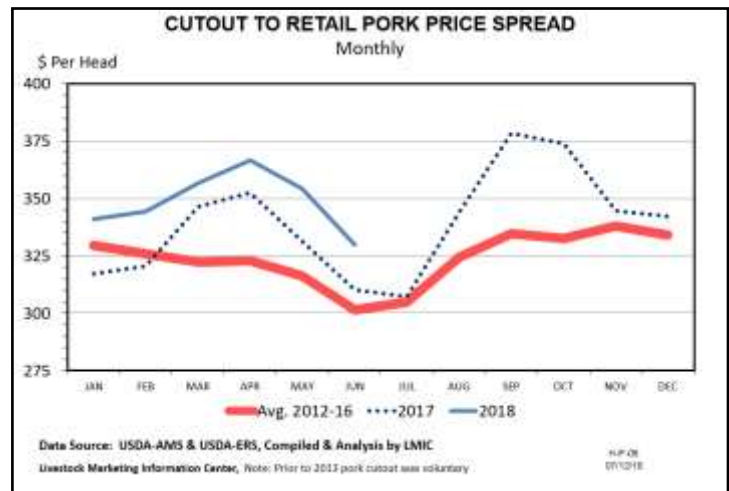
Retail prices tend to adjust very slowly to changing wholesale prices. For example, retail beef prices increased this month 1.4 cents per pound, compared to the boxed beef cutout falling \$8.30. This opposing move further stretched the cutout to retail spread in the beef sector by \$60 per 1000 lb. of steer. Compared to a year ago, the boxed beef cutout is 9% lower, retail prices are 4% lower, and the cutout to retail price spread is 4% higher.

On the pork side, retail prices fell compared to May, declining 4.4 cents per pound. Retailers saw \$24.50 less per hog on their margins, in part because pork cutout values increased \$18.61 per hog. Still, hog retail margins are above a year ago even with a large decline from May to June. Retailers share is 6% higher compared to June 2017. The cutout is down 14%, while retail prices have moved lower by 2%.

Poultry wholesale prices have also slid since last year, down 11%. The retail price has crept up slightly, nearly 1% above June 2017, and retailer spreads gained 14%. Month-over-month comparisons show that across the poultry prices are sliding. Both retail and wholesale prices fell in June compared to a month

earlier. Wholesale prices lost \$0.70 per pound and the retail price lost \$0.80 per pound.

Importantly, retail prices are not actual prices paid by consumers and the retail to cutout spread does not reflect featuring of meat products that include deals or sales on meat, only the listed price. Because of the large volumes moving through the grocery lines at featured prices, club card specials, etc., we suspect that the actual grocery margins for certain meat products to be smaller than these numbers reference.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.