Daily Livestock Report

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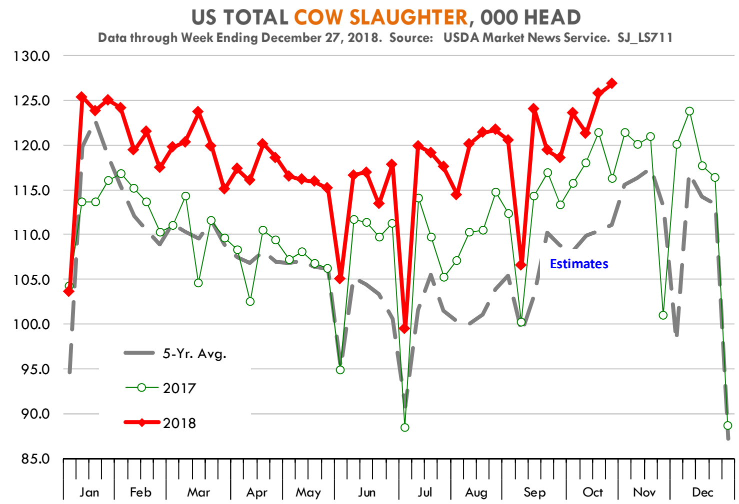
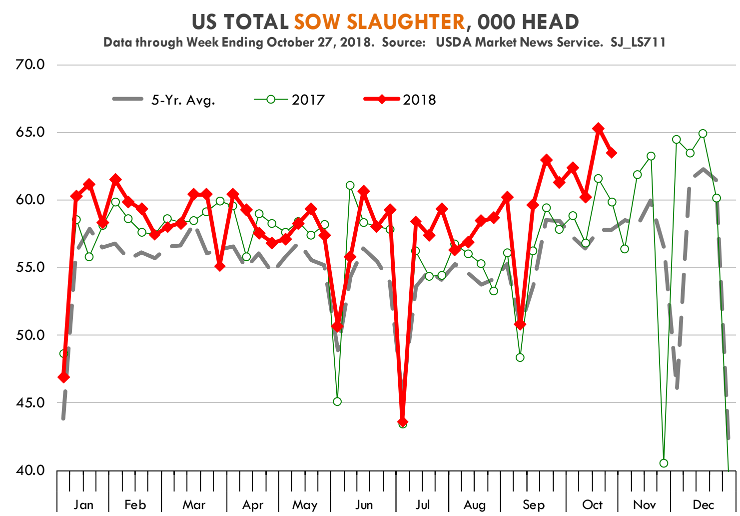
Cow slaughter seasonally increases in Q4 as producers send more cull cows to market ahead of winter. **The latest data available is for week ending October 27 and it shows total cow slaughter was 126,840 head, 9.1% higher than a year ago and now 3.8% higher than the five year average**. Beef cow slaughter has been running well above year ago levels for much of this year but the deterioration in dairy prices has pushed more dairy cows to market recently, further bolstering the supply of lean grinding beef available. For the latest available week dairy cow slaughter was 63,656 head, 11.6% higher than a year ago and 11.2% higher than the five year average . In the last four weeks dairy cow slaughter has been running 5.5% above year ago levels. **Poor margins are forcing small dairy producers to liquidate their herds**, something that was hard to envision back in May when milk and cheese prices were surging higher. Since then the average price of cheese barrels is down almost 20% and the average price of cheese blocks is down 14%. Butter prices have also struggled to gain their seasonal traction at this time of year and they are down 7% compared to early May but still slightly above year ago levels. With more supply coming to market the value of lean grinding beef has come under some pressure. Domestic lean beef prices were well supported through the spring and summer due to robust ground beef demand from retail and foodservice operators. However, retail ground beef demand loses some of its luster during this time of year when the retail meat case fills up with holiday items. Foodservice business also tends to be inconsistent due to weather. One indication of the shift in the grinding beef complex is the volume of 90CL beef traded in the spot market. During June, July and August the volume of negotiated loads was some 30-35% lower than in 2017 and 2016. In the last two weeks the volume traded is now higher than during those two years. USDA quoted the price of 90CL beef last week about 12% under year ago levels.

