Daily Livestock Report

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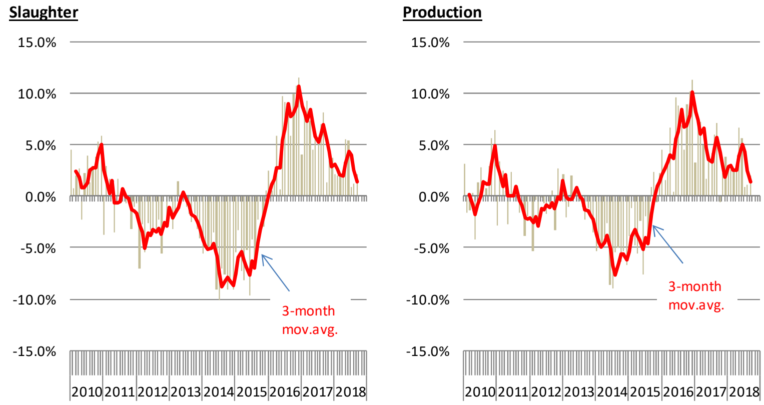
Red meat and poultry production numbers were published last Thursday and this helps add **a few more data points to the supply/demand picture for the month of September**. It is not complete, however, as we still do not know the trade data for the month. Those numbers will be available in early November. Below are a few **highlights and implications about consumption last month**:

Beef: **Total beef production was estimated at 2.158 billion pounds, 3% lower than the previous year. The decline in production was largely due to one less slaughter day last month, however**. We currently expect both imports and exports to be modestly higher in September, with imports about 13 million pounds less than exports. Adjusting for net trade and ending stocks, we think per capita beef consumption (retail basis) was around 4.53 pounds per person, 3.1% less than a year ago. However, it is important to recognize the effect of the one less slaughter day in the monthly production and consumption figure. The monthly number is a somewhat arbitrary number. What we really want to know is if the consumer, on a daily basis, is eating more or less than they were last year. Adjusting for the one less production day, per capita consumption in September was actually 2% higher than a year ago. The reason we are spending time on this is because it is important to sometimes look behind the headline data and understand what they really mean and what they are telling to us. **Between January and September beef production was 20.009 billion pounds (carcass wt basis), 2.9% higher than a year ago**. The number of production days during this period was exactly the same as it was last year (191) so the number reflects the true increase in production during this time. However, the amount available to the consumer during this period was less than that because beef exports this year have outpaced imports. We estimate that beef imports Jan-Sep were up just 9 million pounds while exports were up 270 million pounds or 13%. **When we adjust for the trade difference, the total amount of beef in the domestic market Jan-Sep was up by less than 1%**. Beef demand is up this year, evidenced by the higher prices paid vs. the increase in production, but it is export demand that has been a key driver during this entire period.

Pork: **Total pork production in September was estimated at 2.013 billion pounds, 7% lower than a year ago**. Calendar differences and the slaughter disruptions due to Hurricane Florence we the main two reasons for the decline. We think pork imports were lower in September while exports were marginally higher. Even if we adjust for trade, ending stocks and population, per capita pork consumption in September was down by more than 3%. Consider this when talking about strong pork demand and how that affected the turnaround in pork prices. August hog/pork prices were overdone to the downside in August and the lower supply availability in September contributed to the sharp turnaround. For the period Jan-Sep pork production was 19.285 billion pounds, 497 million pounds or 2.6% higher than the previous year. Exports during this period were up 243 million pounds while imports were down about 24 million, which means a less than 2% increase in the supply of pork in the domestic market.

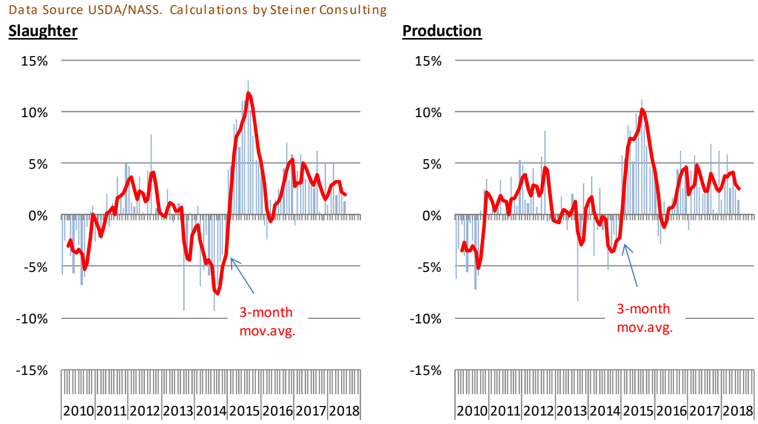
Cattle Slaughter & Beef Production Per Slaughter Day: Y/Y % Change

