Daily Livestock Report

Sponsored in part by CME Group

Vol. 15, No. 145 / July 23, 2018

At the end of last week USDA released a number of key supply data for red meat and poultry. The latest storage data will also be available at 3PM ET this afternoon. We hope to cover the implications of the latest statistics in the next few issues of the DLR. Below are a few quick bullet points:

- The **total supply of cattle on feed on July 1 was 11.282 million head, 4.3% higher than a year ago**. The supply of cattle that have been on feed more than 120 days currently is running some 28% ahead of last year's pace. The marketing rate in June was 17.4% (ratio of marketings to inventory), lower than it was in 2017 (17.9%) but in line with the marketing rate we saw in 2012 and 2013. The marketing rate in July is expected to be 16.4%, similar to what we saw last year but well below the marketing rate we observed in 2012 and 2013. The large on feed inventory and the large inventory of market ready cattle should keep beef markets well supplied in the short term. Marketings in August remain key and will be critical for cattle prices post Labor day.

- According to USDA the calf crop for 2018 is currently estimated at 36.5 million head, 692,000 head or 1.9% higher than the previous year. This is the largest calf crop since 2007 and the higher calf supplies should continue to bolster slaughter during the next 18-24 months. Most of the increase in the calf crop came in the first half of this year.

- US cattle producers expect to **retain 4.6 million heifers for beef cow herd rebuilding, 100,000 head or 2.1% less than a year ago**. More heifers have been moving into feedlots in the last six months and it appears this trend will continue in the second half of the year. Lower heifer retention and double digit increases in beef cow slaughter imply a smaller beef cow herd by next year.

- Slaughter statistics for the first half of the year show that **steer slaughter at 8.325 million head was 0.5% lower than a year ago**. On the other hand, heifer slaughter was 8.3% higher than last year. The supply of heifers on feed currently is 7.7% higher than last year compared to a 2.4% increase in the number of steers currently on feed. The chart on page 2 shows the relationship between the beef cow inventory vs. heifer retention in the previous year. The numbers for 2018 are fairly close to historical levels.

- Hog slaughter was up sharply last week but some market sources indicate that this because packers decided to run shifts on Saturday due to planned plant closings this week. Hog slaughter at 2.38 million head was 8% higher than the previous year. The June 'Hogs and Pigs' inventory data indicated slaughter in late July and August should be around 4% higher than a year ago. Belly prices declined last week, in part due to the surge in slaughter. Participants will pay close attention to belly inventories at the end of June. Expected large slaughter numbers likely will cause end users to draw down stocks in August, which could pressure prices lower. Already August futures hold a sharp discount to cash.

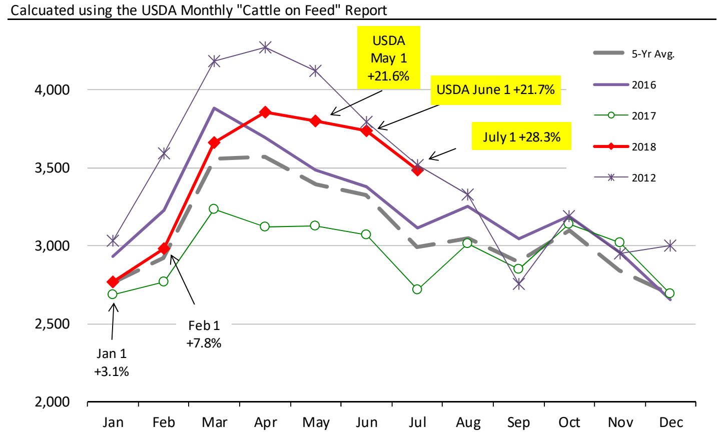
U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

Source: USDA/NASS. Analyst Estimates from Urner Barry

	Number, Thousand Head			Current Year as % of Year Prior		
	2016	2017	2018	Actual	Estimates	Difference
Placed on Feed During Jun	1,525	1,770	1,793	101.3	101.3	0.0
Fed Cattle Marketed in Jun	1,912	1,989	2,006	100.9	100.8	0.1
On Feed July 1	10,356	10,821	11,282	104.3	104.3	0.0

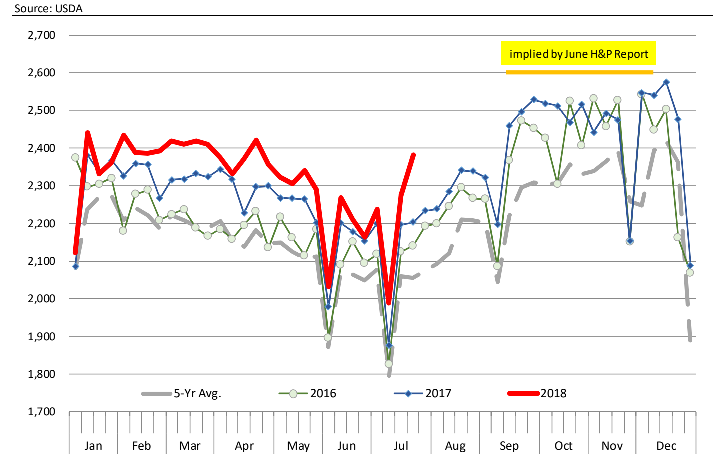
INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA



Daily Livestock Report

Sponsored by CME Group

Vol. 15, No. 145 / July 23, 2018

PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 7/21/2018

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
			21-Jul-18	14-Jul-18		22-Jul-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,875**	**1,746**	7.41%	**1,823**	2.88%	**52,657**	1.9%
	FI Slaughter	Thou. Head	635	650	-2.31%	618	2.83%	17,918	3.1%
C	FI Cow Slaughter **	Thou. Head	99	118	-15.63%	88	12.43%	3,164	7.6%
T	Avg. Dressed Weight	Lbs.	807	804	0.37%	810	-0.37%	810	0.4%
T	Beef Production	Million Lbs.	511.3	521.3	-1.92%	498.9	2.49%	14,519	3.5%
L	Live Fed Steer Price	$ per cwt	113.10	110.50	2.35%	119.33	-5.22%		
E	Dressed Fed Steer Price	$ per cwt	NQ	174.05	NA	189.74	N/A		
	Oklahoma Steer (600-700 lbs)	$ per cwt	157.31	161.82	-2.79%	163.33	-3.69%		
&	Choice Beef Cutout	$ per cwt	204.32	206.48	-1.05%	207.88	-1.71%		
	Hide/Offal	$ per cwt, live wt	9.18	9.45	-2.86%	11.69	-21.47%		
B	Rib Primal, Choice	$ per cwt	320.15	322.63	-0.77%	317.97	0.69%		
E	Round Primal, Choice	$ per cwt	161.76	162.97	-0.74%	173.86	-6.96%		
E	Chuck Primal, Choice	$ per cwt	165.00	165.39	-0.24%	167.29	-1.37%		
F	Trimmings, 50%	$ per cwt	71.10	66.61	6.74%	88.96	-20.08%		
	Trimmings, 90%	$ per cwt	218.54	219.91	-0.62%	233.63	-6.46%		
	FI Slaughter	Thou. Head	2,382	2,275	4.70%	2,203	8.10%	67,189	3.0%
	FI Sow Slaughter **	Thou. Head	43.6	59.2	-26.41%	43.4	0.36%	1,551	0.9%
H	Avg. Dressed Weight	Lbs.	208.0	209.0	-0.48%	207.0	0.48%	213	0.7%
O	Pork Production	Million Lbs.	495.4	474.8	4.34%	455.3	8.81%	14,287	3.7%
G	Iowa-S. Minn. Base	Wtd. Avg.	71.59	76.09	-5.91%	85.35	-16.12%		
S	Natl. Base Carcass Price	Wtd. Avg.	76.36	78.54	-2.78%	87.26	-12.49%		
	Natl. Net Carcass Price	Wtd. Avg.	78.74	80.97	-2.75%	89.91	-12.42%		
	Pork Cutout	205 Lbs.	82.69	84.08	-1.65%	103.93	-20.44%		
	Ham Primal	$ per cwt	54.89	54.31	1.07%	79.12	-30.62%		
	Loin Primal	$ per cwt	77.85	80.31	-3.06%	94.11	-17.28%		
	Belly Primal	$ per cwt	170.36	171.52	-0.68%	211.76	-19.55%		
	Trimmings, 72%, Fresh	$ per cwt	62.29	75.60	-17.61%	93.87	-33.64%		
	Hog By-Product Value	$ per cwt, live wt	3.74	3.83	-2.35%	4.12	-9.22%		
C	Young Chicken Slaughter *	Million Head	165.6	144.4	14.67%	164.5	0.67%	4,473	-0.6%
H	Avg. Weight (RTC)	Lbs.	4.61	4.56	1.17%	4.65	-0.82%	6.16	0.6%
I	Young Chicken Production (RTC)	Million Lbs.	764.1	658.6	16.01%	765.2	-0.15%	20,945	0.0%
C	Eggs Set (19-state)	Million	228.1	231.6	-1.50%	225.9	0.97%	6,402	2.5%
K	Chicks Placed (19-state)	Million Head	186.5	186.2	0.13%	182.5	2.20%	5,144	1.5%
E	National Composite Whole Bird	Composite	111.41	112.48	-0.95%	101.96	9.27%		
	Northeast Breast, B/S	$/cwt	127.55	128.14	-0.46%	154.73	-17.57%		
	Northeast Leg Quarters	$/cwt	34.13	35.04	-2.60%	44.42	-23.17%		
T	Total Turkey Slaughter *	Million Head	4.211	3.711	13.47%	4.113	2.38%	114.279	-0.4%
U	Avg. Weight (RTC)	Lbs.	24.76	24.52	0.94%	25.06	-1.22%	31.60	-0.6%
R	Turkey Production (RTC)	Million Lbs.	104.2	91.0	14.54%	103.1	1.13%	2,905	-0.7%
K	National Hen (8-12 lb)	8-16 Lbs.	78.50	78.80	-0.38%	97.00	-19.07%		
G	Corn, Omaha	$ per Bushel	3.35	3.29	1.82%	3.54	-5.37%		
R	Distillers Grain, Chicago	$ per Ton	150.00	142.50	5.26%	107.50	39.53%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.39	5.22	3.26%	4.57	17.94%		
I	Soybeans, Cntrl IL	$ per Bushel	8.42	8.36	0.72%	10.09	-16.55%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	339.30	341.90	-0.76%	332.00	2.20%		

* 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.

The Daily Livestock Report is made possible with support from readers like you. If you enjoy reading this report and would like to sustain it going forward, consider becoming a contributor by going to our website: www.DailyLivestockReport.com

Thank you for your support!