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Clarification: We had some feedback from readers last week concerning the summary of projections for beef and pork supplies/prices in 2018. We want to stress that those projections are from USDA, they do not reflect our personal opinions on this topic. The monthly WASDE report is widely read by industry and market participants and thus we think it is useful to recognize expectations for next year and observe how those expectations shift as more information becomes available over time. Given that we see the DLR as a public forum, we plan to continue to provide data and information that is publicly available and easily verifiable. https://www.usda.gov/oce/commodity/wasde/

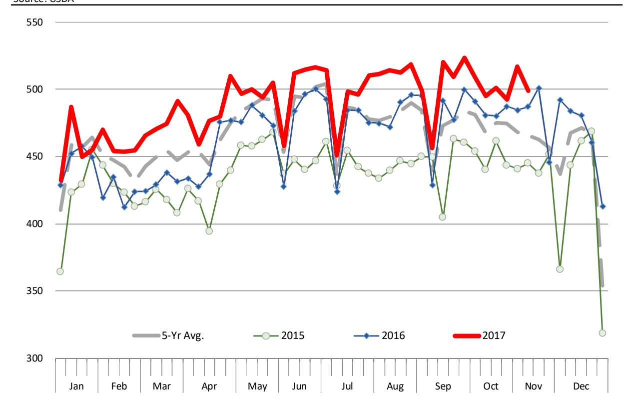
Supply summary for the week:

Cattle slaughter slowed down last week but it remains above year ago levels. Preliminary data from USDA indicates that fed cattle slaughter was just under 500,000 head, 2.5% higher than a year ago. In the previous four weeks fed cattle slaughter averaged 3.7% above year ago levels. Higher front end supplies are expect to maintain fed cattle slaughter above year ago through the end of the year and in 2018. The recent increase in the price of fed cattle likely encouraged feedlots to slow down the pace of marketings in order to put more meat on the carcass. However, **fed cattle futures declined as much as 5% last week and they are down again as we write this report**. This may change how feedlots approach their marketings towards the end of the year. There is little to indicate that the seasonal demand for beef going into the holiday has changed. The price of ribs continues to track higher and the spread between choice/select is seasonally increasing. Last year the spread of choice/select beef for Q4 peaked at around $17/cwt. On Friday USDA quoted the value of the choice cutout at $213.85 vs. $194.51 for select, a spread of over $19/cwt. But before we make too much from this keep in mind that choice beef far outperformed select during Apr-Jun, when the spread was over $30/cwt, about $5 higher than the previous year and double the five year average. US beef demand has improved overall, especially demand for high quality beef. This becomes most apparent during key holiday periods when retailers and foodservice operators have to compete fiercely. The choice/spread collapsed after holiday needs were filled and approached zero in early September. We suspect a similar pattern will play out in Jan/Feb.

Hog slaughter continues to underperform vs. supply projections from the September inventory report. USDA reported preliminary hog slaughter last week at 2.495 million head, 1.5% above last year but well short of the 3.5% suggested by the inventory survey. In the last six weeks hog slaughter has averaged 2.2% above year ago levels, more than a full percentage point less than expectations. It could be that the survey told us there were more hogs on teh ground than there really were but it could also be that the margin squeeze has caused packers to slow down the kill (see Saturday hog slaughter chart), backing up hogs at the farm. Average weight of producer owned barrows and gilts has been steadily increasing and it is now as much as 2 pounds heavier than a year ago. The recent slowdown has put pressure on cash hog prices while at the same time bolstering the pork cutout. The result is better packer margins.

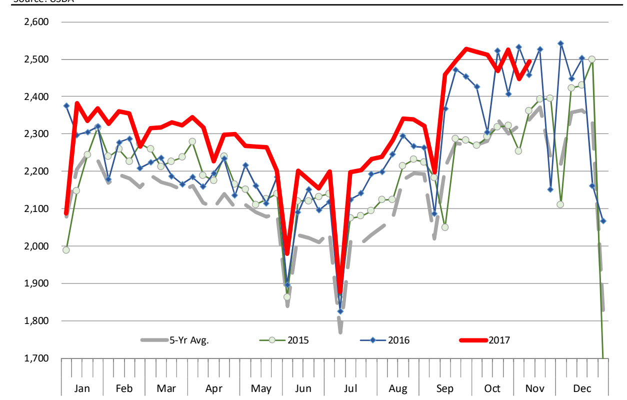
WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA



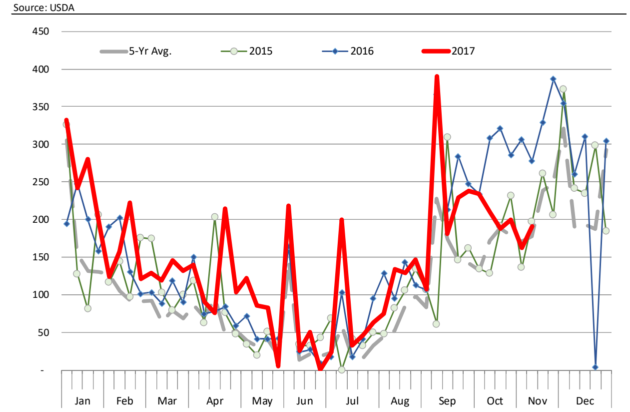
WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA



