Daily Livestock Report

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Earlier this week, the DLR went through analyst expectations ahead of the Cattle on Feed report. Friday's release of the actual data has been labeled neutral to bearish in deferred contracts with plenty of cattle supplies moving through the supply chain.

Cattle on Feed inventory came in at 11.1 million head, 5.9% above a year ago and slightly higher than the analyst average expectations of 5.5% . This is also the fourth month in a row to be a new record high. So far this year June, July, August, and now September have set new records for corresponding months since the series began in 1996.

Placements surpassed analyst expectations, coming in at 2.1 million head, the largest August placement number since 2011 and 7.3% above a year ago. The highest analyst range was 7% above a year ago. This a rather normal uptick in the number of head placed relative to July placements. Large placements in July and August will undoubtedly draw conversations to September and if there will be as many cattle left to place compared to a year ago.

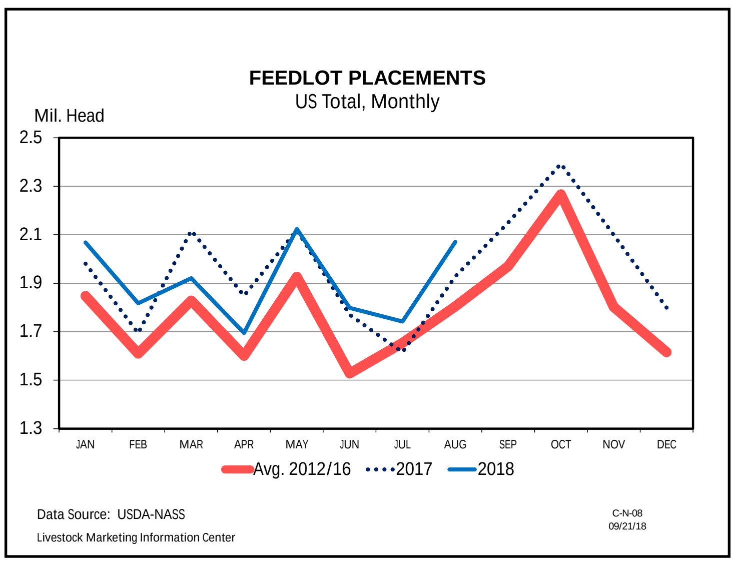
An aggregate look at the placement numbers suggest there should still be plenty of cattle for placement in September. The first is that Mexican feeder cattle moving across the border have been up all year. Through the latest week of data, its up 6.2% or 47,000 head. Second, feeder cattle from Canada year to date are up 56%, or 53,000 head. Lastly, USDA NASS estimated the 2018 calf crop to be 692,000 head higher than a year ago, and about 75% of those calves dropped in the spring.

Using above estimates that would indicate that since the beginning of the year, there was up to 619,000 additional head available for placement from January through August (75% of current year calf crop plus feeder cattle imports) than last year. Calculating the year-to-date number for cattle actually placed in 1000 head and larger feedlots, those numbers are only 163,000 head above a year ago, leaving 456,000 head of the 619,000 to be placed in the future.

Winter grazing opportunities will likely take a few more head than last year, but this is a difficult number to assess with little data available. A large portion of these animals have also ended up in feedlots with less than 1000 head of inventory, and therefore not captured by cattle on feed numbers. The July 1 cattle inventory report provides the point estimate of 13.3 million steers and heifers on feed. The July 1 Cattle on feed inventory in 1000 head and larger feedlots was 11.3 million head or about 85% of feedlot supplies. Compared to 2017, figures outside of large feedlots were about 2 million head, and 1.7% larger than last year. This point estimate does not provide a complete picture of those feedlots throughout the year, but if the ratio of cattle in feedlots 1000 head and larger to smaller feedlots holds, that would indicate only 15% of the additional available cattle would end up in farmer-feeder pens.

Additionally, if heifers from 2017's calf crop are making their way through the system that would indicate even larger cattle numbers available for placement than are indicated in the preceding paragraph.

Marketings were slightly above last year, coming in at 100.2% of a year ago. Canadian imports of slaughter steers and heifers slowed in August, leaving more room to market U.S. cattle on feed above the slaughter data levels. Still, this number leaves wanting for marketings to continue at a steady pace after September set another record high for that month's cattle on feed inventories.



