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In the futures markets last week, using the average of the daily closing prices, livestock prices were higher. December 2017 Live Cattle averaged $115.25 per cwt., up $0.63 week-over-week. February 2018 Live Cattle averaged $119.04, up $1.00 per cwt. and was the highest for that contract month since the week ending July 21st of this year. The March 2018 Feeder Cattle contract averaged $149.50 per cwt. (up $1.45 week-over-week), which was the highest for that contract month since mid-April 2016. Last week, the December 2017 Lean Hog contract jumped-up by $3.25 per cwt. from the prior week's average. At $76.86 per cwt. the May 2018 Lean Hog contract was the highest for that contract month since mid-May 2016. For a summary table of production and cash prices, see the second page of this newsletter.

Last Friday, USDA's Economic Research Service (ERS) released their monthly compilation of U.S. international meat and livestock trade data for August. In the meat categories, ERS converts the product weight data into carcass weight equivalents. Those data are available here. The link to the ERS documentation, including conversion factors, is here. Today, we only discuss the August results for beef and pork in terms of tonnage and not the dollar value of that trade nor the data on byproducts (variety meats, tallow, hides, etc.). Regarding exports, as was the case in July, the highlight was beef tonnage sold, while pork remained lackluster.

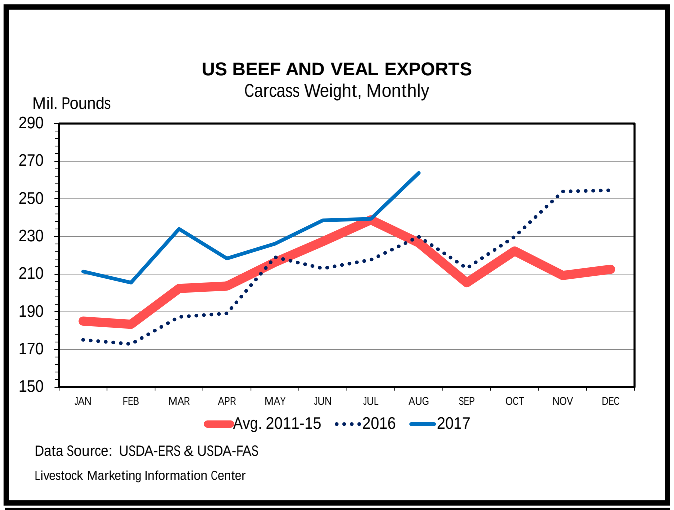
U.S. beef export tonnage during August was the largest for any month since July 2013. Year-over-year a 14.7% increase was posted. More sales occurred than a year earlier to Canada, Hong Kong, Japan, and Vietnam. Of course, it is likely that transshipment continues from Hong Kong and Vietnam to mainland China (see below for more comments on China).

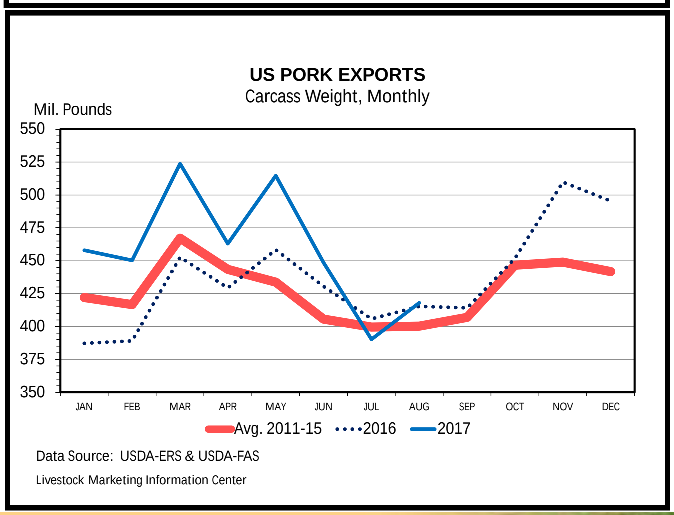
U.S. pork shipments increased a modest 0.7% year-over-year in August. There was a 7.1% rise compared July's disappointing sales.

In August, ERS reported direct U.S. beef sales to 91 countries and 87 pork destinations. On a carcass weight basis, beef exports in August totaled 263.8 million pounds. Japan was the biggest foreign beef market (84.9 million pounds), followed by Mexico (40.8 million pounds). Pork exports for the month were 418.0 million pounds. Mexico bought the most pork (148.7 million pounds), followed by Japan (99.5 million pounds).

Mainland China remains in the news as a market for both U.S. beef and pork. U.S. direct beef sales to mainland China have been growing since that country re-opened to U.S. products. U.S. direct beef sales to mainland China were zero in May of this year and in August had increased to 1.1 million pounds. That made it the 15th largest U.S. foreign destination for U.S. beef. In August, mainland China was the 5th largest market for U.S. pork (20.5 million pounds). Note that in August, year-over-year pork tonnage to China fell by 27.3% (down 7.7 million pounds).

Month-over-month U.S. beef imported tonnage declined while pork increased. Both beef and pork were higher than a year earlier. Compared to a year ago, beef imports in August were up 7.9% with almost all of the increase coming from Australia and New Zealand. Pork tonnage purchased was 10.3% above 2016's. That rise was not from the largest pork supplier to the U.S., which is Canada, the majority of the jump was from countries in the European Union.





