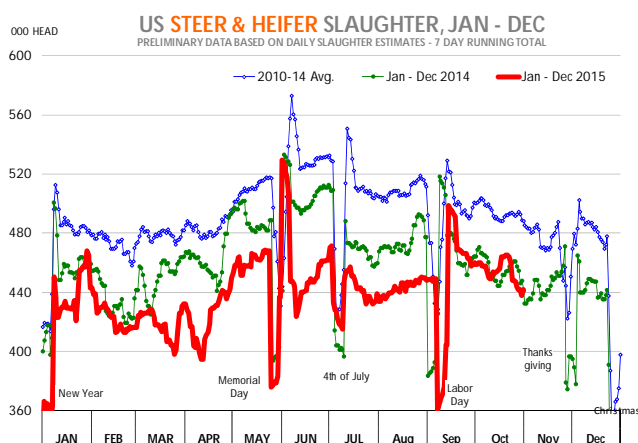
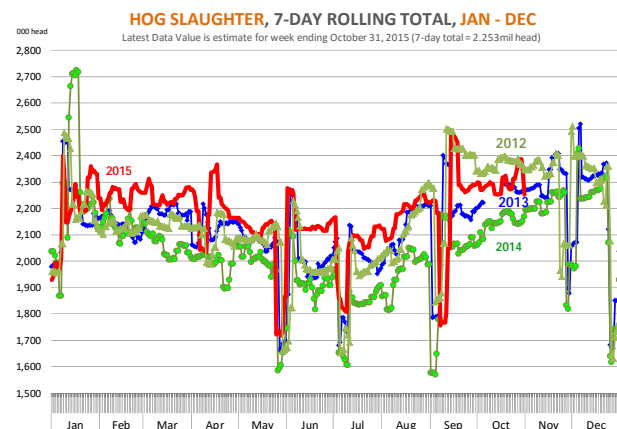
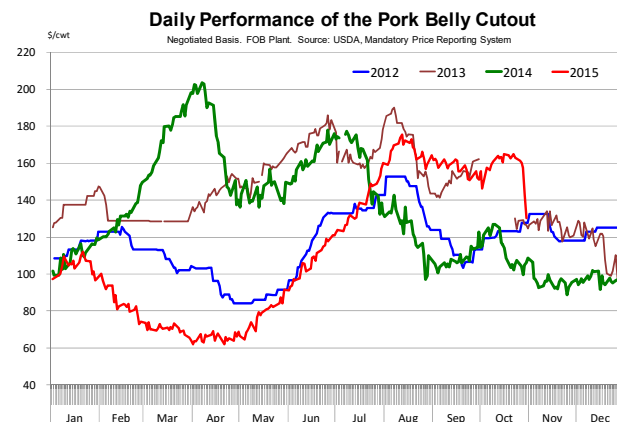


**Hog slaughter last week was lower than expected and there will likely be some debate as to what is driving the recent pullback, and what implications it has for pork and hog prices.** At the start of last week, we expected weekly hog slaughter to be close to 2.35 million head. The expectation was that packers would run full daily slaughter of around 435,000 head per day Mon-Thu, 429,000 on Friday and then a Saturday slaughter of around 190,000. That projection, however, did not pan out, in part we think because the bottom appears to be falling out for the pork belly market. In our report last Wednesday we showed a chart that illustrated the significant support that the overall cutout had received thanks to very firm belly prices. On Monday of last week, the pork belly primal was priced at \$161.43/cwt, 55% higher than a year ago. The belly primal price on Friday was quoted at \$130.31/cwt, a 19% drop in a matter of days. One can argue that belly prices were simply too high for this time of year and it was a matter of time before they corrected. However, the question is whether this simply reflects the effect of a long due seasonal supply adjustment or if this means a material erosion in pork belly demand. It is curious that the decline in pork belly prices came almost immediately after the release of the WHO report but at this point we have no particular insight that this is a reason for the decline in bacon raw material prices. It could simply be an unfortunate coincidence. More likely we think this has to do with foodservice operators adjusting their quantity demanded as their contracted supply reset. The seasonal tendency is for pork bellies to be steady to weaker through the remainder of the year. If this is the case, we could see further weakness in this market. Adding to the weakness in bellies, the price of hams also remains particularly weak. As we have noted before, it is not unusual for hams to lose ground in late October and early November. This may appear somewhat strange given the upcoming Thanksgiving and Christmas holidays. However, the weakness has more to do with processor demand and how quickly they are able to put up the inventory needed for the holidays. At this point lean hog futures appear to have priced a much lower pork cutout for late November and early December. In the short term, however, market participants will likely remain focused on the cash market and particularly on hog carcass weights to gauge if producers start to fall behind in their marketings.

