Daily Livestock Report

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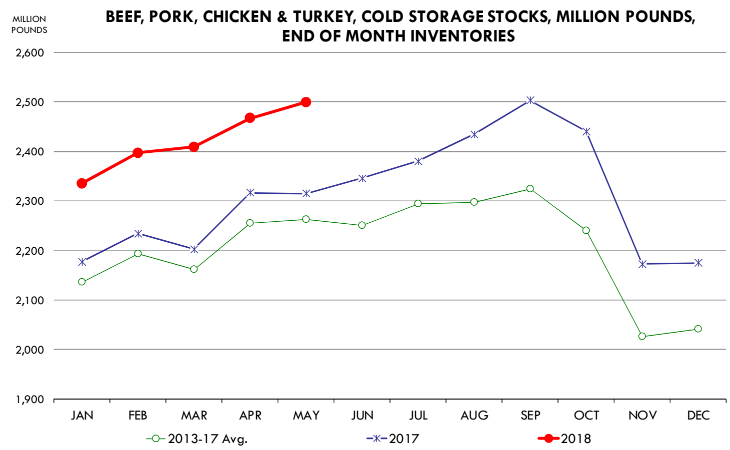
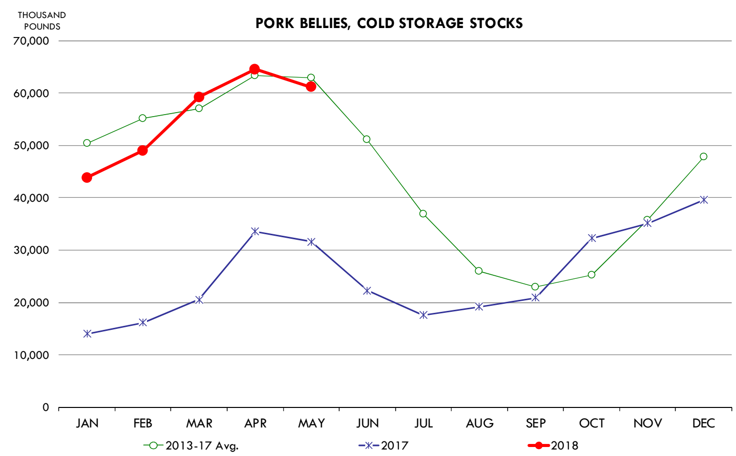
We will focus on the cold storage data in this issue and plan to cover the cattle on feed numbers and implications in tomorrow's report.

There is more red meat and poultry in the production pipeline (higher inventories) and there is also **a larger carryover stock from one month to the next**. The **total supply of beef, pork, chicken and turkey at the end of May was 2.499 billion pounds, 8% higher than a year ago and 10.5% higher than the five year average**. This volume is only slightly lower than the all-time record established last fall and normally freezer stocks move up between now and September. The effect of tariffs on US pork has only started to be felt and will only get worse from here. US pork exports to China were running around 1000 MT per week back in March, around 5% of all exports. Exports to China were around 300 MT/week in May and last week they dropped to zero.

The supply of US pork products in cold storage at the end of May was 621.7 million pounds, 5.7% higher than a year ago. Pork inventories declined 2% from the previous month. In the past five years May inventories have declined an average of 4% from April levels. The supply of hams in cold storage seasonally increases between March and September. At the end of May the supply of hams in cold storage was 139.2 million pounds, increasing 24% compared to the previous month compared to a 21% average increase in the past five years. Ham inventories are in line with historical levels but it remains to be seen if disruptions to trade with Mexico will cause more hams to back up in the freezer. The inventory of pork bellies at the end of May was 61.2 million pounds, 93.7% higher than the minimal levels last year but still 3% less than the five year average. Higher prices for bellies at the end of May likely encouraged end users to start to take some bellies out of the freezer. Inventories declined 5% from the previous month compared to an average 1% drawdown in stocks the last five years. Processors expect ample supplies in the fall so we expect a rush to deplete inventories in July and August. Already the price of bacon at retail is heading higher, which may cap the seasonal rally of bellies in July.

