

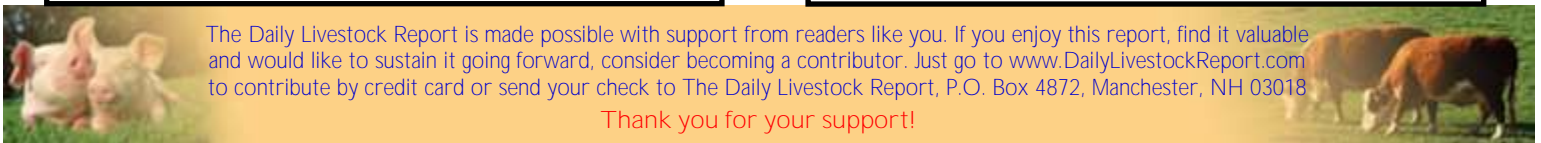
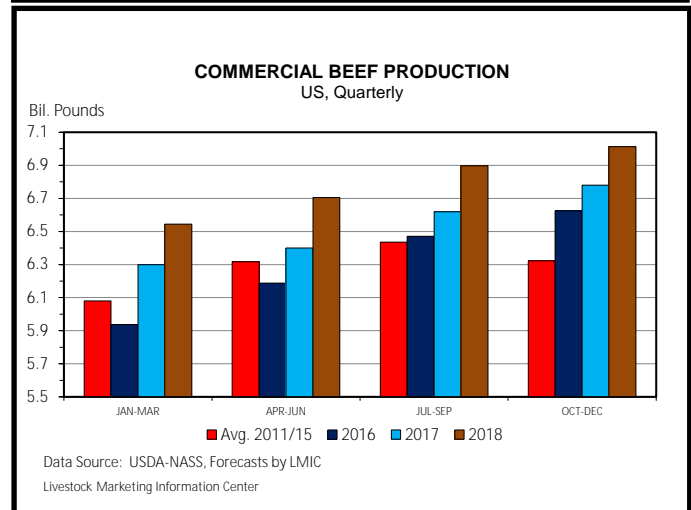
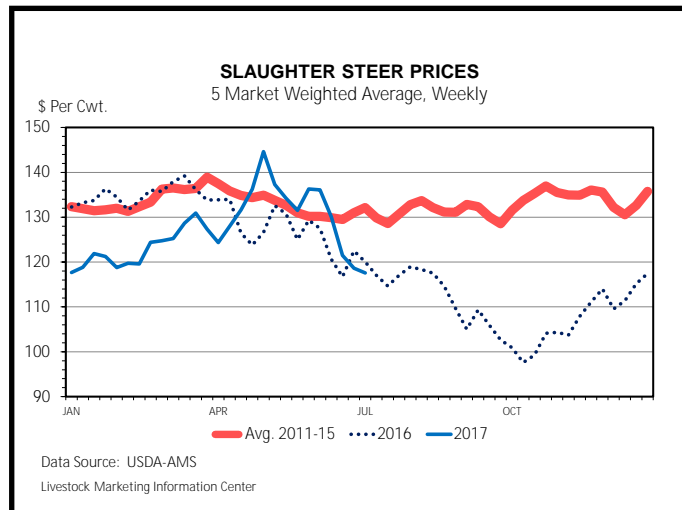
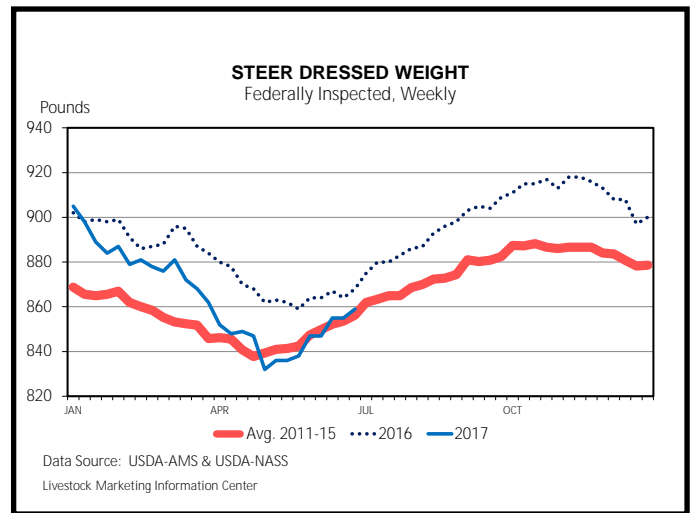
In this week's prior issues, we did short reviews of 2017's first six months on the hog/pork and the poultry (broiler and turkey) sectors. Today we turn to fed cattle, which are represented on the CME futures by the Live Cattle contracts. Steer and heifer slaughter levels have been larger than expected so far this year, while carcass (dressed) weights have been much lower than anticipated. Very strong beef packer profits made packers aggressive buyers of slaughter ready animals and cattle feeders were willing sellers. We thought cash market prices were topping out in mid-March when the weekly 5-market average was \$130.91 per cwt. (live basis) and prices did erode for a few weeks. Then they surged higher. The weekly peak was \$144.60, which was posted the first week of May. By the last week of June the price had fallen to \$118.64 per cwt.

In the first quarter of this year, the 5-market steer price was 8.8% below 2016's. That price was above a year ago (up 4.0%) in the second quarter.

U.S. commercial cattle slaughter in the first quarter was 7.3% above 2016's. Average cattle dressed weight declined 1.1% year-over-year, so beef production was 6.1% above a year ago. The trend of higher slaughter levels compared to a year earlier and lower dressed weights continued in the second quarter (slaughter up 5.8% and dressed weight dropped 2.2% year-over-year). In the second quarter, U.S. beef production was up 3.4% from 2016's. For the first half of 2016, commercial beef output was just over 12.7 billion pounds, which was the largest for the first six months of a calendar year since 2012 (nearly 12.8 billion pounds).

Due to strong beef exports and declining imported beef tonnage, U.S. per capita beef disappearance in the first two quarters of this year in percentage terms grew much less than production. Year-over-year, per person disappearance was up 3.3% in the first quarter and the Livestock Marketing Information Center (LMIC) projects the second quarter will be up only 0.7%.

Looking ahead, the LMIC is forecasting U.S. commercial beef production will increase 2% to 3% in the second half of 2017. In 2018, a year-over-year quarterly production increases in the 3% to 5% range are currently forecast.



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