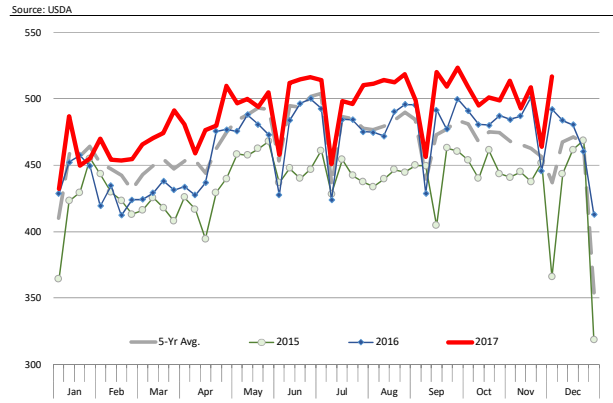


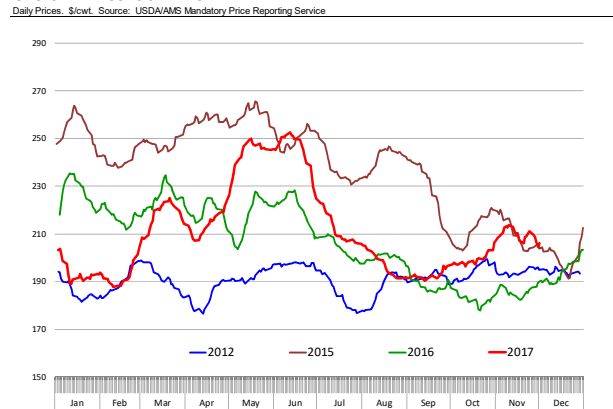
**Despite deteriorating margins, beef packers were quite aggressive in purchasing/slaughtering cattle last week.** Demand for beef ribs normally peaks in early December and it appears that packers still have a few orders to fill for the holidays. Fed cattle slaughter for the week was estimated at 517,000 head, 5.1% higher than a year ago. In the last five years the average fed slaughter for this time of year has been 437,000 head. At this point this is still just an estimate but, if correct, it would be the third largest slaughter week for the year. Fed cattle slaughter declines at the end of the year due to holiday shortened weeks. The combination of lower slaughter and strong retail demand for end cuts for post holiday business normally supports the cutout late in the year and in early January. The debate among market participants at this point is about the level of retail demand after the holidays are done. There are conflicting signs in that regard. Forward sales have been trending lower in recent weeks. And prices/supplies of competing meats point to very strong competition in the retail meat case. However, all year long we have seen beef demand defy expectations. The economy is in good shape, unemployment is low and the consumer appears willing and able to pay for beef. At this point futures market participants look to be cutting back some of their bullish bets until they get a better sense as to how demand will play out in January. Last year the beef cutout came under pressure early in the year, providing an opportunity for retailers and foodservice operators to plan large beef features before Easter and then again for Memorial Day. Steer weights are currently well under year ago levels and the high marketing rate should keep weights below year ago levels into Q1. Lighter weights will tend to offset the larger number of cattle that is currently coming to slaughter as well.

**Hog slaughter improved towards the end of the week and Saturday slaughter was a bit higher than we were projecting.** Still, at 2.535 million head, hog slaughter for the week was 0.3% lower than the previous year. In **the last four weeks hog slaughter has averaged 0.2% under year ago compared to a 1.8% increase implied by the September 'Hogs and Pigs' report.** Ham demand normally helps carry the carcass during this time of year and packers will slaughter quite aggressively in order to fill holiday needs. As we mentioned in our discussion yesterday, it is worrying that the ham primal currently is 17% less than it was a year ago. The big difference this year from last has been the value of pork bellies. The pork belly primal value on Friday was near \$145/cwt compared to \$90/cwt in early October. The gain in the belly primal alone has added \$7.5/cwt to the value of the cutout. But bellies all this year have exhibited extreme volatility, depending largely on the timing of retail promotions. This adds to the risk to the cutout going into January. Retail bacon prices have declined about 20% in the last few weeks, reflecting the decline in wholesale prices back in October. But now that wholesale prices are up, it is only a matter of time before retailers put an end to bacon feature, which would be a reverse dynamic than we saw last year.