There is also more beef and chicken in cold storage. Total beef supplies at the end of May were 465.4 million pounds, 13% higher than a year ago and 5.4% higher than the five year average. Beef exports are running significantly higher than a year ago and the increase in inventories may reflect higher export activity. Beef imports in May were only modestly higher than the previous year. Total chicken supplies in cold storage were 877.2 million pounds, 11.8% higher than a year ago and 21.6% higher than the five year





average. Breast meat supplies remain burdensome at 187.2 million pounds, 27% higher than the five year average. Inventories of wings at 80 million pounds are 41% higher than a year ago and 18% higher than the five year average. The inventory of whole turkeys in cold storage is not increasing as fast as in previous years, which should eventually help support prices into Thanksgiving. Total whole turkey inventories were 284 million pounds, 14.1% higher than the previous month. In the last five year the average increase in inventory from April to May has been 21%. The inventory of turkey breast meat has been stable for the last three months and it is currently 2.2% lower than a year ago.

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USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	31-May-17	30-Apr-18	31-May-18	May-17	Apr-18
		1,000 Pounds			
Frozen Pork					
Picnics, Bone-In	7,741	10,094	10,098	130	100
Hams, Total	143,641	112,143	139,212	97	124
Bone-in	51,222	23,693	41,969	82	177
Boneless	92,419	88,450	97,243	105	110
Bellies	31,589	64,563	61,188	194	95
Loins, Total	40,357	39,828	36,432	90	91
Bone-in	15,502	12,957	12,027	78	93
Boneless	24,855	26,871	24,405	98	91
Ribs	114,460	143,719	118,632	104	83
Butts	19,862	20,904	15,308	77	73
Trimmings	37,308	57,490	55,627	149	97
Other	91,386	90,657	91,705	100	101
Variety Meats	49,848	36,544	35,003	70	96
Unclassified	52,024	58,778	58,531	113	100
Total	**588,216**	**634,720**	**621,736**	**106**	**98**
Frozen Beef					
Boneless	376,699	435,018	426,837	113	98
Beef Cuts	34,799	35,966	38,550	111	107
Total	**411,498**	**470,984**	**465,387**	**113**	**99**
Other					
Veal	12,870	20,033	18,206	141	91
Lamb & Mutton	29,859	33,992	35,621	119	105
Total	**42,729**	**54,025**	**53,827**	**126**	**100**
Total Red Meat	**1,042,443**	**1,159,729**	**1,140,950**	**109**	**98**
Chicken					
Broilers, Fryers, Roasters	20,662	14,435	14,477	70	100
Breasts and Breast Meat	184,393	182,817	187,152	101	102
Leg Quarters	119,333	89,943	87,887	74	98
Wings	56,609	71,637	80,030	141	112
Other Chicken	403,839	508,664	507,653	126	100
Total	**784,836**	**867,496**	**877,199**	**112**	**101**
Turkey					
Whole Turkeys	272,003	248,864	283,972	104	114
Turkey Breast	106,663	102,215	104,269	98	102
Other	151,238	142,754	146,375	97	103
Total	**529,904**	**493,833**	**534,616**	**101**	**108**
Ducks	3,365	3,645	3,840	114	105
Total Poultry	**1,318,105**	**1,364,974**	**1,415,655**	**107**	**104**

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PRODUCTION & WKLY AVG. PRICE SUMMARY **Week Ending 6/23/2018**

