Daily Livestock Report

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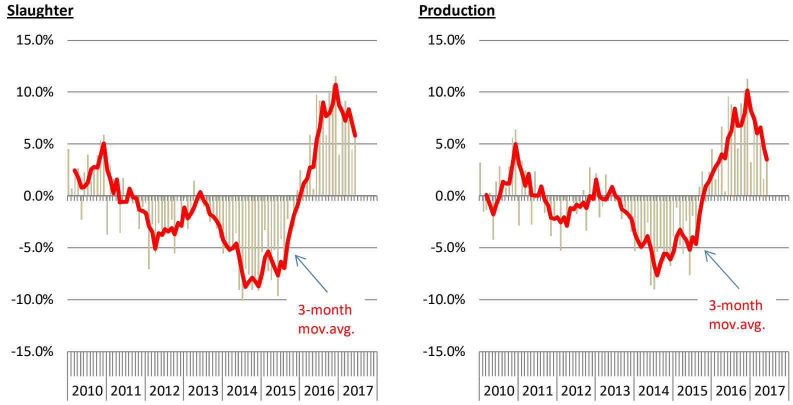
USDA released yesterday afternoon its monthly tabulation of livestock statistics for June and the data contained some interesting insights.

Beef: Total **US commercial cattle slaughter in June** was 2.858 million head, **5.6% higher than a year ago**. There was the same number of marketing days as a year ago so the rate of growth was the same when calculated on an average daily basis. The last time monthly slaughter surpassed 2.8 million head was in October 2013, but with one extra marketing day back then. **More female cattle in the slaughter mix have bolstered slaughter numbers in recent months**. Fed cattle prices declined sharply in the fall of 2016, causing producers to send more heifers into feedlots rather than hold them back for herd rebuilding. As we noted yesterday, this may have not been enough to turn the expansion cycle but it has certainly slowed it down. **There were 151,800 more cattle slaughtered in June 2017 compared to a year ago. Out of this total net increase, there were 82,000 more heifers (+13.4%) and 45,700 cows (10.3%)**. Steer slaughter for the month was up only 15,600 head (+1%) compared to a year ago. The change in the slaughter mix likely impacted the average weight of cattle and overall production levels for the month. Total commercial beef production in June was 2.279 billion pounds, 3.9% higher than a year ago. **Slaughter numbers have increased by an average of almost 6% in the last three months (adjusted for marketing days) but beef production during this period has increased by 3.5%**. When we account for the significantly larger exports and lower imports, the net beef availability in the US market during the last three months has been only modestly higher than a year ago. Following our letter yesterday, one of our readers highlighted the potential impact on beef cow slaughter from the extreme drought conditions in parts of North and South Dakota. It') s a fair point and our guess was that the drought likely has contributed to the recent increase in the national cow slaughter. USDA slaughter data (which is only through July 8) tells a different story. USDA does not disclose cow slaughter numbers for Region 5 (which includes the Dakotas) due to confidentiality concerns. But we can calculate the change in slaughter for other regions and imply the impact that region 5 may have. On page 2 we have shown our calculations but basically since June the main contributor to the increase in national beef cow slaughter have been region 6 (Southern Plains) and region 9. At least through early July, the drought in the Dakotas did not seem to impact cow slaughter but it may have pushed more feeders into feedlots early.

Pork: Hog production has been rising consistently in the last few months although, as with cattle, **the pork supply increase has been slower than slaughter due to lower carcass weights**. June hog slaughter was 9.870 million head, 3.2% higher than a year ago. Q2 slaughter total stands at 29.2 million head, 3.7% compared to a year ago. Total pork production for June was 2.053 billion pounds, about 40 million pounds (+2%) compared to a year ago. The reduction in weights has shaved about 1.2 percentage points from pork production and limited overall pork availability this summer. We do not have export data for June yet but our preliminary estimate are that the pace of pork exports moderated in June and it will likely be lower than a year ago in July. Based on weekly exports our June projection is for pork shipments to be up about 3% or around 13 million pounds compared to last year. Producers have been culling more sows in the last few months but that is to be expected considering the larger breeding herd. Sow slaughter in June was 256,100 head, 6.8% from a year ago. Q2 sow slaughter was 743,700 head, 42,100 head (+6%) higher than a year ago.

