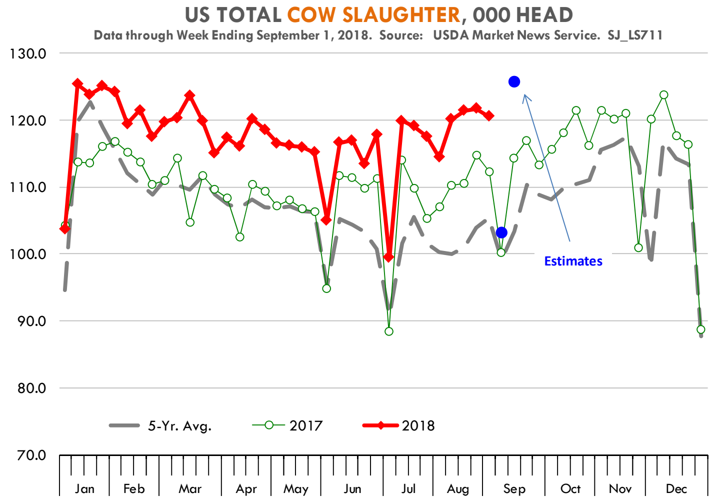
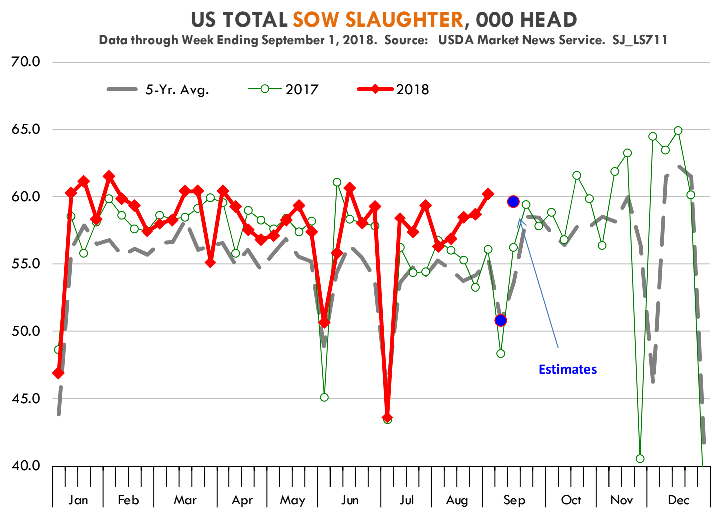
Daily Livestock Report

Vol. 16, No. 183 / September 17, 2018

Cattle slaughter last week was estimated at 652,000 head, about 1% higher than a year ago. **The increase was entirely due to more cows and bulls coming to market**. We don't have the final breakout of fed/non-fed for last week but we think fed cattle slaughter was around 513,000 head, 1.3% lower than a year ago. Cow and bull slaughter is estimated at around 139,000 head, 10% higher than a year ago but this number may change a little depending on how big the cow kill was on Friday. The increase in cow slaughter and seasonally weaker demand for ground beef have pressured grinding beef values. The price of 90CL fresh trim last week was about $2.05/lb., 10% lower than a year ago. Currently lean grinding beef pries are trading at a 1.9 multiple relative to fed cattle compared to a year ago when the multiple was around 2.14. While the price decline reflects the impact of higher slaughter, ample supplies of competing proteins could also be impacting demand for ground beef. Fed cattle slaughter in August was about the same as it was a year ago and in the first two weeks of this month fed cattle slaughter has been about 1% lower than a year ago. Despite a lot of speculation about feedlot currentness and weaker cutout values, packers apparently relented and paid up to secure cattle towards the end of last week. The average live fed steer price quoted on page 2 is around $108/cwt but keep in mind that it is based on lagged USDA data and does not reflect what packers paid on Friday and over the weekend. The Friday 2PM USDA summary pegged average live steer prices at $109.67/cwt while the average dressed steer carcass price was $171.86/cwt. The average choice cutout price last week was $205.09/cwt, 7% higher than a year ago while fed steer prices are up 1.8% compared to last year. Even as packer margins have tightened in recent days they still remain well above year ago levels and significantly better than the five year average. The gains in the cutout have been largely driven by middle meats, which helps explain why packers are willing to pay up for cattle. The average loin primal value last week was $264.56/cwt, 10% higher than a year ago while the average rib primal value was $346.96/cwt, 17% higher than a year ago.

Hurricane Florence caused hog processors in North Carolina to shut down operations for part of last week and this significantly impacted hog slaughter and pork supplies. Total hog slaughter last week was 2.315 million head, 5.9% lower than a year ago. Slaughter was between 150k to 200k less than one would expect and it remains to be seen how quickly slaughter plants in the region are able to recover. Flooding is a major issue in the region and much will depend on how quickly waters recede to allow the free movement of vehicles. The shortfall in production bolstered pork cutout values. The pork cutout on Friday was $74.53/cwt, some 10% higher than where it started the week. Most pork primal values were also higher towards the end of the week, with bellies and fat trimmings jumping sharply higher. But one needs to recognize that much of the recent increase is due to the shortfall in production rather than a shift in pork demand. Cash hog prices were especially depressed in August as hog supply availability increased at a time when end users were looking to deplete inventories and export demand was negatively impacted by the higher tariffs in China and Mexico. Those tariffs are still in place and hog slaughter will be 2.6M/wk or even higher. Hog and pork prices have been extremely volatile this year and this is likely to persist.