**Sow slaughter has also been higher in recent weeks but not to the level that would suggest liquidation is taking place**. Given the sheer volume of pork relative to the supply of sow meat, the increase mean little for overall pork production in the country. However, it does impact the breeding herd inventory levels that we should expect to see in the next USDA inventory count. For the week ending October 27 US sow slaughter was estimated at 62.2 million head, 3.8% higher than a year ago. In the last four weeks sow slaughter has averaged 2.7% higher than last year. The numbers are still not large enough to suggest significant liquidation. After all, the breeding herd on September 1 was estimated 3.5% higher than a year ago and a larger herd means more cull sows available for slaughter. What is always a big unknown going into the report is the pace of gilt retention. Producer profits have been extremely volatile and they are once again negative, not unusual for this time of year. But feed costs are low and hog prices for next year still offer profits despite several years of expansion. The hog cycle is not dead but, for now, it may be too early to call a peak for the hog breeding herd.



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## PRODUCTION & WKLY AVG. PRICE SUMMARY

**Week Ending 11/10/2018**

*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 |
|---|---|---|---|---|---|---|---|---|---|
| | | | 10-Nov-18 | 3-Nov-18 | | 11-Nov-17 | | | |
| | **Total Beef, Pork, Chicken, Turkey** | **mil lbs., cwe** | **1,975** | **1,976** | -0.08% | **1,949** | 1.31% | **83,432** | 1.7% |
| | FI Slaughter | Thou. Head | 640 | 643 | -0.47% | 624 | 2.64% | 28,141 | 2.5% |
| C | FI Cow Slaughter ** | Thou. Head | 127 | 126 | 0.89% | 116 | 9.12% | 5,085 | 7.2% |
| T | Avg. Dressed Weight | Lbs. | 824 | 827 | -0.36% | 830 | -0.72% | 815 | 0.2% |
| T | Beef Production | Million Lbs. | 526.4 | 530.6 | -0.79% | 516.6 | 1.90% | 22,925 | 2.7% |
| L | Live Fed Steer Price | $ per cwt | 112.45 | 114.95 | -2.17% | 122.71 | -8.36% | | |
| E | Dressed Fed Steer Price | $ per cwt | 179.58 | 180.27 | -0.38% | 191.62 | -6.28% | | |
| | Oklahoma Steer (600-700 lbs) | $ per cwt | 150.60 | 145.18 | 3.73% | 168.91 | -10.84% | | |
| & | Choice Beef Cutout | $ per cwt | 217.37 | 216.67 | 0.32% | 212.59 | 2.25% | | |
| | Hide/Offal | $ per cwt, live wt | 9.12 | 9.05 | 0.77% | 10.13 | -9.97% | | |
| B | Rib Primal, Choice | $ per cwt | 405.94 | 403.11 | 0.70% | 377.85 | 7.43% | | |
| E | Round Primal, Choice | $ per cwt | 175.77 | 177.49 | -0.97% | 177.32 | -0.87% | | |
| E | Chuck Primal, Choice | $ per cwt | 173.10 | 172.24 | 0.50% | 175.14 | -1.16% | | |
| F | Trimmings, 50% | $ per cwt | 69.13 | 64.66 | 6.91% | 70.05 | -1.31% | | |
| | Trimmings, 90% | $ per cwt | 189.45 | 188.80 | 0.34% | 213.98 | -11.46% | | |
