

USDA's National Agricultural Statistics Service (NASS) released their monthly Cattle on Feed report on Friday (the full report is available [here](#)). Just like last month's report, the year-over-year changes were within the ranges of pre-report estimates for animals marketed, placed, and the overall on-feed count. Importantly, as we discussed last Wednesday, just like last month all those ranges were wide, especially for placements. Finally, as happened a month ago, head placed came in near the highest of the pre-report estimates and was significantly above the average.

To summarize the year-over-year changes reported by NASS compared with the pre-report estimates:

- Animals placed during September were up 13.5%, the pre-report average increase was 7.5%. The difference in terms of head between the pre-report average and the reported number was 113,000 head.
- Cattle marketed by feedlots were 2.9% above 2016's, while the pre-report average was for an increase of 2.6%.
- The inventory of cattle in feedlots as of October 1 was up 5.4% from a year ago, compared to a pre-report estimated jump of 4.7%.

Animals placed into feedlots were the largest for the month of September since 2011. Of the major U.S. cattle feeding states, head placed exceeded the expectations of the author, except for Kansas which had only a 4% year-over-year rise. Regarding the placement weight breakdown, nationally all categories posted increases compared to a year ago.

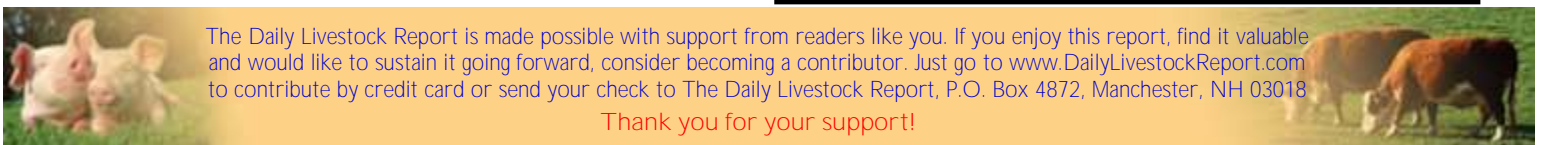
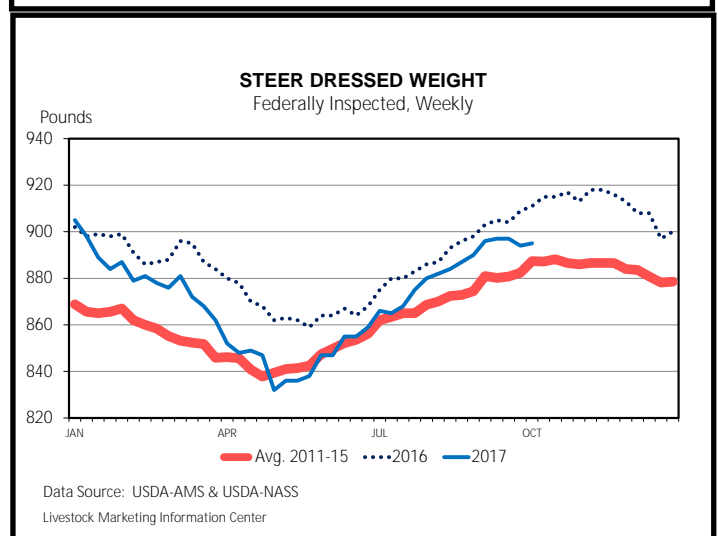
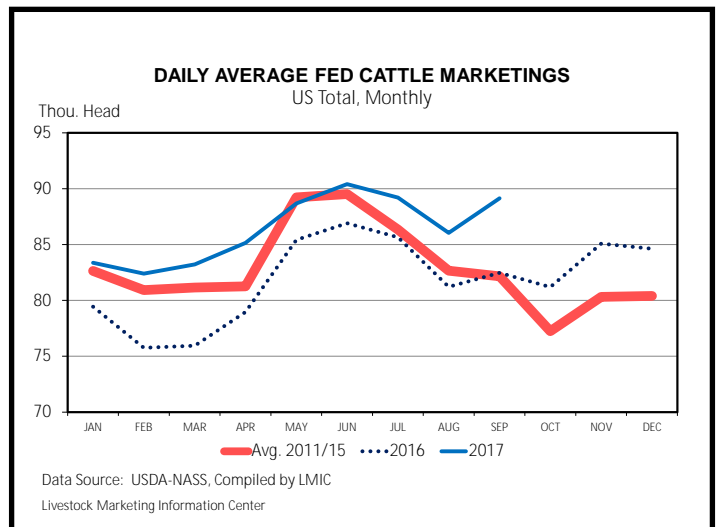
Even though the head marketed was not a surprise, that statistic and the role its been playing in the market deserves more discussion. Marketing's of fed cattle have been aggressive. There was one less slaughter day this September than a year ago, so average daily marketings were 8.0% above 2016's. That trend has continued and resulted in a counter-seasonal rise in September's daily marketings (see the first graphic).

A critical result of the marketing pace has been year-on-year declines in slaughter steer and heifer dressed weights. To a large extent, the market environment has since late 2016 been pulling animals through the feeding stage of the production system, and that has driven weights below a year ago (see the second graphic). For the last five weeks (four weeks for heifers) carcass weights have been essentially flat (the latest week of data is for the week ending October 7th). As a reminder, the weight declines earlier this calendar year also were caused by the cattle market situation

and not severe winter weather. The bottom line is, at this time a backlog of market ready cattle is not apparent.

