Daily Livestock Report

Sponsored by CME Group

Vol. 14, No. 17 / January 25, 2016

Last week was another volatile one in the livestock futures markets, that now sounds like a broken record. The second page of this DLR has weekly price and production data. USDA's National Agricultural Statistics Service (NASS) released their monthly Cattle on Feed and Cold Storage reports on Friday; those reports will be quickly reviewed here.

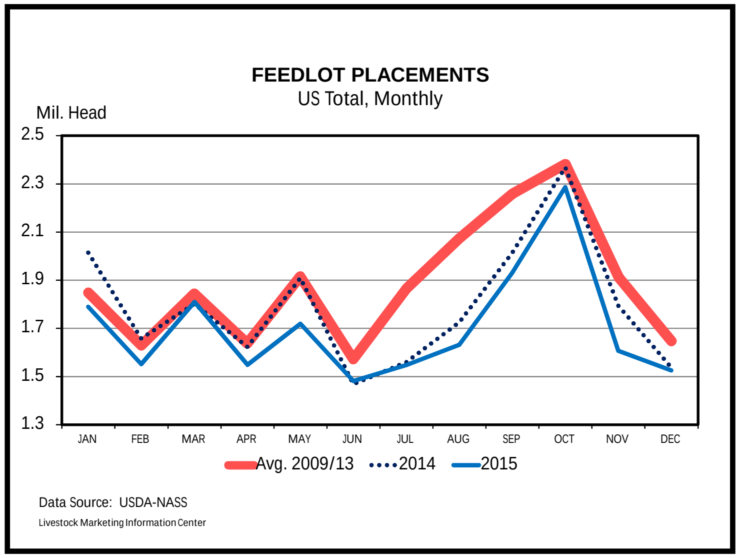
Compared to pre-report estimates, the Cattle on Feed report was a bit bearish in that December's placements of animals into feedlots were larger than anticipated and head marketed below expectations. The on-feed inventory, though below a year ago as of January 1st, was larger than analysts calculated. The number of cattle in feedlots with 1000 head or more capacity was slightly below a year ago (down year-over-year by 53,000 head or 0.5%. Importantly, in December there were year-over-year increases in the number of cattle placed in the two heavyweight categories (700-to 8-799-pounds and 800-pounds and heavier). The number of animals entering feedlots weighing over 700-pounds was up 8.6% from one year earlier while the head count declined 9.4% for cattle weighing under 700-pounds. The industry continues to move away from placing lightweight beef-type calves into feedlots.

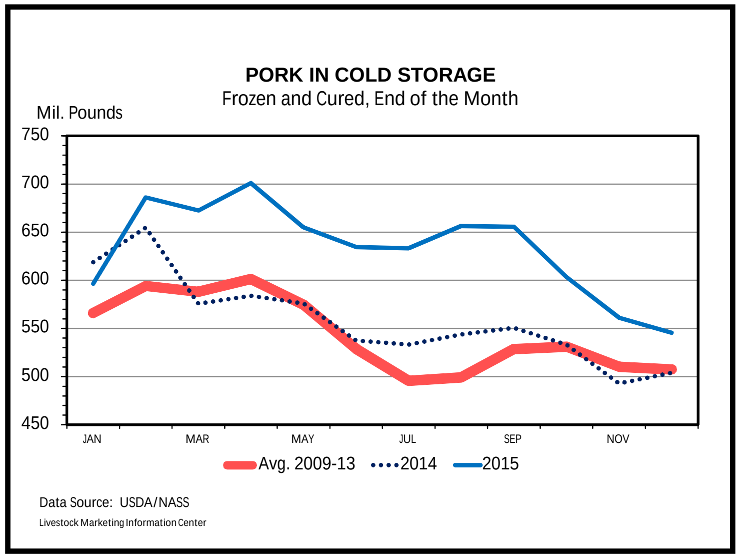
The recent report contained the quarterly breakdown of steers and heifers in feedlots. As of January 1st, the number of steers on-feed was 216,000 head above a year ago. In contrast, heifers in feedlots were significantly below a year ago (down 269,000 head) and the count was the smallest since NASS began the report in 1996. So, as is widely recognized, all indications point to more heifers and cows in breeding herds than a year ago. NASS will provide a detailed inventory snapshot on Friday (January 29th) in their annual Cattle report.

Turning to the monthly Cold Storage report by NASS, as of December 31st, the general trend in animal-based protein was for continued year-over-year increases in frozen tonnage. Beef in cold storage was 16% above the year ago volume. The vast majority of beef in cold storage is boneless beef, which is also where most the increase occurred. However, the rate of increase in frozen beef tonnage has moderated since July.

Although 8% above December 2014, frozen pork stocks have posted significant reductions since last summer. Pork in cold storage is down 17% since August of 2015, largely reflecting the uptick in pork exports that took place during the last few months of 2015. The volume of chicken in cold storage experienced a month-to-month decrease from November to December, slipping 2%. However, frozen stocks of chicken remained well above a year ago, up 21% compared to the end of December 2014. Frozen turkey had a seasonal increase in volume into December and was actually 3% above 2014's.

Looking at specific cuts in cold storage (for the animal proteins that have them – pork and chicken), there were mixed trends. As of December 31st, pork loins and sparerib volumes are up 22% and 55%, respectively, from 2014's. Frozen belly stocks also increased year-over-year by 13%.