Data Source USDA/NASS. Calculations by Steiner Consulting



Hog Slaughter & Pork Production Per Slaughter Day: Y/Y % Change

Data Source USDA/NASS. Calculations by Steiner Consulting



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 10/27/2018

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
			27-Oct-18	20-Oct-18		28-Oct-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,982**	**1,949**	1.67%	**1,941**	2.11%	**79,476**	1.7%
	FI Slaughter	Thou. Head	633	625	1.28%	625	1.24%	26,849	2.5%
C	FI Cow Slaughter **	Thou. Head	121	124	-1.84%	118	2.77%	4,832	7.3%
T	Avg. Dressed Weight	Lbs.	831	830	0.12%	830	0.12%	815	0.3%
T	Beef Production	Million Lbs.	524.8	517.9	1.33%	518.0	1.31%	21,873	2.8%
L	Live Fed Steer Price	$ per cwt	111.25	110.05	1.09%	116.98	-4.90%		
E	Dressed Fed Steer Price	$ per cwt	175.06	173.84	0.70%	181.54	-3.57%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	155.14	156.09	-0.61%	153.07	1.35%		
&	Choice Beef Cutout	$ per cwt	211.50	205.74	2.80%	201.05	5.20%		
	Hide/Offal	$ per cwt, live wt	9.02	9.08	-0.66%	10.06	-10.34%		
B	Rib Primal, Choice	$ per cwt	395.29	381.41	3.64%	352.56	12.12%		
E	Round Primal, Choice	$ per cwt	172.84	167.54	3.16%	167.98	2.89%		
E	Chuck Primal, Choice	$ per cwt	168.68	165.39	1.99%	169.62	-0.55%		
F	Trimmings, 50%	$ per cwt	54.65	48.54	12.59%	65.81	-16.96%		
	Trimmings, 90%	$ per cwt	190.16	188.50	0.88%	213.80	-11.06%		
	FI Slaughter	Thou. Head	2,569	2,589	-0.77%	2,515	2.13%	100,899	2.2%
	FI Sow Slaughter **	Thou. Head	60.2	60.9	-1.11%	56.8	5.99%	2,364	2.0%
H	Avg. Dressed Weight	Lbs.	210.0	209.0	0.48%	212.0	-0.94%	211	0.3%
O	Pork Production	Million Lbs.	538.8	541.2	-0.44%	532	1.28%	21,311	2.5%
G	Iowa-S. Minn. Base	Wtd. Avg.	57.60	59.48	-3.16%	65.36	-11.87%		
S	Natl. Base Carcass Price	Wtd. Avg.	63.21	65.31	-3.22%	66.07	-4.33%		
	Natl. Net Carcass Price	Wtd. Avg.	65.42	67.44	-3.00%	68.29	-4.20%		
	Pork Cutout	205 Lbs.	77.51	79.49	-2.49%	76.71	1.04%		
	Ham Primal	$ per cwt	51.71	53.11	-2.64%	69.40	-25.49%		
	Loin Primal	$ per cwt	74.79	77.77	-3.83%	75.75	-1.27%		
	Belly Primal	$ per cwt	139.44	142.23	-1.96%	99.13	40.66%		
	Trimmings, 72%, Fresh	$ per cwt	52.37	59.89	-12.56%	60.03	-12.76%		
	Hog By-Product Value	$ per cwt, live wt	3.70	3.71	-0.27%	3.78	-2.12%		
C	Young Chicken Slaughter *	Million Head	167.9	163.9	2.44%	164.4	2.14%	6,788	-0.1%
H	Avg. Weight (RTC)	Lbs.	4.80	4.76	0.96%	4.70	2.10%	6.19	0.9%
I	Young Chicken Production (RTC)	Million Lbs.	806.5	779.8	3.43%	773.3	4.29%	31,927	0.8%
C	Eggs Set (19-state)	Million	213.7	216.0	-1.07%	216.3	-1.20%	9,499	1.8%
K	Chicks Placed (19-state)	Million Head	172.3	177.3	-2.78%	172.0	0.22%	7,681	1.2%
E	National Composite Whole Bird	Composite	85.35	84.00	1.61%	84.81	0.64%		
	Northeast Breast, B/S	$/cwt	87.97	93.43	-5.84%	113.54	-22.52%		
	Northeast Leg Quarters	$/cwt	30.32	30.27	0.17%	38.98	-22.22%		
T	Total Turkey Slaughter *	Million Head	4.780	4.477	6.77%	4.811	-0.64%	173.832	-0.4%
U	Avg. Weight (RTC)	Lbs.	23.42	24.69	-5.16%	24.48	-4.33%	31.22	#DIV/0!
R	Turkey Production (RTC)	Million Lbs.	111.9	110.5	1.26%	117.8	-4.95%	4,365	-1.2%
K	National Hen (8-12 lb)	8-16 Lbs.	84.00	79.33	5.89%	93.64	-10.29%		
G	Corn, Omaha	$ per Bushel	3.31	3.31	0.00%	3.16	4.75%		
R	Distillers Grain, Chicago	$ per Ton	145.00	150.00	-3.33%	117.50	23.40%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.00	5.16	-3.10%	3.57	40.06%		
I	Soybeans, Cntrl IL	$ per Bushel	7.95	8.21	-3.17%	9.46	-15.96%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	307.80	321.80	-4.35%	308.60	-0.26%		

* 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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