

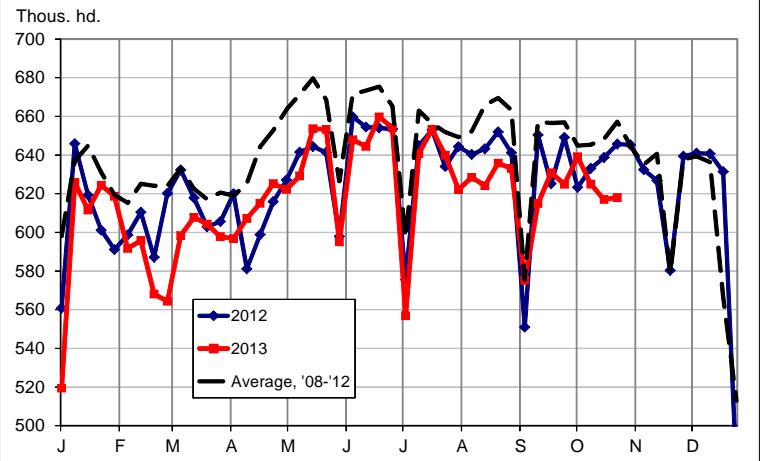
**Readers will notice today that our weekly Production and Price Summary is getting back to normal and is much more useful than it has in the past few weeks.** Most of the missing values — such as cow and sow slaughter — will be filled in next week as USDA publishes the actual data for the weeks that ended October 12 (the missing piece this week) and October 19 (which would be next week's current data since the female slaughter data always run two week in arrears).

**A few critical numbers from this week's Summary are:**

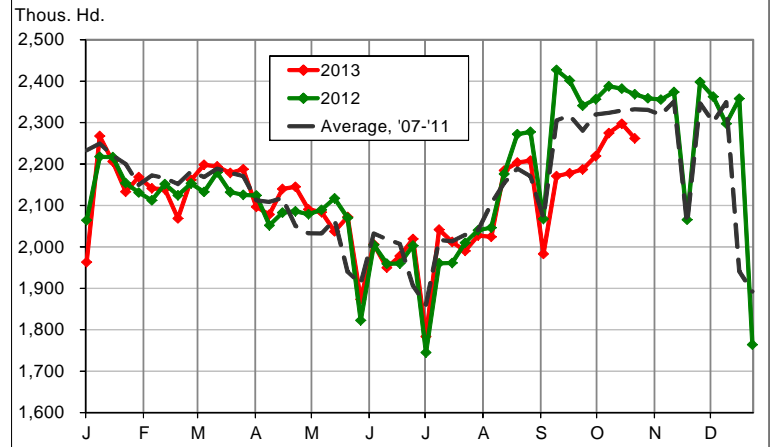
- Fed cattle averaged \$132.30 last week, the highest cash slaughter cattle price on record. But a couple of other numbers in the table are important relative to this figure. First, allowing for a 63% carcass-to-live weight yield, that price would be associated with a cutout value of \$210/cwt. But the Choice cutout last week averaged \$200.09 and the Select cutout averaged \$184.13. The most recent data we have (October 12) indicates that 62% of graded cattle were graded Choice while 28% were graded Select. Using those, the weighted fed cattle cutout would be \$195.12. It's pretty obvious that that value will not square well on packers profit/loss statement when they pay \$132+ for cattle.
- The two critical numbers behind those prices, of course are the slaughter totals of the past two weeks. The 617,000 two weeks ago and 618,000 last week are the lowest for those two weeks since 1979 except for an odd week October 26, 1991 which saw only 583,000 head processed, 37,000 fewer than the week before and 38,000 fewer than the week afterward. There simply are not many cattle available and packers are having to chase the available supply. The critical question will be whether they can push wholesale prices up enough to restore acceptable margins — and keep consumers buying beef at those higher price levels. Note that the data point for two weeks ago is still an estimate — 625,000 head — pending actual data next week.
- The other critical number in the Summary table is the 2.262 million for last week's federally-inspected hog slaughter. That figure is 4.5% below one year ago at a time that the September Hogs and Pigs report said we should be 1.5% ABOVE last year's level. That shortfall is obviously nothing new as hog numbers have been sharply lower than last year (no surprise there) and, more important, what most observers expected after seeing the September report. Since September 1, FI hog slaughter has been 6.2% below 2012's level and 2.9% lower than what we had anticipated given those September 1 inventory figures. The observation in the chart for two weeks is an estimated 2.275 million head.