SATURDAY HOG SLAUGHTER. '000 HEAD

Source: USDA



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PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 11/11/2017

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
			11-Nov-17	4-Nov-17		12-Nov-16			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,943**	**1,936**	0.34%	**1,908**	1.84%	**82,034**	2.2%
	FI Slaughter	Thou. Head	623	642	-2.96%	613	1.58%	27,461	5.6%
C	FI Cow Slaughter **	Thou. Head	116	121	-4.27%	116	-0.05%	4,741	5.1%
T	Avg. Dressed Weight	Lbs.	827	825	0.24%	843	-1.90%	813	-1.6%
T	Beef Production	Million Lbs.	513.9	528.5	-2.76%	516.9	-0.58%	22,313	3.9%
L	Live Fed Steer Price	$ per cwt	123.05	123.53	-0.39%	103.70	18.66%		
E	Dressed Fed Steer Price	$ per cwt	192.06	191.99	0.04%	162.15	18.45%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	168.91	165.32	2.17%	124.66	35.50%		
&	Choice Beef Cutout	$ per cwt	212.59	206.83	2.78%	185.47	14.62%		
	Hide/Offal	$ per cwt, live wt	10.13	10.05	0.80%	11.86	-14.59%		
B	Rib Primal, Choice	$ per cwt	377.85	371.37	1.74%	346.26	9.12%		
E	Round Primal, Choice	$ per cwt	177.32	170.19	4.19%	152.06	16.61%		
E	Chuck Primal, Choice	$ per cwt	175.14	173.28	1.07%	158.03	10.83%		
F	Trimmings, 50%	$ per cwt	70.05	73.64	-4.88%	52.25	34.07%		
	Trimmings, 90%	$ per cwt	213.98	213.28	0.33%	195.17	9.64%		
	FI Slaughter	Thou. Head	2,495	2,447	1.96%	2,458	1.52%	103,643	2.7%
	FI Sow Slaughter **	Thou. Head	59.9	61.6	-2.76%	60.5	-1.03%	2,438	0.7%
H	Avg. Dressed Weight	Lbs.	211.0	211.0	0.00%	212.0	-0.47%	211	-0.3%
O	Pork Production	Million Lbs.	526.5	515.3	2.17%	520.7	1.11%	21,824	2.4%
G	Iowa-S. Minn. Base	Wtd. Avg.	60.47	63.95	-5.44%	41.78	44.73%		
S	Natl. Base Carcass Price	Wtd. Avg.	66.30	66.96	-0.99%	49.93	32.79%		
	Natl. Net Carcass Price	Wtd. Avg.	68.36	69.09	-1.06%	52.11	31.18%		
	Pork Cutout	205 Lbs.	81.04	78.92	2.69%	74.27	9.12%		
	Ham Primal	$ per cwt	70.86	70.48	0.54%	68.33	3.70%		
	Loin Primal	$ per cwt	73.76	74.94	-1.57%	67.78	8.82%		
	Belly Primal	$ per cwt	118.97	107.72	10.44%	108.12	10.04%		
	Trimmings, 72%, Fresh	$ per cwt	61.83	60.55	2.11%	45.36	36.31%		
	Hog By-Product Value	$ per cwt, live wt	3.84	3.85	-0.26%	3.76	2.13%		
C	Young Chicken Slaughter *	Million Head	165.4	164.3	0.65%	159.6	3.62%	7,126	1.3%
H	Avg. Weight (RTC)	Lbs.	4.72	4.73	-0.32%	4.67	0.98%	6.14	0.0%
I	Young Chicken Production (RTC)	Million Lbs.	780.5	778.0	0.32%	745.9	4.63%	33,242	1.3%
C	Eggs Set (19-state)	Million	0.0	211.2	NA	204.1	NA	9,155	0.4%
K	Chicks Placed (19-state)	Million Head	0.0	167.4	NA	164.5	NA	7,459	-0.5%
E	National Composite Whole Bird	Composite	86.12	86.35	-0.27%	78.08	10.30%		
	Northeast Breast, B/S	$/cwt	105.74	108.73	-2.75%	101.26	4.42%		
	Northeast Leg Quarters	$/cwt	38.12	38.21	-0.24%	32.43	17.55%		
T	Total Turkey Slaughter *	Million Head	5.281	4.886	8.08%	5.426	-2.67%	184.771	-1.6%
U	Avg. Weight (RTC)	Lbs.	23.10	23.44	-1.44%	22.91	0.82%	31.40	2.2%
R	Turkey Production (RTC)	Million Lbs.	122.0	114.5	6.53%	124.3	-1.88%	4,655	0.3%
K	National Hen (8-12 lb)	8-16 Lbs.	83.08	88.35	-5.96%	123.83	-32.91%		
G	Corn, Omaha	$ per Bushel	3.04	3.16	-3.80%	2.96	2.70%		
R	Distillers Grain, Chicago	$ per Ton	120.00	120.00	0.00%	115.00	4.35%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	3.79	3.69	2.71%	3.26	16.26%		
I	Soybeans, Cntrl IL	$ per Bushel	9.67	9.71	-0.41%	9.86	-1.93%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	307.00	313.90	-2.20%	320.40	-4.18%		

* 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.