Head placed during September that weighed over 800-pounds was 14.4% (115,000 head) above 2016's. The bulk of those cattle, with normal winter weather, will achieve slaughter weight during the first three months of 2018. That is the timeframe where, based on the market fundamentals, futures market prices would mostly respond today.

On the second page is a summary of USDA-AMS weekly reports.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

PRODUCTION & PRICE SUMMARY

Week Ending 10/21/2017

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
		21-Oct-17	14-Oct-17		22-Oct-16			
Beef, Pork, Chicken, & Turkey	Mill Lbs., cwe	1,949	1,930	1.0%	1,874	4.0%	76,219	2.3%
C FI Slaughter	Thou. Head	632	622	1.6%	602	5.0%	25,568	5.8%
A FI Cow Slaughter **	Thou. Head	116	113	2.1%	109	6.0%	4,385	7.1%
T Avg. Dressed Weight	Lbs.	827	829	-0.2%	841	-1.7%	812	-1.5%
T Beef Production	Million Lbs.	521.5	514.4	1.4%	505.0	3.3%	20,755	4.1%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	109.82	111.01	-1.1%	99.24	10.7%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	NQ	174.96	N/A	157.15	N/A		
Oklahoma Steer (600-700 lbs)	\$ per cwt	157.29	150.38	4.6%	118.28	33.0%		
& Choice Beef Cutout	\$ per cwt	198.63	197.50	0.6%	179.99	10.4%		
Hide/Offal	\$ per cwt, live wt	10.20	10.35	-1.4%	11.55	-11.7%		
B Rib, Primal, Choice	\$ per cwt	350.85	344.68	1.8%	294.02	19.3%		
E Round, Primal, Choice	\$ per cwt	168.08	169.36	-0.8%	157.77	6.5%		
E Chuck, Primal, Choice	\$ per cwt	168.21	168.78	-0.3%	156.33	7.6%		
F Trimmings, 50%, Fresh	\$ per cwt	55.93	48.87	14.4%	32.30	73.2%		
Trimmings, 90%, Fresh	\$ per cwt	215.20	216.47	-0.6%	192.28	11.9%		
FI Slaughter	Thou. Head	2,485	2,516	-1.2%	2,524	-1.5%	96,206	2.8%
H FI Sow Slaughter **	Thou. Head	58.8	57.8	1.8%	54.9	7.1%	2,260	2.5%
O Avg. Dressed Weight	Lbs.	211.0	211.0	0.0%	211.0	0.0%	211	-0.3%
G Pork Production	Million Lbs.	523.1	529.9	-1.3%	532.6	-1.8%	20,254	2.5%
S Iowa-S. Minn. Direct	Wtd. Avg.	62.31	55.93	11.4%	46.17	35.0%		
& Natl. Base Carcass Price	Wtd. Avg.	62.07	59.39	4.5%	52.94	17.3%		
Natl. Net Carcass Price	Wtd. Avg.	64.30	61.60	4.4%	55.07	16.8%		
Pork Cutout	\$ per cwt	74.75	73.84	1.2%	73.08	2.3%		
P By-product Value	\$ per cwt, live wt	3.83	3.79	1.1%	3.71	3.2%		
O Ham, Primal	\$ per cwt	66.79	64.42	3.7%	54.57	22.4%		
R Loin, Primal	\$ per cwt	74.77	73.75	1.4%	75.67	-1.2%		
K Belly, Primal	\$ per cwt	95.76	95.17	0.6%	109.92	-12.9%		
Trimmings, 72%, Fresh	\$ per cwt	61.38	63.76	-3.7%	42.22	45.4%		
C Young Chicken Slaughter *	Million Head	165.9	165.8	0.0%	156.40	6.1%	6,632	1.2%
H Avg. Weight (RTC)	Lbs.	4.77	4.70	1.5%	4.69	1.8%	4.66	0.0%
I Young Chicken Production (RTC)	Million Lbs.	791.7	780.2	1.5%	733.4	7.9%	30,910	1.3%
K Eggs Set (19-state)	Million	208.6	206.2	1.2%	200.8	3.9%	8,739	2.7%
C Chicks Placed (19-state)	Million Head	171.8	166.6	3.1%	169.0	1.7%	7,126	1.7%
E National Composite Whole Bird	Composite	84.21	84.44	-0.3%	71.32	18.1%		
N Northeast Breast, B/S	\$ per cwt	113.42	111.31	1.9%	114.34	-0.8%		
Northeast Leg Quarters	\$ per cwt	39.1	39.02	0.2%	33.78	15.7%		
T Total Turkey Slaughter *	Million Head	4.47	3.97	12.6%	4.22	5.8%	169.8	-1.7%
U Avg. Weight (RTC)	Lbs.	25.14	26.52	-5.2%	24.39	3.1%	25.33	2.0%
R Turkey Production (RTC)	Million Lbs.	112.4	105.3	6.7%	103.0	9.1%	4,300	0.3%
K National Hen (8-12 Lbs)	\$ per cwt	94.39	90.00	4.9%	119.40	-20.9%		
G Corn, Omaha	\$ per Bushel	3.12	3.09	0.8%	3.06	1.8%		
R Distillers Grain, Chicago	\$ per Ton	115.00	117.50	-2.1%	115.00	0.0%		
A Wheat, Kansas City (delivered)	\$ per Bushel	5.29	5.20	1.7%	4.63	14.3%		
I Soybean, Cntrl IL	\$ per Bushel	9.57	9.67	-1.0%	9.49	0.9%		
N Soybn Meal 48%, Cntrl IL	\$ per Ton	317.90	323.30	-1.7%	316.10	0.6%		

* 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).

The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

