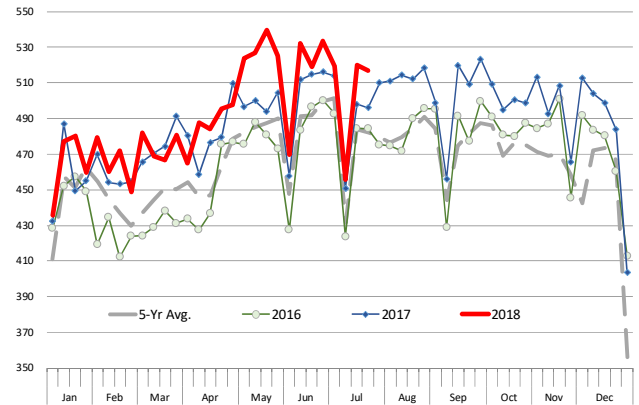


A quick take on last week's production and sales data:

- Fed cattle slaughter was 520,000 head, 4.2% higher than a year ago and the highest for this time of year since 2011 and 2012.
- The number of choice beef loads sold in the negotiated market was 328 compared to 439 a year ago. During the same week in 2011 choice loads sold in the spot market were 487 and in 2012 there were 526.
- Beef export sales have slowed down from the torrid pace in late May and early June but remain above year ago. Total beef export sales were 784 loads compared to 779 a year ago. In the last four weeks export sales have averaged 944 loads/week, 26% above year ago.
- Lower prices for end cuts continue to bolster exports to both Asian markets and NAFTA countries. The value of the composite chuck primal last week was \$161.65/cwt, 4.5% lower than a year ago. There were 242 loads of chuck rolls sold last week (includes formula, forward & exports) and 20% of that volume went to export destinations. Other products with a high percentage going into export - trimmed inside rounds at 36%, untrimmed shoulder clods at 35%, inside skirts at 21%.
- Beef sales for forward delivery have been running well ahead of last year for much of the spring. That trend continues. In the last four weeks beef sales for delivery 22-60 days out averaged 915 loads/week, 13% higher than last year. Beef sales for delivery 90 days or more forward has averaged 216 loads per week, 84% higher than last year.
- Packers have notably fewer cattle available on a contract basis for next month. As of July 16, packers had secured 150,753 cattle for delivery in August 2018. Last year at this time packers had 225,668 head of cattle contracted for August. Very few cattle were added to the forward cattle position last week while last year we saw a notable increase in forward contract buying.
- According to USDA there were 141,105 head of domestic cattle purchased on a negotiated basis last week compared to 113,218 head for the same week last year.
- Hog slaughter last week was 2.275 million head, 3.6% higher than the previous year. Since the first week of June total hog slaughter has been 13.144 million head, 2.6% higher than a year ago and in line with the +180 lb hog inventory in the USDA June 'Hogs and Pigs' report.
- Hog slaughter was light on Monday and there will be some catching up in the next three days. If the USDA June inventory report is correct, weekly hog slaughter in the next four weeks should average 2.350 million head. Futures already is pricing a significant discount for August hogs for precisely this reason.
- Belly market should be the focus for August. Belly primal on Monday was \$171. August hog futures imply bellies down 40 cents from where they are today.

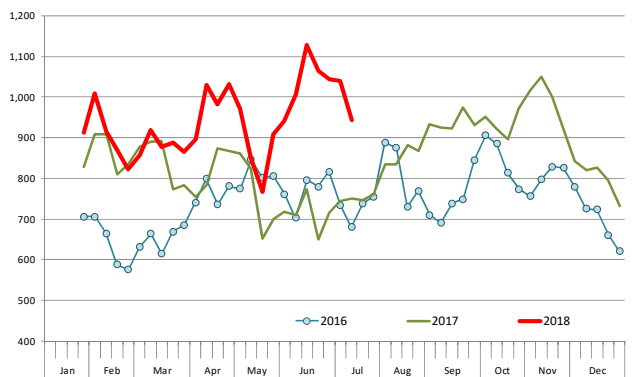
WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA



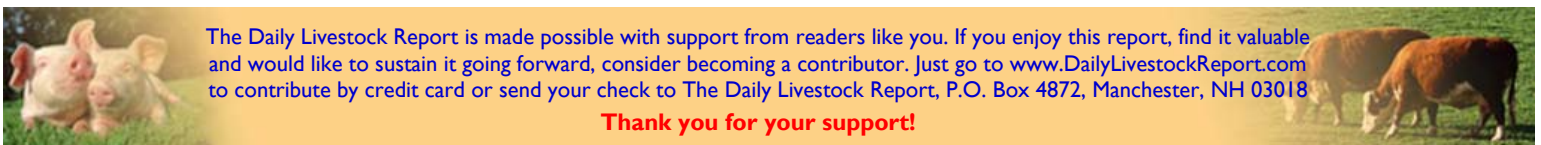
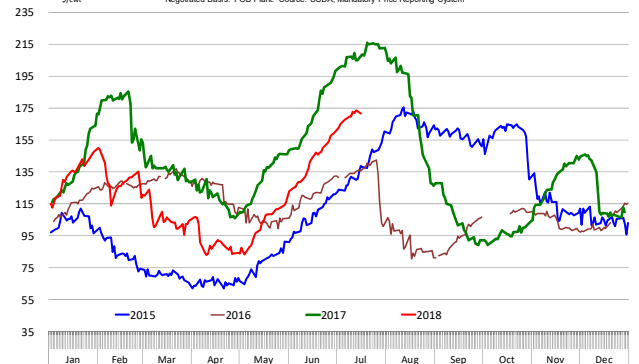
of Beef Loads Sold to Export Market. 4-wk Moving Avg

Source: USDA Comprehensive Cutout Report, MPR System, AMS



PORK BELLY PRIMAL VALUE

5/cwt Negotiated Basis, FOB Plant. Source: USDA, Mandatory Price Reporting System



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