

## Our Quarterly Subscription Reminder

Daily Livestock Subscriber,

Last quarter we introduced an **annual invoicing system** with the goal of making the contribution process for our readers **easier and more transparent**. We received a solid response from our readers and then each and every one of them. Without their help, this effort would not be possible.

However **many have yet to respond**.

Moving forward, we will be reaching out to our readers by email on a quarterly basis to support the newsletter. We will also include a reminder for the next few days. If you read the DLR from the website and would like to contribute, please follow this [link](#) to donate directly or send me an email to request an invoice. We will only be contacting you by email if you have not contributed before, or have not contributed for at least a year.

If you and/or your company have already contributed this year, then there is nothing else to do, please accept our thanks for your support. And if you receive an email from us but you have already contributed, then our records may have gotten mixed up and would appreciate if you could let us know.

Asking for contributions is a time consuming process. Yet, it is one that has become essential for us to continue publishing the DLR. **A sliver of your time and money each year will ensure that the DLR can keep writing and informing the livestock industry for years to come.**

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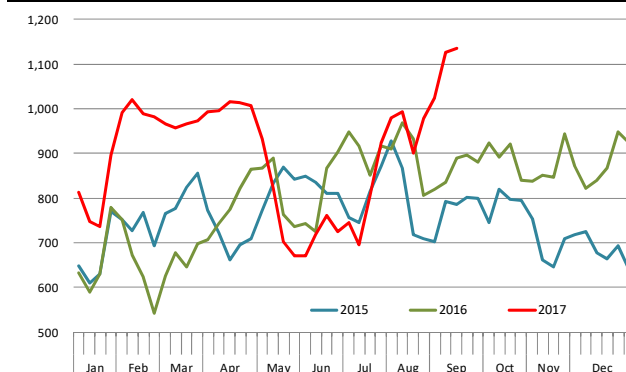
**Packers continue to sell a fair amount of beef forward, an indication that retailers may be preparing for more retail features in October.** The increase in forward sales may not be all retail focused, however. Foodservice operators that were caught without coverage during the spring and summer likely learned an expensive lesson and probably are looking to get more orders on the books. There is quite a bit of volatility in weekly forward sales so we like to look at a rolling 4-wk moving average. For the four weeks ending September 8, beef sales for delivery 22-60 days out were up 28% compared to the same period a year ago and they are even larger when compared to 2015 levels. Interestingly, the level of forward sales for delivery in Oct/Nov actually exceeds the levels we saw last spring. Does this mean we could see a similar explosive rally as we saw back in May? There are a couple of things that may temper such lofty expectations. First, the demand structure is a bit different in Oct/Nov vs. May/June. We don't have big holiday weekends (Memorial Day, Father's Day, Independence Day), we don't have as many 80 degree days around the country, and we do have a lot more competing protein around. Futures currently hold a significant premium for Dec cattle vs. October and we think this in part reflects the expectation that current feedlots and strong forward sales will help support beef and cattle prices into the year-end holidays. Forward sales for other time periods also continue to run substantially above 2015 and 2016 levels. Forward sales for delivery 61-90 days out are up 39% compared to a year ago while beef sales for delivery more than three months into the future are up 89% compared to a year ago.

**The export sales component continues to contribute as well. For the four weeks ending September 8, export sales averaged 34% above year ago levels and they are comparable to the export sales we experienced in 2013.** It looks like its not just US domestic end users that want to take advantage of the current decline in fed cattle/beef prices, world buyers also are gravitating to US beef as well. It certainly helps that the US dollar continues to lose ground, making US beef more competitive in world markets. Australia is one of our top competitors in Asia. Back in May, a Japanese buyer would have had to pay 114 Yen to buy \$1 worth of US beef and it would have had to pay 84 yen to buy \$1 worth of Australian beef (AUD currency). Today, that same Japanese buyer needs 3% fewer yen to buy the same US product but needs 5% more yen to buy the same Australian product. The currency shifts are just one component in the equation because one also needs to consider changes in cattle prices the two countries. **US cattle prices (in US\$ terms) are down 24% since mid May while Australian cattle prices (in AUD terms) are down only 7% during this period.**

Retail activity increased over Labor Day but this is not really a surprise, retailers increase their beef features during the holiday weekend. The index for week ending September 8 was 4% lower than the previous year but still 3% higher than the five year average. The index increased sharply during late September and October last year and then again at the end of the year. Based on the level of forward sales we have seen so far, it appears we may be setting up for another round of big retail features this year as well. Pork supplies are expected to be record large and the increase in beef retail features could present increased competition for pork, especially in October. More on pork trends in our report tomorrow.

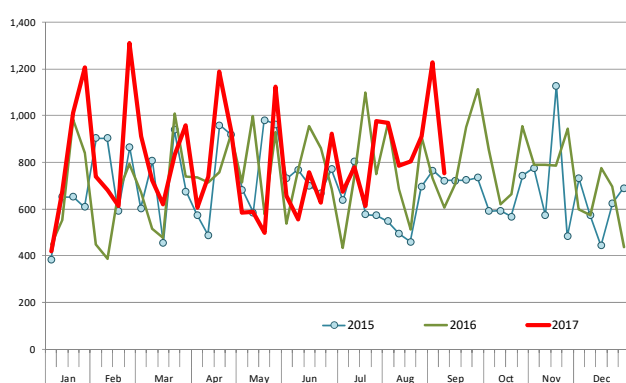
### Beef Loads Sold For Delivery 22 - 60 Days. 4-WK MA

Data Source: USDA Mandatory Price Reporting System



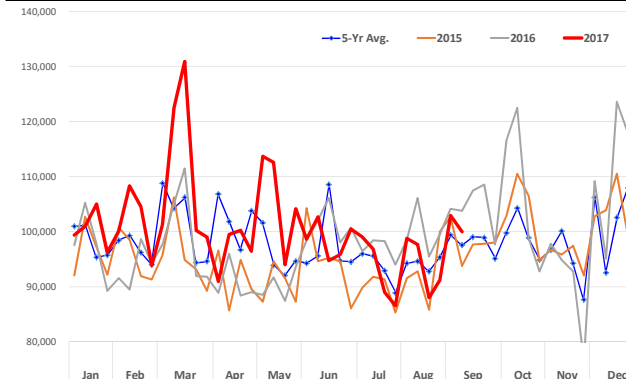
### # of Beef Loads Sold to Export Market. Weekly Data

Source: USDA Comprehensive Cutoff Report. MPR System. AMS



### NATIONAL RETAIL BEEF FEATURE REPORT: ACTIVITY INDEX

Source: USDA "LSWBFR1" Report. Latest data point is for September 8, 2017



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**Thank you for your support!**

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