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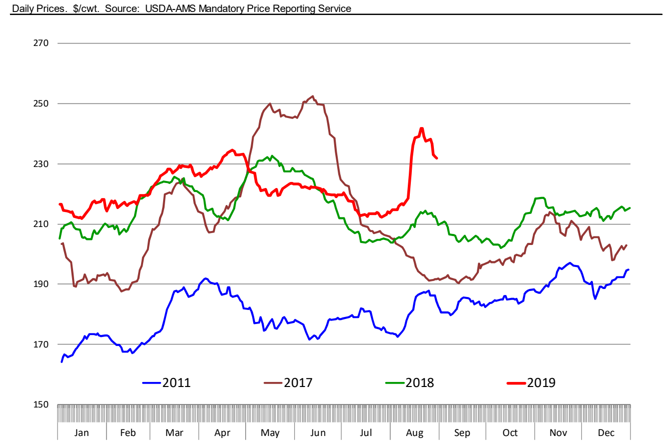
Despite the disruptions caused by the closure (temporary) of a 5000 head capacity plant in mid August, **fed cattle slaughter has so far managed to stay near year ago levels**. We do not have the final estimates from USDA for last week but think that fed slaughter for the week ending August 31 was **513,000 head, 0.2% higher than a year ago**. In the last two weeks fed cattle slaughter, again per our estimates, was 1.3% higher than a year ago. Record high profits as well as the need to continue to fill orders for customers that need to run their businesses induced beef packers to process more cattle during Saturday shifts. Normally plants will schedule a certain number of Saturday shifts depending on labor availability, the level of demand and supply of cattle. We think Saturday fed cattle slaughter last week was around 20k head larger than the same Saturday a year ago. The week before Saturday slaughter was estimated at 66k head, about 18k head or 37% higher than a year ago. Total cattle slaughter last week was estimated at 644,000 head, 0.1% lower than a year ago. Overall slaughter is lower despite the increase in fed slaughter due to fewer cows and bulls coming to market in August.

The choice beef cutout was lower last week, a result of fed slaughter tracking a bit higher than a year ago and **the seasonal tendency for beef prices to take a step back after Labor Day**. There is still a fair amount of grilling that will still take place, especially with NFL season getting under way this week and college football already playing games. However, weather is slowly turning and the start of the school year represents a different demand dynamic, in part because the start of the school year represents additional expenses for the average family. Beef demand tends to soften both at foodservice and retail and it will be hard to maintain some of the lofty levels we saw at the end of August, especially since in many cases they were artificial, the result of users caught short and needing product to cover immediate needs. At this time futures have priced a significant discount for cattle for the remainder of the year. **Feedlot inventories are just as large as they were a year ago and it is still not clear if the packers will be able to run enough Saturday shifts to accommodate the available supply**. As of August 1 the supply of cattle that had been on feed for more than 120 days was 4.021 million head, 1% higher than last year and 15% higher than two years ago. In addition, placements of cattle over 800 pounds during May, June and July were some 90,000 head higher than a year ago. Those additional cattle will have to be marketed this fall. There will be strong demand for processing services this fall, hence the current discount for October.

As for hogs, the total number processed last week was 2.461 million head, down from 2.528 million head processed the previous week and also lower than a year ago. **The pork cutout has lost significant ground in the last two weeks, in large part due to the collapse in pork belly prices**. With a long holiday weekend, it is understandable that packers were not very aggressive in processing hogs on Saturday. The seasonal tendency for bellies to be lower in late August and September was something we highlighted at the start of last month (see DLR Aug 8). What's unknown at this point is if current low prices will spark some additional features in October. From a seasonal perspective, the cutout should receive some support from increased retail features on loins and improved demand for hams from both exports and domestic customers.

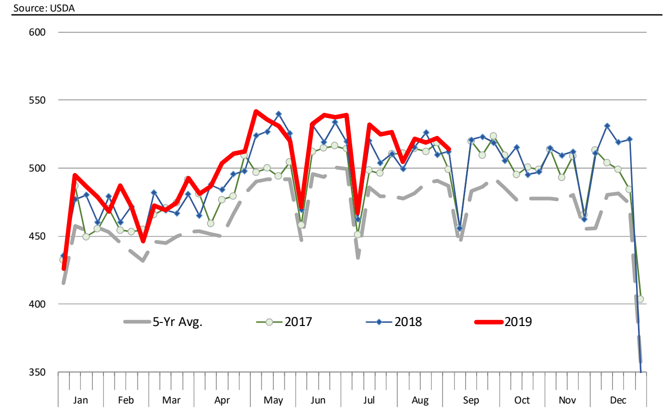
CHOICE BEEF CUTOUT VALUE

Daily Prices. $/cwt. Source: USDA-AMS Mandatory Price Reporting Service



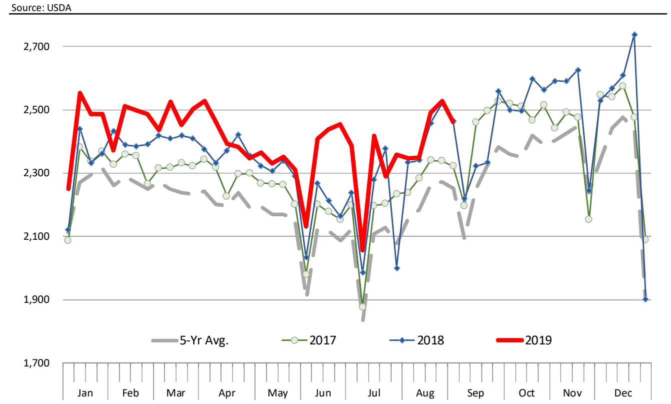
WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA



WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA



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PRODUCTION & WKLY AVG. PRICE SUMMARY   Week Ending 8/31/2019

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
			31-Aug-19	24-Aug-19		1-Sep-18			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,963**	**1,988**	-1.24%	**1,937**	1.38%	**65,348**	1.9%
	FI Slaughter	Thou. Head	644	654	-1.53%	646	-0.33%	22,041	1.2%
C	FI Cow Slaughter **	Thou. Head	121	115	5.83%	121	-0.03%	3,985	2.8%
T	Avg. Dressed Weight	Lbs.	812	810	0.25%	822	-1.22%	804	-1.0%
T	Beef Production	Million Lbs.	521.7	528.7	-1.32%	527.8	-1.16%	17,715	0.2%
L	Live Fed Steer Price	$ per cwt	106.62	107.12	-0.47%	107.18	-0.52%		
E	Dressed Fed Steer Price	$ per cwt	171.62	175.34	-2.12%	169.59	1.20%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	146.54	140.71	4.15%	160.86	-8.90%		
&	Choice Beef Cutout	$ per cwt	234.35	239.87	-2.30%	212.03	10.53%		
	Hide/Offal	$ per cwt, live wt	9.17	9.25	-0.86%	9.50	-3.47%		
B	Rib Primal, Choice	$ per cwt	385.76	403.26	-4.34%	351.77	9.66%		
E	Round Primal, Choice	$ per cwt	190.22	189.45	0.41%	163.69	16.21%		
E	Chuck Primal, Choice	$ per cwt	185.96	189.10	-1.66%	178.14	4.39%		
F	Trimmings, 50%	$ per cwt	95.13	99.63	-4.52%	68.92	38.03%		
	Trimmings, 90%	$ per cwt	224.62	224.32	0.13%	209.96	6.98%		
	FI Slaughter	Thou. Head	2,461	2,528	-2.65%	2,464	-0.12%	83,769	3.0%
	FI Sow Slaughter **	Thou. Head	55.8	56.2	-0.84%	58.4	-4.52%	1,888	-0.5%
H	Avg. Dressed Weight	Lbs.	208.0	208.0	0.00%	207.0	0.48%	213	0.5%
O	Pork Production	Million Lbs.	511.5	525.8	-2.72%	510.2	0.25%	17,830	3.6%
G	Iowa-S. Minn. Base	Wtd. Avg.	60.94	67.41	-9.60%	36.86	65.33%		
S	Natl. Base Carcass Price	Wtd. Avg.	69.60	73.77	-5.65%	49.42	40.83%		
	Natl. Net Carcass Price	Wtd. Avg.	71.91	76.14	-5.56%	51.72	39.04%		
	Natl. Early Wean Feeder	Wtd. Avg.	28.43	30.51	-6.82%	28.47	-0.14%		
	Pork Cutout	205 Lbs.	73.79	81.94	-9.95%	65.71	12.30%		
	Ham Primal	$ per cwt	57.35	60.43	-5.10%	52.62	8.99%		
	Loin Primal	$ per cwt	70.22	72.31	-2.89%	73.60	-4.59%		
	Belly Primal	$ per cwt	117.39	159.57	-26.43%	75.39	55.71%		
	Trimmings, 72%, Fresh	$ per cwt	56.69	61.35	-7.60%	41.75	35.78%		
	Hog By-Product Value	$ per cwt, live wt	3.55	3.57	-0.56%	3.65	-2.74%		
C	Young Chicken Slaughter *	Million Head	174.1	174.0	0.06%	166.5	4.54%	5,585	2.0%
H	Avg. Weight (RTC)	Lbs.	4.71	4.74	-0.64%	4.75	-0.80%	6.18	0.2%
I	Young Chicken Production (RTC)	Million Lbs.	820.3	825.2	-0.59%	791.1	3.70%	26,209	2.1%
C	Eggs Set (19-state)	Million	232.2	233.1	-0.37%	226.4	2.59%	7,884	1.4%
K	Chicks Placed (19-state)	Million Head	189.3	188.9	0.19%	184.8	2.41%	6,347	1.5%
E	National Composite Whole Bird	Composite	76.29	79.31	-3.81%	82.57	-7.61%		
	Northeast Breast, B/S	$/cwt	103.81	104.23	-0.40%	106.55	-2.57%		
	Northeast Leg Quarters	$/cwt	43.93	43.19	1.71%	31.3	40.35%		
T	Total Turkey Slaughter *	Million Head	4.448	4.128	7.75%	4.286	3.78%	136.856	-2.5%
U	Avg. Weight (RTC)	Lbs.	24.67	26.24	-5.97%	25.08	-1.62%	32.72	4.2%
R	Turkey Production (RTC)	Million Lbs.	109.7	108.3	1.32%	107.5	2.10%	3,594	0.0%
K	National Hen (8-12 lb)	8-16 Lbs.	93.80	89.71	4.56%	83.33	12.56%		
G	Corn, Omaha	$ per Bushel	3.70	3.64	1.65%	3.18	16.35%		
R	Soybeans, Cntrl IL	$ per Bushel	8.54	8.55	-0.12%	7.83	9.07%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	295.00	295.70	-0.24%	309.90	-4.81%		
I	Distillers Grain, IL	$ per Bushel	137.00	131.00	4.58%	150.00	-8.67%		

* 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.