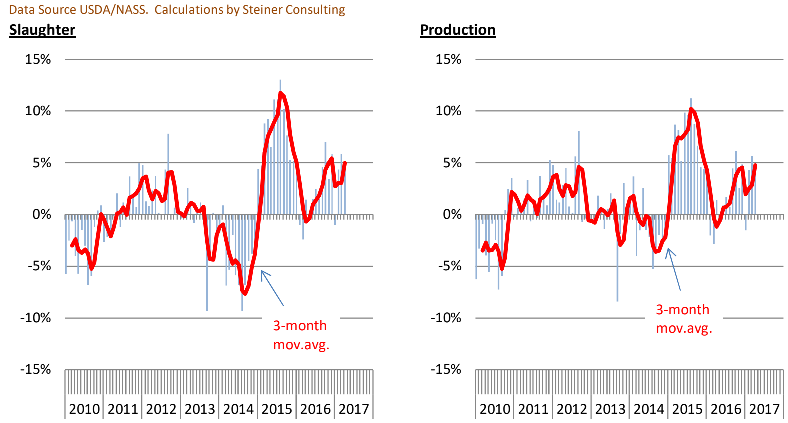
Cattle Slaughter & Beef Production Per Slaughter Day: Y/Y % Change

Data Source USDA/NASS. Calculations by Steiner Consulting



Hog Slaughter & Pork Production Per Slaughter Day: Y/Y % Change

Data Source USDA/NASS. Calculations by Steiner Consulting



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Weekly Regional Beef Cow Slaughter

Source: USDA. https://www.ams.usda.gov/mnreports/sj_ls714.txt

2017

		3-Jun	10-Jun	17-Jun	24-Jun	1-Jul	8-Jul	**Total**	vs. 2016
					--- '000 head ---				
Reg1+2	Beef	0.2	0.1	0.1	0.1	0.2	0.0	**0.7**	0.4
Reg3	Beef	2.1	2.7	2.6	2.4	2.5	1.9	**14.2**	2.2
Reg4	Beef	7.0	7.9	7.1	7.0	7.2	5.1	**41.3**	4.7
Reg5	Beef								
Reg6	Beef	12.7	16.0	16.6	14.8	15.5	11.2	**86.8**	17.0
Reg7	Beef	10.6	11.6	12.1	11.7	11.8	8.6	**66.4**	1.6
Reg8	Beef								
Reg9	Beef	3.0	3.7	3.5	3.8	3.5	3.0	**20.5**	6.0
Reg10	Beef	2.0	2.4	3.4	3.4	3.6	3.8	**18.6**	10.4
Subtotal		37.6	44.4	45.4	43.2	44.3	33.6	**248.5**	42.3
Reg5+8		10.2	14.6	12.4	13.3	12.1	10.7	**73.3**	-1.0
Total		**47.8**	**59.0**	**57.8**	**56.5**	**56.4**	**44.3**	**321.8**	**41.3**

2016

	4-Jun	11-Jun	18-Jun	25-Jun	2-Jul	9-Jul	**Total**
				--- '000 head ---			
Reg1+2	0.1	0	0.1	0	0.1	0	**0.3**
Reg3	1.9	2.2	1.9	2.1	2.2	1.7	**12.0**
Reg4	6.2	6.5	5.7	7	6.8	4.4	**36.6**
Reg5							
Reg6	10.6	11.8	13.2	11.3	13.2	9.7	**69.8**
Reg7	10.3	10.4	11.2	11.2	12.1	9.6	**64.8**
Reg8							
Reg9	2.6	2.3	2.6	2.4	2.6	2	**14.5**
Reg10	1.1	1.4	1.5	1.4	1.6	1.2	**8.2**
	32.8	34.6	36.2	35.4	38.6	28.6	**206.2**
	12.3	14.1	12.5	12.6	12.1	10.7	**74.3**
Total	**45.1**	**48.7**	**48.7**	**48.0**	**50.7**	**39.3**	**280.5**

1/ States included in regions are as follows 1- CT, ME, NH, VT, MA & RI; 2- NY & NJ; 3- DE-MD, PA, WV & VA; 4- AL, FL, GA, KY, MS, NC, SC & TN; 5- IL, IN, MI, MN, OH & WI; 6- AR, LA, NM, OK & TX; 7- IA, KS, MO & NE; 8- CO, MT, ND, SD, UT & WY; 9- AZ, CA, HI & NV; 10- AK, ID, OR & WA.

2/ Totals may not add due to rounding. A region may not be published due to confidentiality, but is included in totals.