**Total cattle slaughter for week ending October 31 was 553,000 head, about 3000 head smaller than the previous week and also very close to year ago levels.** We estimate fed cattle slaughter for the week was 442,000 head, 2.2% higher than the same period a year ago. Cow and bull slaughter on the other hand at 111,000 head was estimated at 8.9% lower than last year. The choice beef cutout continued to gain ground last week, up 1.5% from the week prior but still about 13% lower than a year ago. The gains were primarily driven by middle meats, with the rib primal up 6.7% compared to a week ago. On the other hand, lean beef prices remain weak, as evidenced by the steady erosion in lean beef prices (down 2.3%).



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# Daily Livestock Report

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## PRODUCTION & PRICE SUMMARY

Week Ending **10/31/2015**

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
		31-Oct-15	24-Oct-15		1-Nov-14			
<b>Total Beef, Pork, Chicken, Turkey</b>	<b>mil lbs., cwe</b>	<b>1,828</b>	<b>1,841</b>	<b>-0.72%</b>	<b>1,784</b>	<b>2.46%</b>	<b>74,454</b>	<b>3.3%</b>
<b>C</b> FI Slaughter	Thou. Head	553	556	-0.54%	555	-0.27%	23,620	-5.8%
<b>C</b> FI Cow Slaughter **	Thou. Head	101	102	-0.89%	102	-0.68%	4,029	-7.0%
<b>T</b> Avg. Dressed Weight	Lbs.	852	850	0.24%	828	2.90%	824	2.6%
<b>T</b> Beef Production	Million Lbs.	470.1	471.4	-0.28%	457.6	2.73%	19,463	-3.4%
<b>L</b> Live Fed Steer Price	\$ per cwt	136.77	135.38	1.03%	167.46	-18.33%		
<b>E</b> Dressed Fed Steer Price	\$ per cwt	209.79	208.49	0.62%	263.23	-20.30%		
<b>O</b> Oklahoma Steer (600-700 lbs)	\$ per cwt	199.62	201.55	-0.96%	245.92	-18.83%		
<b>&amp;</b> Choice Beef Cutout	\$ per cwt	219.22	216.03	1.48%	251.79	-12.94%		
<b>H</b> Hide/Offal	\$ per cwt, live wt	10.93	11.11	-1.62%	16.36	-33.19%		
<b>B</b> Rib Primal, Choice	\$ per cwt	346.61	324.98	6.66%	358.60	-3.34%		
<b>E</b> Round Primal, Choice	\$ per cwt	192.35	193.09	-0.38%	235.17	-18.21%		
<b>E</b> Chuck Primal, Choice	\$ per cwt	185.17	183.69	0.81%	231.00	-19.84%		
<b>F</b> Trimmings, 50%	\$ per cwt	64.16	61.37	4.55%	119.01	-46.09%		
<b>F</b> Trimmings, 90%	\$ per cwt	223.69	228.84	-2.25%	296.05	-24.44%		
<b>H</b> FI Slaughter	Thou. Head	2,253	2,312	-2.55%	2,194	2.67%	94,618	8.0%
<b>H</b> FI Sow Slaughter **	Thou. Head	54.9	56.1	-2.19%	54.8	0.20%	2,263	2.2%
