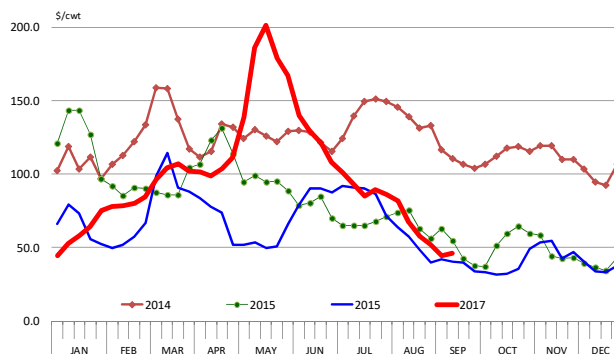


Cattle and hog slaughter was lower last week as processing plants were closed in observation of Labor Day on Monday, September 4. Total cattle slaughter was estimated at 555,000 head, 4.8% higher than the previous year. Expectations are for slaughter to once again rise to over 600,000 head per week in the next few weeks as large placements during Mar-May bolster supplies of market ready cattle. Slaughter has been running at over 600,000 head per week for the past three months but absorbing this volume of beef after Labor Day is notably more difficult than at the peak of the grilling season. Beef demand was quite robust in May and June but it may have slipped a bit in recent weeks. We will update you more on this topic later this week when BLS issues its latest CPI/retail price update. Dr Steve Meyer in the past has regularly updated our readers on the trend in real per capita expenditures and hope to continue to do so based on his work. The challenge for the beef/cattle industry at this point is the number of animals on offer on a weekly basis. Processing plants are having no trouble finding enough cattle to run full daily schedules and packers continue to demand a significant premium in order to run on Saturday. Labor availability remains an issue and, with no major seasonal demand at this point, packers appear to have little incentive to raise bids in order to run extra shifts. Steer weights are now running around 887 pounds compared to 832 pounds in early May. This has increased the amount of trim available in the market on a weekly basis. The increase in trim availability comes at a time when weather starts to turn and (some) consumers put a cover over their grills. Nowhere is this shift more evident than in the price of 50CL beef trim. Prices for fat beef trimmings spiked in early May due to a combination of lower than expected cattle weights and seasonal demand. At their peak prices were at \$200/cwt, an unheard of price for this item and about double what one could have reasonably expected. Last week the average price of 50CL beef trim was around \$0.48/cwt. If we use the 10% yield rule of thumb for fat trimmings from the average carcass, the decline in the value of 50CL trim alone has removed around \$124 from the average steer carcass or \$9/cwt for a live steer. Seasonally lower prices for middle meats certainly have had an impact as well but one needs to consider the outsize impact that fat trimmings had on cattle prices earlier in the year and their eventual return to earth.

Hog slaughter was estimated at 2.170 million head, 4% higher than a year ago. One thing to note is that this slaughter number likely does not include slaughter from the two new slaughter plants that started operations last week. It may take USDA a bit to start including those numbers in the daily estimates. Slaughter on Saturday was 386,000 head compared to 363,000 head a year ago. Hog supplies normally increase in the slaughter and expectations are for slaughter to once again ramp up in September and October. It is not unusual for hog weights to increase during the holiday shortened Labor Day week but the recent jump in weights has taken us by surprise. USDA provides an estimate on hog weights in its weekly production recap but that is based on the trend for the last few weeks and generally tends to miss sudden shifts. Based on the Mandatory Price Reporting data, the average weight of producer owned barrows and gilts currently is 210.5 pounds/carcass, 0.9% higher than the previous year. For much of the summer the lower hog weights helped offset the y/y increase in slaughter. Now, the heavier weights could further add to overall pork supplies.

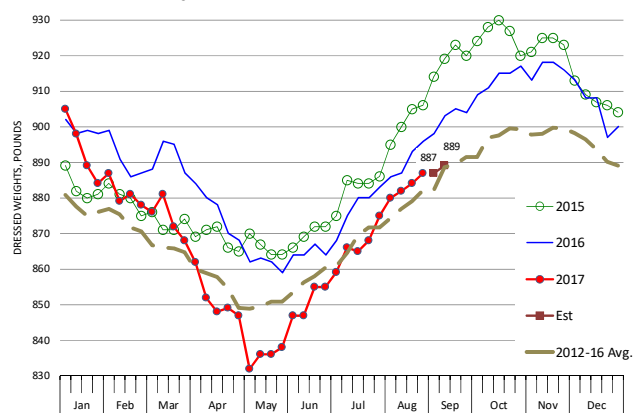
50CL FRESH BEEF TRIMMINGS, USDA, WT. AVG. PRICE

Source: USDA Mandatory Price Reporting System



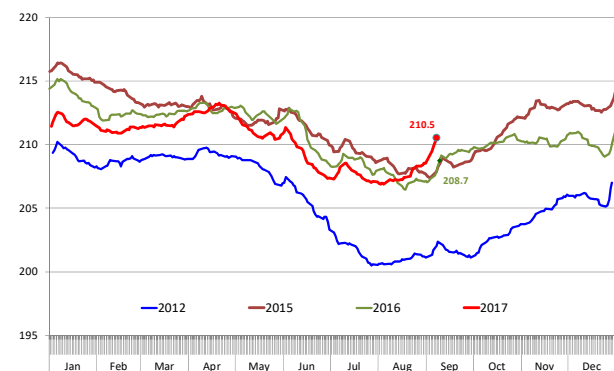
Actual USDA Weekly Steer Weights. Reported with a Two week lag + Steiner Estimate