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
			23-Jun-18	16-Jun-18		24-Jun-17			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,842**	**1,852**	-0.56%	**1,831**	0.56%	**45,406**	1.8%
	FI Slaughter	Thou. Head	664	654	1.53%	639	3.97%	15,425	3.1%
C	FI Cow Slaughter **	Thou. Head	117	105	11.03%	112	4.43%	2,716	7.8%
T	Avg. Dressed Weight	Lbs.	797	796	0.13%	803	-0.75%	811	0.5%
T	Beef Production	Million Lbs.	528.1	519.4	1.68%	511.5	3.25%	12,505	3.6%
L	Live Fed Steer Price	$ per cwt	109.67	111.28	-1.45%	121.50	-9.74%		
E	Dressed Fed Steer Price	$ per cwt	176.83	177.55	-0.41%	193.80	-8.76%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	N/A	161.94	N/A	162.87	N/A		
&	Choice Beef Cutout	$ per cwt	218.65	223.52	-2.18%	244.90	-10.72%		
	Hide/Offal	$ per cwt, live wt	9.65	9.47	1.90%	11.76	-17.94%		
B	Rib Primal, Choice	$ per cwt	365.55	381.97	-4.30%	419.39	-12.84%		
E	Round Primal, Choice	$ per cwt	158.60	159.32	-0.45%	190.20	-16.61%		
E	Chuck Primal, Choice	$ per cwt	164.79	165.11	-0.19%	184.62	-10.74%		
F	Trimmings, 50%	$ per cwt	64.51	68.65	-6.03%	124.14	-48.03%		
	Trimmings, 90%	$ per cwt	220.84	221.15	-0.14%	231.04	-4.41%		
	FI Slaughter	Thou. Head	2,168	2,215	-2.12%	2,155	0.62%	58,315	2.7%
	FI Sow Slaughter **	Thou. Head	55.8	50.7	10.02%	61.0	-8.65%	1,329	0.8%
H	Avg. Dressed Weight	Lbs.	211.0	212.0	-0.47%	207.0	1.93%	214	0.8%
O	Pork Production	Million Lbs.	457.9	470.4	-2.66%	446.8	2.48%	12,453	3.6%
G	Iowa-S. Minn. Base	Wtd. Avg.	82.81	81.57	1.52%	86.99	-4.81%		
S	Natl. Base Carcass Price	Wtd. Avg.	81.62	77.44	5.40%	84.61	-3.53%		
	Natl. Net Carcass Price	Wtd. Avg.	84.09	79.96	5.17%	87.35	-3.73%		
	Pork Cutout	205 Lbs.	84.94	81.98	3.61%	99.44	-14.58%		
	Ham Primal	$ per cwt	62.50	62.18	0.51%	72.53	-13.83%		
	Loin Primal	$ per cwt	82.47	80.13	2.92%	91.54	-9.91%		
	Belly Primal	$ per cwt	147.52	137.44	7.33%	182.43	-19.14%		
	Trimmings, 72%, Fresh	$ per cwt	85.74	77.54	10.58%	102.15	-16.06%		
	Hog By-Product Value	$ per cwt, live wt	3.94	3.90	1.03%	4.09	-3.67%		
C	Young Chicken Slaughter *	Million Head	161.1	163.9	-1.66%	165.0	-2.35%	3,825	-0.9%
H	Avg. Weight (RTC)	Lbs.	4.68	4.60	1.82%	4.66	0.49%	6.17	#DIV/0!
I	Young Chicken Production (RTC)	Million Lbs.	754.4	753.4	0.13%	768.8	-1.87%	17,952	-0.2%
C	Eggs Set (19-state)	Million	231.2	232.8	-0.71%	224.2	3.11%	5,491	2.7%
K	Chicks Placed (19-state)	Million Head	187.9	189.0	-0.59%	183.5	2.38%	4,397	1.4%
E	National Composite Whole Bird	Composite	118.19	120.03	-1.53%	107.75	9.69%		
	Northeast Breast, B/S	$/cwt	115.65	114.73	0.80%	163.56	-29.29%		
	Northeast Leg Quarters	$/cwt	36.19	37.7	-4.01%	40.76	-11.21%		
T	Total Turkey Slaughter *	Million Head	4.007	4.32	-7.25%	4.082	-1.84%	97.936	-1.0%
U	Avg. Weight (RTC)	Lbs.	25.26	25.20	0.25%	25.53	-1.06%	31.68	-0.7%
R	Turkey Production (RTC)	Million Lbs.	101.2	108.9	-7.02%	104.2	-2.88%	2,496	-1.3%
K	National Hen (8-12 lb)	8-16 Lbs.	80.00	81.60	-1.96%	98.50	-18.78%		
G	Corn, Omaha	$ per Bushel	3.42	3.46	-1.16%	3.32	3.01%		
R	Distillers Grain, Chicago	$ per Ton	152.50	170.00	-10.29%	107.50	41.86%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.19	5.50	-5.64%	4.44	16.89%		
I	Soybeans, Cntrl IL	$ per Bushel	8.72	9.16	-4.80%	9.02	-3.33%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	341.30	352.70	-3.23%	295.80	15.38%		

* 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. YTD still references 2017.