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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 9/15/2018

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
			15-Sep-18	**8-Sep-18**		**16-Sep-17**			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,800**	**1,838**	-2.07%	**1,850**	-2.69%	**67,728**	1.9%
	FI Slaughter	Thou. Head	652	563	15.81%	646	0.89%	22,989	2.7%
C	FI Cow Slaughter **	Thou. Head	121	122	-0.93%	112	7.33%	4,119	7.7%
T	Avg. Dressed Weight	Lbs.	821	820	0.12%	831	-1.20%	812	0.3%
T	Beef Production	Million Lbs.	533.7	460.4	15.92%	535.7	-0.37%	18,665	2.9%
L	Live Fed Steer Price	$ per cwt	107.79	107.67	0.11%	105.89	1.79%		
E	Dressed Fed Steer Price	$ per cwt	171.52	170.25	0.75%	166.48	3.03%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	162.61	N/A	N/A	162.04	0.36%		
&	Choice Beef Cutout	$ per cwt	205.09	209.13	-1.93%	191.03	7.36%		
	Hide/Offal	$ per cwt, live wt	9.24	9.33	-0.96%	10.62	-12.99%		
B	Rib Primal, Choice	$ per cwt	345.96	354.02	-2.28%	295.05	17.25%		
E	Round Primal, Choice	$ per cwt	161.99	162.35	-0.22%	168.61	-3.93%		
E	Chuck Primal, Choice	$ per cwt	171.54	174.06	-1.45%	168.20	1.99%		
F	Trimmings, 50%	$ per cwt	52.74	62.30	-15.35%	43.34	21.69%		
	Trimmings, 90%	$ per cwt	204.99	208.13	-1.51%	226.64	-9.55%		
	FI Slaughter	Thou. Head	2,315	2,215	4.51%	2,460	-5.89%	85,838	2.6%
	FI Sow Slaughter **	Thou. Head	60.2	58.7	2.61%	56.1	7.34%	2,017	1.9%
H	Avg. Dressed Weight	Lbs.	208.0	208.0	0.00%	211.0	-1.42%	211	0.5%
O	Pork Production	Million Lbs.	480.6	460.6	4.34%	518.2	-7.26%	18,153	3.1%
G	Iowa-S. Minn. Base	Wtd. Avg.	48.02	39.48	21.63%	55.25	-13.09%		
S	Natl. Base Carcass Price	Wtd. Avg.	52.22	49.74	4.99%	63.67	-17.98%		
	Natl. Net Carcass Price	Wtd. Avg.	54.67	52.04	5.05%	66.04	-17.22%		
	Pork Cutout	205 Lbs.	70.71	68.22	3.65%	79.95	-11.56%		
	Ham Primal	$ per cwt	52.64	52.36	0.53%	69.60	-24.37%		
	Loin Primal	$ per cwt	76.50	74.92	2.11%	81.21	-5.80%		
	Belly Primal	$ per cwt	95.56	86.72	10.19%	107.35	-10.98%		
	Trimmings, 72%, Fresh	$ per cwt	47.95	44.71	7.25%	58.97	-18.69%		
	Hog By-Product Value	$ per cwt, live wt	3.70	3.66	1.09%	3.90	-5.13%		
C	Young Chicken Slaughter *	Million Head	149.1	171.0	-12.79%	149.0	0.08%	5,795	-0.1%
H	Avg. Weight (RTC)	Lbs.	4.73	4.75	-0.48%	4.72	0.16%	6.17	0.8%
I	Young Chicken Production (RTC)	Million Lbs.	704.9	812.1	-13.20%	703.2	0.24%	27,181	0.8%
C	Eggs Set (19-state)	Million	219.7	220.8	-0.48%	215.6	1.89%	8,209	2.2%
K	Chicks Placed (19-state)	Million Head	183.8	184.4	-0.35%	182.3	0.82%	6,627	1.4%
E	National Composite Whole Bird	Composite	83.08	82.81	0.33%	90.00	-7.69%		
	Northeast Breast, B/S	$/cwt	96.81	96	0.84%	136.5	-29.08%		
	Northeast Leg Quarters	$/cwt	30.39	30.68	-0.95%	42.28	-28.12%		
T	Total Turkey Slaughter *	Million Head	3.319	4.187	-20.73%	3.774	-12.06%	147.813	-0.5%
U	Avg. Weight (RTC)	Lbs.	24.32	25.03	-2.82%	24.55	-0.93%	31.35	-0.6%
R	Turkey Production (RTC)	Million Lbs.	80.7	104.8	-22.96%	92.7	-12.88%	3,728	-0.9%
K	National Hen (8-12 lb)	8-16 Lbs.	83.90	81.00	3.58%	92.19	-8.99%		
G	Corn, Omaha	$ per Bushel	3.15	3.33	-5.41%	3.19	-1.25%		
R	Distillers Grain, Chicago	$ per Ton	145.00	150.00	-3.33%	120.00	20.83%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.16	5.15	0.19%	3.78	36.51%		
I	Soybeans, Cntrl IL	$ per Bushel	7.73	7.92	-2.40%	9.64	-19.81%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	321.40	321.40	0.00%	310.00	3.68%		

* 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.

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