Source: USDA & Steiner Consulting Estimates



Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs

Based on Daily MPR Report, LM_HG201. Data through Sep. 7, 2017



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Daily Livestock Report

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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **9/9/2017**

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
		9-Sep-17	2-Sep-17		10-Sep-16			
Total Beef, Pork, Chicken, Turkey	mil lbs., cwe	1,775	1,843	-3.71%	1,754	1.17%	64,594	2.0%
C FI Slaughter	Thou. Head	555	622	-10.77%	530	4.82%	21,734	5.8%
T FI Cow Slaughter **	Thou. Head	115	111	3.79%	103	11.68%	3,713	4.7%
T Avg. Dressed Weight	Lbs.	820	818	0.24%	837	-2.03%	809	-1.6%
L Beef Production	Million Lbs.	454.0	507.9	-10.61%	436.6	3.99%	17,579	4.1%
E Live Fed Steer Price	\$ per cwt	103.14	104.66	-1.45%	105.02	-1.79%		
E Dressed Fed Steer Price	\$ per cwt	163.00	165.71	-1.64%	166.25	-1.95%		
& Oklahoma Steer (600-700 lbs)	\$ per cwt	N/A	157.96	N/A	N/A	N/A		
B Choice Beef Cutout	\$ per cwt	192.35	191.65	0.37%	189.49	1.51%		
E Hide/Offal	\$ per cwt, live wt	10.61	10.63	-0.19%	11.10	-4.41%		
B Rib Primal, Choice	\$ per cwt	297.78	302.11	-1.43%	309.76	-3.87%		
E Round Primal, Choice	\$ per cwt	168.73	166.72	1.21%	157.22	7.32%		
E Chuck Primal, Choice	\$ per cwt	167.88	166.37	0.91%	153.48	9.38%		
F Trimmings, 50%	\$ per cwt	47.89	54.02	-11.35%	42.17	13.56%		
F Trimmings, 90%	\$ per cwt	229.54	231.29	-0.76%	209.33	9.65%		
H FI Slaughter	Thou. Head	2,170	2,315	-6.26%	2,086	4.05%	81,167	2.7%
H FI Sow Slaughter **	Thou. Head	53.3	55.3	-3.57%	56.2	-5.16%	1,923	0.8%
O Avg. Dressed Weight	Lbs.	207.0	207.0	0.00%	209.0	-0.96%	210	-0.5%
O Pork Production	Million Lbs.	450.2	479.3	-6.07%	431.2	4.41%	17,077	2.3%
G Iowa-S. Minn. Base	Wtd. Avg.	61.36	63.37	-3.17%	58.92	4.14%		
S Natl. Base Carcass Price	Wtd. Avg.	67.62	70.52	-4.11%	63.26	6.89%		
S Natl. Net Carcass Price	Wtd. Avg.	69.97	73.05	-4.22%	65.64	6.60%		
S Pork Cutout	205 Lbs.	83.32	84.54	-1.44%	80.82	3.09%		
S Ham Primal	\$ per cwt	71.11	68.98	3.09%	80.03	-11.15%		
S Loin Primal	\$ per cwt	82.10	82.80	-0.85%	85.54	-4.02%		
S Belly Primal	\$ per cwt	120.55	129.04	-6.58%	85.10	41.66%		
S Trimmings, 72%, Fresh	\$ per cwt	57.68	56.29	2.47%	51.71	11.55%		
S Hog By-Product Value	\$ per cwt, live wt	3.91	3.97	-1.51%	3.89	0.51%		
C Young Chicken Slaughter *	Million Head	167.3	163.7	2.19%	167.3	-0.04%	5,652	1.0%
H Avg. Weight (RTC)	Lbs.	4.60	4.58	0.33%	4.64	-0.98%	-	-100.0%
I Young Chicken Production (RTC)	Million Lbs.	769.0	750.1	2.53%	776.9	-1.02%	26,270	0.8%
C Eggs Set (19-state)	Million	211.4	215.6	-1.97%	205.0	3.11%	7,495	2.6%
K Chicks Placed (19-state)	Million Head	174.7	177.4	-1.49%	171.9	1.67%	6,100	1.6%
E National Composite Whole Bird	Composite	89.76	89.44	0.36%	80.76	11.14%		
E Northeast Breast, B/S	\$/cwt	144.02	144	0.01%	140.77	2.31%		
E Northeast Leg Quarters	\$/cwt	42.03	43.17	-2.64%	32.28	30.20%		
T Total Turkey Slaughter *	Million Head	4.098	4.285	-4.36%	4.513	-9.20%	144,725	-2.1%
U Avg. Weight (RTC)	Lbs.	24.82	24.75	0.28%	24.29	2.19%	31.58	2.3%
R Turkey Production (RTC)	Million Lbs.	101.7	106.1	-4.10%	109.6	-7.21%	3,669	-0.2%
K National Hen (8-12 lb)	8-16 Lbs.	97.50	106.10	-8.11%	109.60	-11.04%		
G 0.00	\$ per Bushel	3.20	3.19	0.31%	3.05	4.92%		
R Soybeans, Cntrl IL	\$ per Ton	110.00	117.50	-6.38%	140.00	-21.43%		
A Corn, Omaha	\$ per Bushel	3.74	3.60	3.89%	3.36	11.31%		
I Wheat, Portland (delivered)	\$ per Bushel	9.64	9.40	2.55%	10.22	-5.68%		
N Wheat, Kansas City (deliv.)	\$ per Ton	304.70	295.80	3.01%	346.60	-12.09%		

* 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 due to reporting lag.

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