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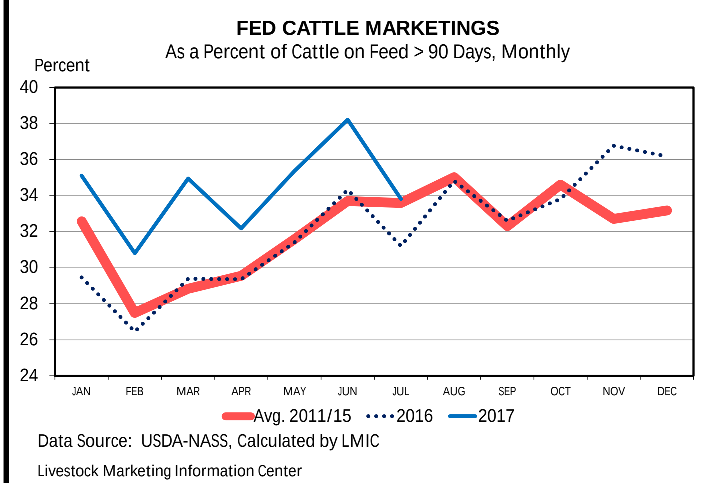
Numbers in the monthly Cattle on Feed report by the USDA's National Agricultural Statistics Service (see the NASS report here) were within the relatively large expectation ranges. The on-feed count as of August 1st at 10.6 million head was 4.3% above a year ago, compared to a pre-report average which were up 4.5%. In terms of head, that count was 439,000 head above2016's and the largest as of August 1st since 2012. Head placed into feedlots during July increased only 2.7% year-over-year. Pre-report, analysts had placements 6.2% above 2016's with a wide range (up 0.8% to surging 14.5%). Head marketed by feedlots for the month increased 4.2% compared to a year ago, while the pre-report average was up 4.5%.

Usually, the seasonal (within year) pattern is for head placed to increase in July compared to June's, that did not take place this year. The last time a decline happened was in 2007. Our assessment is that the large year-over-year percentage increases in head placed that occurred in recent months were not sustainable. Six of the 12 states that are individually reported by NASS did show more animals placed than a year ago; those states were: Idaho (up 1,000 head); Minnesota (6,000), Nebraska (35,000), Oklahoma (5,000), South Dakota (8,000) and Washington (9,000). Of course, the increases in Nebraska and South Dakota were driven by drought conditions in the Northern Plains. Minnesota probably received some cattle from drought areas, and there also was active interest buying calves and yearlings by farmer-feeders in that state. Minnesota has among the best corn crop conditions anywhere and large supplies of 2016 corn still on-hand.

The placement weight breakdown provided by NASS likely did not have as many light-weight animals entering feedlots as analysts that were in the upper end of the pre-report range expected (those with more than a 5% year-over-year increase in placements). That is, those analysts probably expected more drought-induced placement of calves to have occurred in northern states, especially Nebraska.

Cattle marketed by feedlots during July came in near expectations and remained rather aggressive compared to the last two years. For July, head marketed as a percentage of cattle calculated to be on-feed for over 90 days was 33.8% compared to 31.2% and 30.3% in 2016 and 2015, respectively. However, that percentage was not as dramatic as in the last eight months (back to November 2016) and was in-line with the 5-yar average from 2011-15 (see graphic). Fed animal (steer and heifer) dressed weights moving up closer-and-closer to a year ago in recent weeks have been caused in part by relatively mild summer weather which as been associated with good animal performance (average daily gain) in feedlots. More animals are on-feed that a year ago, but that does not imply any cattle feeders have not marketed animals when ready, as happened in 2015.

On the next page is our weekly summary of production and cash prices. Turning our attention to last week's futures market, based on averaging of the daily closes, the October 2017 Live Cattle contract averaged $106.70 per cwt., down $0.52 for the week and was the lowest since the week that ended April 7th. The September Feeder Cattle contract averaged $141.64 per cwt., declining $1.04 for the week and was the lowest since mid-April. At this time (late August) each year since 2013, the futures market has suggested prices for feeder cattle won't rise anytime soon, the same is true this year. The market is indicating selling heavy-weight animals (yearlings and very heavy calves) sooner rather than later should be considered. The January 2018 Feeder Cattle futures price averaged only $139.36 per cwt. last week. Those buying calves for wheat grazing programs need to take note of the prices given by the first few feeder cattle contracts in 2018 and bid accordingly for their stocker animals.