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PRODUCTION & PRICE SUMMARY

Week Ending 9/22/2018

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
			22-Sep-18	15-Sep-18		23-Sep-17			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,889	1,800	5.0%	1,945	-2.9%	69,631	1.8%
C	FI Slaughter	Thou. Head	657	652	0.8%	638	2.9%	23,654	2.7%
A	FI Cow Slaughter **	Thou. Head	107	121	-11.6%	100	6.3%	9,996	6.9%
T	Avg. Dressed Weight	Lbs.	824	821	0.4%	827	-0.4%	812	0.3%
T	Beef Production	Million Lbs.	539.5	533.7	1.1%	526.8	2.4%	19,216	3.0%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	110.65	110.66	0.0%	108.50	2.0%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	174.81	174.05	0.4%	170.64	2.4%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	163.65	163.11	0.3%	159.39	2.7%		
&	Choice Beef Cutout	$ per cwt	204.98	205.09	-0.1%	191.98	6.8%		
	Hide/Offal	$ per cwt, live wt	9.17	9.24	-0.8%	10.56	-13.2%		
B	Rib, Primal, Choice	$ per cwt	352.98	345.96	2.0%	297.48	18.7%		
E	Round, Primal, Choice	$ per cwt	160.71	161.99	-0.8%	169.04	-4.9%		
E	Chuck, Primal, Choice	$ per cwt	170.64	171.54	-0.5%	171.38	-0.4%		
F	Trimmings, 50%, Fresh	$ per cwt	51.23	52.74	-2.9%	44.49	15.1%		
	Trimmings, 90%, Fresh	$ per cwt	201.88	204.99	-1.5%	223.83	-9.8%		
	FI Slaughter	Thou. Head	2,341	2,315	1.1%	2,496	-6.2%	88,184	2.4%
H	FI Sow Slaughter **	Thou. Head	51.3	60.2	-14.7%	48.4	6.1%	5,020	2.2%
O	Avg. Dressed Weight	Lbs.	208.0	208.0	0.0%	211.0	-1.4%	211	0.4%
G	Pork Production	Million Lbs.	486.9	480.6	1.3%	526.1	-7.5%	18,643	2.8%
S	Iowa-S. Minn. Direct	Wtd. Avg.	56.14	48.16	16.6%	50.65	10.8%		
	Natl. Base Carcass Price	Wtd. Avg.	58.13	52.91	9.9%	59.77	-2.8%		
&	Natl. Net Carcass Price	Wtd. Avg.	60.51	55.31	9.4%	61.98	-2.4%		
	Pork Cutout	$ per cwt	78.02	70.71	10.3%	75.29	3.6%		
P	By-product Value	$ per cwt, live wt	3.68	3.70	-0.5%	3.90	-5.6%		
O	Ham, Primal	$ per cwt	58.61	52.64	11.3%	62.85	-6.8%		
R	Loin, Primal	$ per cwt	83.30	76.50	8.9%	78.97	5.5%		
K	Belly, Primal	$ per cwt	112.73	95.56	18.0%	97.06	16.2%		
	Trimmings, 72%, Fresh	$ per cwt	62.35	47.95	30.0%	60.32	3.4%		
C	Young Chicken Slaughter *	Million Head	161.8	149.1	8.5%	165.60	-2.3%	5,957	-0.2%
H	Avg. Weight (RTC)	Lbs.	4.73	4.73	0.0%	4.72	0.2%	4.69	0.8%
I	Young Chicken Production (RTC)	Million Lbs.	764.7	704.9	8.5%	781.6	-2.2%	27,946	0.7%
C	Eggs Set (US)	Million	212.0	216.9	-2.3%	215.8	-1.8%	19,994	2.6%
K	Chicks Placed (US)	Million Head	181.8	184.0	-1.2%	182.1	-0.2%	16,188	1.7%
E	National Composite Whole Bird	Composite	84.01	83.08	1.1%	89.17	-5.8%		
N	Northeast Breast, B/S	$ per cwt	94.40	96.81	-2.5%	130.53	-27.7%		
	Northeast Leg Quarters	$ per cwt	30.41	30.39	0.1%	42.03	-27.6%		
T	Total Turkey Slaughter *	Million Head	4.07	3.32	22.6%	4.48	-9.2%	151.9	-0.7%
U	Avg. Weight (RTC)	Lbs.	24.16	24.32	-0.7%	24.67	-2.1%	25.19	-0.5%
R	Turkey Production (RTC)	Million Lbs.	98.3	80.7	21.8%	110.6	-11.1%	3,826	-1.2%
K	National Hen (8-12 Lbs)	$ per cwt	81.50	83.90	-2.9%	93.07	-12.4%		
G	Corn, Omaha	$ per Bushel	3.12	3.15	-1.0%	3.10	0.5%		
R	Distillers Grain, Chicago	$ per Ton	145.00	145.00	0.0%	121.00	19.8%		
A	Wheat, Kansas City (delivered)	$ per Bushel	5.98	5.91	1.1%	5.18	15.5%		
I	Soybean, Cntrl IL	$ per Bushel	7.93	7.73	2.5%	9.55	-17.0%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	321.90	321.40	0.2%	311.50	3.3%		

* 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).