<b>H</b> Avg. Dressed Weight	Lbs.	211.0	211.0	0.00%	215.0	-1.86%	212	-0.7%
<b>O</b> Pork Production	Million Lbs.	475.4	486.4	-2.26%	471.7	0.78%	20,081	7.2%
<b>G</b> Iowa-S. Minn. Direct	Wtd. Avg.	65.11	70.07	-7.08%	87.05	-25.20%		
<b>S</b> Natl. Base Carcass Price	Wtd. Avg.	69.86	71.69	-2.55%	90.55	-22.85%		
<b>S</b> Natl. Net Carcass Price	Wtd. Avg.	71.87	73.76	-2.56%	92.29	-22.13%		
<b>S</b> Pork Cutout	205 Lbs.	82.55	88.22	-6.43%	98.51	-16.20%		
<b>S</b> Ham Primal	\$ per cwt	57.45	68.89	-16.61%	92.66	-38.00%		
<b>S</b> Loin Primal	\$ per cwt	84.15	87.50	-3.83%	105.41	-20.17%		
<b>S</b> Belly Primal	\$ per cwt	150.43	163.80	-8.16%	104.69	43.69%		
<b>S</b> Trimmings, 72%, Fresh	\$ per cwt	58.21	59.95	-2.90%	85.52	-31.93%		
<b>C</b> Young Chicken Slaughter *	Million Head	162.5	162.9	-0.26%	158.0	2.89%	6,645	2.5%
<b>H</b> Avg. Weight (RTC)	Lbs.	4.69	4.73	-0.96%	4.64	1.15%	6.08	3.9%
<b>I</b> Young Chicken Production (RTC)	Million Lbs.	762.1	771.5	-1.22%	732.3	4.07%	30,711	6.5%
<b>C</b> Eggs Set (19-state)	Million	196.6	192.0	2.43%	198.6	-0.97%	8,636	1.1%
<b>K</b> Chicks Placed (19-state)	Million Head	158.5	164.1	-3.41%	159.5	-0.63%	7,117	1.9%
<b>E</b> National Composite Whole Bird	Composite	73.09	73.89	-1.08%	103.73	-29.54%		
<b>N</b> Georgia Dock Broiler Price	2.5-3 Lbs.	113.7	112.55	1.02%	112.78	0.82%		
<b>N</b> Northeast Breast, B/S	\$/cwt	107.96	106.61	1.27%	149.39	-27.73%		
<b>N</b> Northeast Leg Quarters	\$/cwt	27.72	23.54	17.76%	45.78	-39.45%		
<b>T</b> Total Turkey Slaughter *	Million Head	5.053	4.672	8.15%	5.2	-2.83%	172,431	-3.5%
<b>U</b> Avg. Weight (RTC)	Lbs.	23.74	23.85	-0.48%	23.47	1.14%	30.25	-1.5%
<b>R</b> Turkey Production (RTC)	Million Lbs.	120.0	111.4	7.63%	122.1	-1.72%	4,199	-4.3%
<b>K</b> National Hen (8-12 lb)	8-16 Lbs.	138.50	136.96	1.12%	118.71	16.67%		
<b>G</b> Corn, Omaha	\$ per Bushel	3.54	3.48	1.72%	3.31	6.95%		
<b>R</b> Distillers Grain, Chicago	\$ per Ton	130.00	122.50	6.12%	105.00	23.81%		
<b>A</b> Wheat, Kansas City (deliv.)	\$ per Bushel	4.49	4.31	4.18%	5.87	-23.51%		
<b>I</b> Soybeans, Cntrl IL	\$ per Bushel	8.86	9.04	-1.99%	10.19	-13.05%		
<b>N</b> Soybn Meal 48%, Cntrl IL	\$ per Ton	318.10	326.80	-2.66%	433.00	-26.54%		

\* 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 due to reporting lag.

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