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PRODUCTION & PRICE SUMMARY

Week Ending 8/26/2017

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			26-Aug-17	19-Aug-17		27-Aug-16			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,882	1,857	1.4%	1,841	2.2%	60,957	2.1%
C	FI Slaughter	Thou. Head	639	634	0.8%	610	4.8%	20,550	5.9%
A	FI Cow Slaughter **	Thou. Head	110	107	2.9%	97	13.3%	3,487	6.9%
T	Avg. Dressed Weight	Lbs.	816	813	0.4%	831	-1.8%	808	-1.6%
T	Beef Production	Million Lbs.	520.4	514.5	1.1%	505.8	2.9%	16,604	4.2%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	106.78	109.68	-2.6%	114.60	-6.8%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	169.74	175.25	-3.1%	180.23	-5.8%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	NQ	150.69	N/A	147.19	N/A		
&	Choice Beef Cutout	$ per cwt	192.30	197.06	-2.4%	200.34	-4.0%		
	Hide/Offal	$ per cwt, live wt	10.76	10.87	-1.0%	11.16	-3.6%		
B	Rib, Primal, Choice	$ per cwt	302.22	311.54	-3.0%	328.97	-8.1%		
E	Round, Primal, Choice	$ per cwt	164.76	169.25	-2.7%	167.13	-1.4%		
E	Chuck, Primal, Choice	$ per cwt	162.89	161.48	0.9%	158.94	2.5%		
F	Trimmings, 50%, Fresh	$ per cwt	60.45	75.99	-20.5%	47.97	26.0%		
	Trimmings, 90%, Fresh	$ per cwt	231.92	232.78	-0.4%	214.85	7.9%		
	FI Slaughter	Thou. Head	2,338	2,334	0.2%	2,266	3.2%	76,675	2.7%
H	FI Sow Slaughter **	Thou. Head	56.0	56.7	-1.3%	52.9	5.8%	1,815	3.4%
O	Avg. Dressed Weight	Lbs.	207.0	207.0	0.0%	207.0	0.0%	211	-0.5%
G	Pork Production	Million Lbs.	483.6	482.4	0.2%	469.5	3.0%	16,142	2.2%
S	Iowa-S. Minn. Direct	Wtd. Avg.	70.26	76.63	-8.3%	62.63	12.2%		
	Natl. Base Carcass Price	Wtd. Avg.	76.07	79.69	-4.5%	65.62	15.9%		
&	Natl. Net Carcass Price	Wtd. Avg.	78.59	82.25	-4.5%	68.10	15.4%		
	Pork Cutout	$ per cwt	88.24	92.32	-4.4%	76.01	16.1%		
P	By-product Value	$ per cwt, live wt	3.96	4.07	-2.7%	4.01	-1.2%		
O	Ham, Primal	$ per cwt	68.42	66.53	2.8%	72.29	-5.3%		
R	Loin, Primal	$ per cwt	82.71	82.09	0.8%	79.46	4.1%		
K	Belly, Primal	$ per cwt	153.97	185.45	-17.0%	85.32	80.5%		
	Trimmings, 72%, Fresh	$ per cwt	59.54	62.74	-5.1%	58.92	1.1%		
C	Young Chicken Slaughter *	Million Head	164.5	163.5	0.6%	163.90	0.4%	5,321	1.1%
H	Avg. Weight (RTC)	Lbs.	4.64	4.65	-0.2%	4.62	0.5%	4.65	-0.1%
I	Young Chicken Production (RTC)	Million Lbs.	764.0	760.6	0.4%	757.3	0.9%	24,751	1.0%
C	Eggs Set (19-state)	Million	216.2	214.2	0.9%	207.1	4.4%	7,066	2.5%
K	Chicks Placed (19-state)	Million Head	176.5	176.8	-0.2%	170.2	3.7%	5,747	1.6%
E	National Composite Whole Bird	Composite	92.15	93.14	-1.1%	79.01	16.6%		
N	Northeast Breast, B/S	$ per cwt	143.93	145.47	-1.1%	152.87	-5.8%		
	Northeast Leg Quarters	$ per cwt	43.16	43.36	-0.5%	32.9	31.2%		
T	Total Turkey Slaughter *	Million Head	4.55	4.06	12.2%	4.45	2.2%	136.3	-1.8%
U	Avg. Weight (RTC)	Lbs.	25.04	24.47	2.3%	24.34	2.9%	25.39	2.0%
R	Turkey Production (RTC)	Million Lbs.	114.0	99.3	14.8%	108.4	5.2%	3,461	0.2%
K	National Hen (8-12 Lbs)	$ per cwt	97.04	96.00	1.1%	132.27	-26.6%		
G	Corn, Omaha	$ per Bushel	3.17	3.20	-0.9%	2.98	6.4%		
R	Distillers Grain, Chicago	$ per Ton	120.00	122.50	-2.0%	145.00	-17.2%		
A	Wheat, Kansas City (delivered)	$ per Bushel	5.05	5.08	-0.6%	4.65	8.6%		
I	Soybean, Cntrl IL	$ per Bushel	9.39	9.29	1.1%	10.22	-8.1%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	298.60	297.10	0.5%	337.30	-11.5%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of 'actual" rather than "preliminary" weekly slaughter report).