| | FI Slaughter | Thou. Head | 2,589 | 2,586 | 0.12% | 2,492 | 3.88% | 106,078 | 2.4% |
| | FI Sow Slaughter ** | Thou. Head | 62.2 | 60.1 | 3.46% | 59.9 | 3.84% | 2,486 | 1.9% |
| H | Avg. Dressed Weight | Lbs. | 211.0 | 210.0 | 0.48% | 213.0 | -0.94% | 211 | 0.3% |
| O | Pork Production | Million Lbs. | 545.7 | 543.6 | 0.39% | 529.9 | 2.98% | 22,410 | 2.7% |
| G | Iowa-S. Minn. Base | Wtd. Avg. | 55.68 | 58.49 | -4.80% | 60.38 | -7.78% | | |
| S | Natl. Base Carcass Price | Wtd. Avg. | 61.80 | 62.56 | -1.21% | 65.92 | -6.25% | | |
| | Natl. Net Carcass Price | Wtd. Avg. | 63.79 | 64.61 | -1.27% | 68.01 | -6.20% | | |
| | Pork Cutout | 205 Lbs. | 72.71 | 76.34 | -4.76% | 81.04 | -10.28% | | |
| | Ham Primal | $ per cwt | 50.49 | 51.42 | -1.81% | 70.86 | -28.75% | | |
| | Loin Primal | $ per cwt | 69.44 | 73.23 | -5.18% | 73.76 | -5.86% | | |
| | Belly Primal | $ per cwt | 122.74 | 134.77 | -8.93% | 118.97 | 3.17% | | |
| | Trimmings, 72%, Fresh | $ per cwt | 45.83 | 48.35 | -5.21% | 61.83 | -25.88% | | |
| | Hog By-Product Value | $ per cwt, live wt | 3.63 | 3.66 | -0.82% | 3.84 | -5.47% | | |
| C | Young Chicken Slaughter * | Million Head | 164.5 | 164.2 | 0.15% | 165.4 | -0.55% | 7,117 | -0.1% |
| H | Avg. Weight (RTC) | Lbs. | 4.76 | 4.75 | 0.16% | 4.72 | 0.81% | 6.19 | 0.9% |
| I | Young Chicken Production (RTC) | Million Lbs. | 782.4 | 780.0 | 0.31% | 780.5 | 0.25% | 33,490 | 0.7% |
| C | Eggs Set (19-state) | Million | 215.5 | 219.0 | -1.59% | 214.9 | 0.25% | 9,933 | 1.7% |
| K | Chicks Placed (19-state) | Million Head | 173.8 | 174.0 | -0.10% | 175.0 | -0.70% | 8,028 | 1.1% |
| E | National Composite Whole Bird | Composite | 85.74 | 84.67 | 1.26% | 86.12 | -0.44% | | |
| | Northeast Breast, B/S | $/cwt | 86.59 | 86.9 | -0.36% | 105.74 | -18.11% | | |
| | Northeast Leg Quarters | $/cwt | 27.66 | 28.84 | -4.09% | 38.12 | -27.44% | | |
| T | Total Turkey Slaughter * | Million Head | 5.182 | 5.153 | 0.56% | 5.281 | -1.87% | 184.167 | -0.3% |
| U | Avg. Weight (RTC) | Lbs. | 23.16 | 23.65 | -2.06% | 23.10 | 0.27% | 31.13 | -0.9% |
| R | Turkey Production (RTC) | Million Lbs. | 120.0 | 121.9 | -1.51% | 122.0 | -1.61% | 4,607 | -1.0% |
| K | National Hen (8-12 lb) | 8-16 Lbs. | 80.45 | 79.64 | 1.02% | 83.08 | -3.17% | | |
| G | Corn, Omaha | $ per Bushel | 3.53 | 3.38 | 4.44% | 3.04 | 16.12% | | |
| R | Distillers Grain, Chicago | $ per Ton | 145.00 | 150.00 | -3.33% | 120.00 | 20.83% | | |
| A | Wheat, Kansas City (deliv.) | $ per Bushel | 4.98 | 5.14 | -3.11% | 3.79 | 31.40% | | |
| I | Soybeans, Cntrl IL | $ per Bushel | 8.42 | 8.28 | 1.69% | 9.67 | -12.93% | | |
| N | Soybn Meal 48%, Cntrl IL | $ per Ton | 309.10 | 316.40 | -2.31% | 307.00 | 0.68% | | |

* 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.