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PRODUCTION & PRICE SUMMARY

Week Ending 10/7/2017

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
			7-Oct-17	30-Sep-17		8-Oct-16			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,957	1,958	0.0%	1,910	2.5%	72,340	2.3%
C	FI Slaughter	Thou. Head	632	648	-2.5%	611	3.5%	24,310	5.8%
A	FI Cow Slaughter **	Thou. Head	117	114	2.2%	108	8.6%	4,156	7.1%
T	Avg. Dressed Weight	Lbs.	829	828	0.1%	842	-1.5%	811	-1.5%
T	Beef Production	Million Lbs.	522.8	535.3	-2.3%	512.8	2.0%	19,718	4.2%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	108.74	108.01	0.7%	100.90	7.8%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	NQ	171.73	N/A	159.03	N/A		
	Oklahoma Steer (600-700 lbs)	$ per cwt	154.57	155.79	-0.8%	120.31	28.5%		
&	Choice Beef Cutout	$ per cwt	197.39	195.81	0.8%	184.72	6.9%		
	Hide/Offal	$ per cwt, live wt	10.35	10.41	-0.6%	11.58	-10.6%		
B	Rib, Primal, Choice	$ per cwt	335.07	315.34	6.3%	300.02	11.7%		
E	Round, Primal, Choice	$ per cwt	172.81	173.31	-0.3%	163.79	5.5%		
E	Chuck, Primal, Choice	$ per cwt	170.77	173.44	-1.5%	157.55	8.4%		
F	Trimmings, 50%, Fresh	$ per cwt	44.93	45.61	-1.5%	33.34	34.8%		
	Trimmings, 90%, Fresh	$ per cwt	219.95	221.14	-0.5%	195.36	12.6%		
	FI Slaughter	Thou. Head	2,524	2,527	-0.1%	2,427	4.0%	91,209	2.8%
H	FI Sow Slaughter **	Thou. Head	59.4	56.3	5.6%	58.7	1.2%	2,143	2.5%
O	Avg. Dressed Weight	Lbs.	211.0	210.0	0.5%	210.0	0.5%	211	-0.3%
G	Pork Production	Million Lbs.	531.9	530.7	0.2%	509.4	4.4%	19,202	2.5%
S	Iowa-S. Minn. Direct	Wtd. Avg.	51.49	47.80	7.7%	46.94	9.7%		
	Natl. Base Carcass Price	Wtd. Avg.	56.96	56.92	0.1%	54.62	4.3%		
&	Natl. Net Carcass Price	Wtd. Avg.	59.18	59.16	0.0%	56.92	4.0%		
	Pork Cutout	$ per cwt	72.72	72.88	-0.2%	72.76	-0.1%		
P	By-product Value	$ per cwt, live wt	3.81	3.88	-1.8%	3.76	1.3%		
O	Ham, Primal	$ per cwt	62.77	60.60	3.6%	49.46	26.9%		
R	Loin, Primal	$ per cwt	74.48	76.10	-2.1%	79.65	-6.5%		
K	Belly, Primal	$ per cwt	90.73	91.08	-0.4%	108.49	-16.4%		
	Trimmings, 72%, Fresh	$ per cwt	64.29	62.35	3.1%	43.25	48.6%		
C	Young Chicken Slaughter *	Million Head	167.0	167.4	-0.2%	164.04	1.8%	6,301	1.1%
H	Avg. Weight (RTC)	Lbs.	4.75	4.73	0.5%	4.75	0.0%	4.66	0.1%
I	Young Chicken Production (RTC)	Million Lbs.	793.1	791.1	0.3%	779.2	1.8%	29,339	1.2%
C	Eggs Set (19-state)	Million	205.5	214.2	-4.0%	199.7	2.9%	8,330	2.7%
K	Chicks Placed (19-state)	Million Head	168.4	171.6	-1.8%	163.1	3.2%	6,790	1.7%
E	National Composite Whole Bird	Composite	85.87	86.40	-0.6%	70.59	21.6%		
N	Northeast Breast, B/S	$ per cwt	114.30	121.99	-6.3%	121.84	-6.2%		
	Northeast Leg Quarters	$ per cwt	39.16	41.08	-4.7%	32.31	21.2%		
T	Total Turkey Slaughter *	Million Head	4.34	4.03	7.7%	4.32	0.6%	161.4	-1.8%
U	Avg. Weight (RTC)	Lbs.	25.20	25.06	0.6%	25.22	-0.1%	25.30	1.8%
R	Turkey Production (RTC)	Million Lbs.	109.4	101.0	8.3%	108.8	0.5%	4,083	0.0%
K	National Hen (8-12 Lbs)	$ per cwt	98.90	96.00	3.0%	124.50	-20.6%		
G	Corn, Omaha	$ per Bushel	3.10	3.12	-0.8%	3.04	1.8%		
R	Distillers Grain, Chicago	$ per Ton	116.50	117.50	-0.9%	122.50	-4.9%		
A	Wheat, Kansas City (delivered)	$ per Bushel	5.32	5.30	0.4%	4.63	14.9%		
I	Soybean, Cntrl IL	$ per Bushel	9.36	9.27	0.9%	9.47	-1.2%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	317.90	312.50	1.7%	321.10	-1.0%		

* 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).