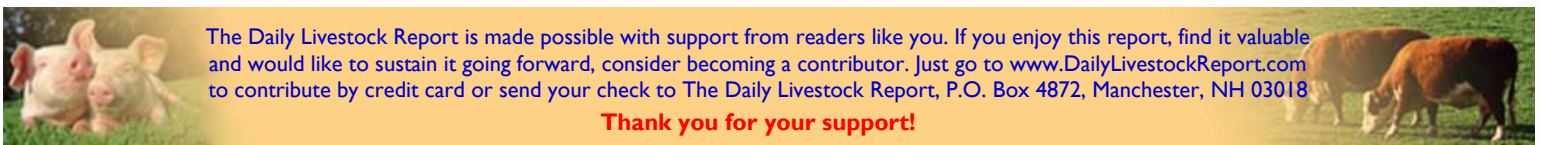
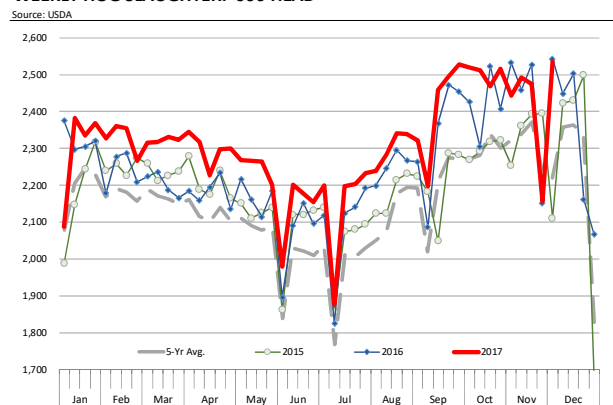
## WEEKLY STEER AND HEIFER SLAUGHTER, '000 HEAD



## CHOICE BEEF CUTOUT VALUE



## WEEKLY HOG SLAUGHTER, '000 HEAD



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# Daily Livestock Report

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Vol. 15, No. 237 / December 1, 2017

## PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **12/2/2017**

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
		2-Dec-17	25-Nov-17		3-Dec-16			
<b>Total Beef, Pork, Chicken, Turkey</b>	<b>mil lbs., cwe</b>	<b>1,732</b>	<b>1,807</b>	<b>-4.11%</b>	<b>1,703</b>	<b>1.74%</b>	<b>87,529</b>	<b>2.1%</b>
<b>C</b> FI Slaughter	Thou. Head	649	572	13.46%	616	5.31%	29,327	5.5%
<b>C</b> FI Cow Slaughter **	Thou. Head	121	120	0.70%	118	2.93%	5,104	4.9%
<b>T</b> Avg. Dressed Weight	Lbs.	829	830	-0.12%	843	-1.66%	814	-1.5%
<b>T</b> Beef Production	Million Lbs.	537.2	473.7	13.41%	518.6	3.59%	23,863	3.8%
<b>L</b> Live Fed Steer Price	\$ per cwt	120.68	118.97	1.44%	114.03	5.83%		
<b>E</b> Dressed Fed Steer Price	\$ per cwt	190.05	189.09	0.51%	174.85	8.69%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	161.19	156.79	2.81%	136.63	17.98%		
<b>&amp;</b> Choice Beef Cutout	\$ per cwt	207.08	208.70	-0.78%	189.55	9.25%		
Hide/Offal	\$ per cwt, live wt	10.64	10.53	1.04%	11.77	-9.60%		
<b>B</b> Rib Primal, Choice	\$ per cwt	392.12	385.23	1.79%	381.79	2.71%		
<b>E</b> Round Primal, Choice	\$ per cwt	166.65	170.31	-2.15%	154.28	8.02%		
<b>E</b> Chuck Primal, Choice	\$ per cwt	163.24	165.72	-1.50%	151.12	8.02%		
<b>F</b> Trimmings, 50%	\$ per cwt	65.33	67.69	-3.49%	45.89	42.36%		
Trimmings, 90%	\$ per cwt	211.81	211.56	0.12%	190.93	10.94%		
<b>FI</b> Slaughter	Thou. Head	2,535	2,157	17.52%	2,542	-0.29%	110,803	2.4%
<b>FI</b> Sow Slaughter **	Thou. Head	63.3	61.8	2.28%	61.0	3.70%	2,620	0.7%
<b>H</b> Avg. Dressed Weight	Lbs.	213.0	212.0	0.47%	212.0	0.47%	211	-0.2%
<b>O</b> Pork Production	Million Lbs.	538.5	457.2	17.78%	539.6	-0.20%	23,353	2.2%
<b>G</b> Iowa-S. Minn. Base	Wtd. Avg.	58.71	56.81	3.34%	45.51	29.00%		
<b>S</b> Natl. Base Carcass Price	Wtd. Avg.	62.61	62.84	-0.37%	50.42	24.18%		
Natl. Net Carcass Price	Wtd. Avg.	64.52	64.75	-0.36%	52.52	22.85%		
Pork Cutout	205 Lbs.	83.00	81.86	1.39%	73.92	12.28%		
Ham Primal	\$ per cwt	63.81	62.69	1.79%	76.47	-16.56%		
Loin Primal	\$ per cwt	72.33	72.24	0.12%	65.52	10.39%		
Belly Primal	\$ per cwt	143.18	138.96	3.04%	98.18	45.83%		
Trimmings, 72%, Fresh	\$ per cwt	64.52	63.07	2.30%	46.90	37.57%		
Hog By-Product Value	\$ per cwt, live wt	3.88	3.96	-2.02%	3.77	2.92%		
<b>C</b> Young Chicken Slaughter *	Million Head	125.5	162.1	-22.57%	122.7	2.23%	7,578	1.3%
<b>H</b> Avg. Weight (RTC)	Lbs.	4.68	4.71	-0.65%	4.71	-0.65%	6.14	-0.1%
<b>I</b> Young Chicken Production (RTC)	Million Lbs.	587.5	763.6	-23.07%	578.4	1.58%	35,358	1.3%
<b>C</b> Eggs Set (19-state)	Million	215.0	217.2	-0.99%	211.0	1.89%	10,005	2.6%
<b>K</b> Chicks Placed (19-state)	Million Head	167.8	170.7	-1.75%	168.2	-0.25%	8,133	1.7%
<b>E</b> National Composite Whole Bird	Composite	85.90	86.13	-0.27%	84.03	2.23%		
Northeast Breast, B/S	\$/cwt	100.49	102.05	-1.53%	96.95	3.65%		
Northeast Leg Quarters	\$/cwt	37.38	36.93	1.22%	34.27	9.07%		
<b>T</b> Total Turkey Slaughter *	Million Head	2.673	4.497	-40.56%	2.616	2.18%	197,200	-1.6%
<b>U</b> Avg. Weight (RTC)	Lbs.	25.87	24.93	3.77%	25.28	2.33%	31.34	2.1%
<b>R</b> Turkey Production (RTC)	Million Lbs.	69.1	112.1	-38.32%	66.1	4.56%	4,956	0.2%
<b>K</b> National Hen (8-12 lb)	8-16 Lbs.	84.69	87.30	-2.99%	110.01	-23.02%		
<b>G</b> Corn, Omaha	\$ per Bushel	3.17	3.20	-0.94%	3.22	-1.55%		
<b>R</b> Distillers Grain, Chicago	\$ per Ton	122.50	122.50	0.00%	112.50	8.89%		
<b>A</b> Wheat, Kansas City (deliv.)	\$ per Bushel	4.01	3.86	3.89%	3.49	14.90%		
<b>I</b> Soybeans, Cntrl IL	\$ per Bushel	9.73	9.84	-1.12%	10.21	-4.70%		
<b>N</b> Soybn Meal 48%, Cntrl IL	\$ per Ton	321.00	320.90	0.03%	317.40	1.13%		

\* 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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