Conversely, pork butts (down 24%) and pork trimmings (down 16%), and other pork (down 11%) are the only products below year ago in volume. The only chicken item with stocks below year ago were paws and feet. Otherwise, the chicken items with the most significant increases in cold storage volume year-over-year were drumsticks (up 40%), and thigh and thigh quarters (up 40%); of course, those are major exported products.

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PRODUCTION & PRICE SUMMARY

Week Ending 1/23/2016

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			23-Jan-16	16-Jan-16		24-Jan-15			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,847	1,837	0.5%	1,827	1.1%	4,772	-0.8%
C	FI Slaughter	Thou. Head	569	568	0.2%	581	-2.1%	1,735	-4.0%
A	FI Cow Slaughter **	Thou. Head	117	81	44.6%	111	5.0%	117	5.0%
T	Avg. Dressed Weight	Lbs.	835	838	-0.4%	815	2.5%	833	2.3%
T	Beef Production	Million Lbs.	474.0	474.7	-0.1%	472.3	0.4%	1,445	-1.8%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	126.62	133.25	-5.0%	159.44	-20.6%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	202.00	209.56	-3.6%	254.68	-20.7%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	NQ	173.86	N/A	237.21	N/A		
&	Choice Beef Cutout	$ per cwt	228.73	234.67	-2.5%	256.85	-10.9%		
	Hide/Offal	$ per cwt, live wt	10.55	10.67	-1.1%	15.25	-30.8%		
B	Rib, Primal, Choice	$ per cwt	319.78	327.54	-2.4%	335.90	-4.8%		
E	Round, Primal, Choice	$ per cwt	214.96	224.72	-4.3%	239.17	-10.1%		
E	Chuck, Primal, Choice	$ per cwt	204.67	207.76	-1.5%	229.58	-10.9%		
F	Trimmings, 50%, Fresh	$ per cwt	68.91	78.35	-12.0%	143.12	-51.9%		
	Trimmings, 90%, Fresh	$ per cwt	203.02	200.17	1.4%	302.68	-32.9%		
	FI Slaughter	Thou. Head	2,329	2,300	1.3%	2,317	0.5%	7,376	-1.1%
H	FI Sow Slaughter **	Thou. Head	58.5	40.3	45.0%	56.7	3.1%	58	3.1%
O	Avg. Dressed Weight	Lbs.	214.0	213.0	0.5%	215.0	-0.5%	214	-0.8%
G	Pork Production	Million Lbs.	497.9	489.8	1.7%	499	-0.2%	1,579	-1.9%
	Iowa-S. Minn. Direct	Wtd. Avg.	54.90	52.96	3.7%	69.70	-21.2%		
&	Natl. Base Carcass Price	Wtd. Avg.	57.77	55.88	3.4%	74.52	-22.5%		
	Natl. Net Carcass Price	Wtd. Avg.	59.69	57.69	3.5%	76.18	-21.6%		
P	Pork Cutout	$ per cwt	74.12	71.26	4.0%	85.31	-13.1%		
O	Ham, Primal	$ per cwt	56.48	53.10	6.4%	73.43	-23.1%		
R	Loin, Primal	$ per cwt	80.80	77.19	4.7%	92.45	-12.6%		
K	Belly, Primal	$ per cwt	116.61	111.68	4.4%	109.16	6.8%		
	Trimmings, 72%, Fresh	$ per cwt	50.47	45.27	11.5%	68.45	-26.3%		
	Young Chicken Slaughter *	Million Head	162.8	160.9	1.2%	162.47	0.2%	763	0.4%
C	Avg. Weight (RTC)	Lbs.	4.69	4.73	-0.8%	4.58	2.5%	2.00	0.9%
H	Young Chicken Production (RTC)	Million Lbs.	763.4	760.6	0.4%	743.3	2.7%	1,524	1.3%
I	Eggs Set (19-state)	Million	207.1	207.2	0.0%	206.9	0.1%	414	0.5%
C	Chicks Placed (19-state)	Million Head	170.3	170.9	-0.4%	169.5	0.5%	341	0.5%
K	National Composite Whole Bird	Composite	87.64	89.50	-2.1%	96.76	-9.4%		
E	Georgia Dock Broiler	2.5-3 Lbs.	112.53	112.44	0.1%	113.01	-0.4%		
N	Northeast Breast, B/S	$ per cwt	108.44	103.28	5.0%	141.89	-23.6%		
	Northeast Leg Quarters	$ per cwt	25.64	24.11	6.3%	38.93	-34.1%		
T	Total Turkey Slaughter *	Million Head	4.30	4.32	-0.3%	4.42	-2.6%	8.6	-1.7%
U	Avg. Weight (RTC)	Lbs.	25.98	25.99	-0.1%	25.50	1.8%	25.98	1.8%
R	Turkey Production (RTC)	Million Lbs.	111.8	112.2	-0.4%	112.7	-0.8%	224	0.1%
K	National Hen (8-12 Lbs)	$ per cwt	113.22	114.50	-1.1%	98.55	14.9%		
G	Corn, Omaha	$ per Bushel	3.58	3.40	5.3%	3.67	-2.3%		
R	Distillers Grain, Chicago	$ per Ton	132.50	132.50	0.0%	172.50	-23.2%		
A	Wheat, Kansas City (delivered)	$ per Bushel	4.51	4.52	-0.2%	5.64	-20.0%		
I	Soybean, Cntrl IL	$ per Bushel	8.88	8.90	-0.3%	9.83	-9.7%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	281.20	283.20	-0.7%	361.60	-22.2%		

* 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).