**Perhaps the most important development of the past week was the ominous news that PEDv has hit a number of sow farms in Iowa.** Iowa had recorded more positive PEDv cases (237 through October 13) than any other state but most of those cases were believed to have been on grow-finish farms where death losses

## U.S. FI CATTLE SLAUGHTER, WEEKLY



## U.S. FI HOG SLAUGHTER, WEEKLY



are usually not severe. The news that several large sow farms had broken suggests that losses will be much larger. The pigs that die, however, would be from 0 to 3 weeks old and thus these losses will not impact market hog supplies until April. This news comes on the heels of expanding numbers of cases in North Carolina where 97 cases have been diagnosed from September 15 through October 13, the most recent week for which data have been published. There are ongoing experiments with vaccines but we know of no results at this time. Treatment regimens (most based on methods of handling transmissible gastroenteritis (TGE)) are helping but not completely solving the problems. Though the first case was found April 15, significant death losses are not believed to have occurred until July and will thus not impact slaughter until January 2014. The slaughter shortfalls are not, based on this evidence, the result of PEDv.

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Vol. 11, No. 207/ October 28, 2013

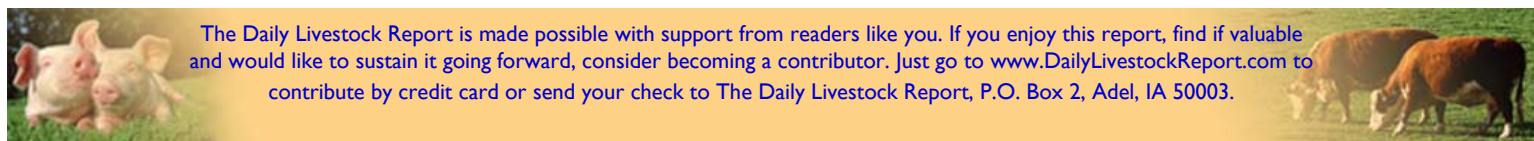
## PRODUCTION AND PRICE SUMMARY

Week Ending **10/26/2013**

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Pct. Change
	<b>Total Meat &amp; Poultry Prod.</b>	<b>Million lbs.</b>	<b>1777.3</b>	<b>1762.2</b>	<b>0.86%</b>	<b>1804.6</b>	<b>-1.51%</b>	<b>72,515</b>	<b>0.46%</b>
<b>C</b>	FI Slaughter	Thou. Head	618	617	0.16%	646	-4.29%	26,430	-1.46%
<b>A</b>	FI Cow Slaughter	Thou. Head	N/A	116.3	N/A	132.9	N/A	N/A	N/A
<b>T</b>	Avg. Live Weight	Lbs.	1323	1320	0.23%	1322	0.08%	1,281	-1.54%
<b>T</b>	Avg. Dressed Weight	Lbs.	801	800	0.12%	796	0.63%	776	-1.65%
<b>L</b>	Beef Production	Million Lbs.	494.1	492.4	0.35%	512.8	-3.65%	20,947	-0.80%
<b>E</b>	Live Fed Steer	\$/cwt live wt.	132.30	129.39	2.20%	126.58	4.52%		
	Dressed Steer	\$/cwt carcass	207.80	203.58	2.07%	197.78	5.07%		
<b>&amp;</b>	OKC Feeder Steer	700-800 Lbs.	168.18	N/A	N/A	146.33	14.93%		
	Beef Cutout	600-750 Choice	200.09	196.16	2.00%	198.49	0.81%		
<b>B</b>	Hide/Offal	\$/cwt live wt.	13.97	13.76	1.53%	13.07	6.89%		
<b>E</b>	Rib	Choice	318.50	309.42	2.93%	298.06	6.86%		
<b>E</b>	Round	Choice	173.26	171.67	0.93%	180.34	-3.93%		
<b>F</b>	Chuck	Choice	170.63	165.83	2.89%	172.20	-0.91%		
	Trimmings, 50%	Fresh	105.53	NQ	N/A	64.39	63.89%		
	Trimmings, 90%	Fresh	192.96	NQ	N/A	203.39	-5.13%		
<b>H</b>	FI Slaughter	Thou. Head	2262	2297	-1.52%	2369	-4.51%	90,277	-1.41%
<b>O</b>	FI Sow Slaughter	Thou. Head	N/A	57.0	N/A	62.7	N/A	2,235	-5.18%
<b>G</b>	Avg. Dressed Weight	Lbs.	206	205	0.49%	204	0.98%	201	-2.27%
<b>S</b>	Pork Production	Million Lbs.	466.1	471.6	-1.17%	484.2	-3.74%	18,577	-1.31%
	Iowa-S. Minn. Direct	Avg.	86.75	90.78	-4.44%	82.80	4.77%		
<b>&amp;</b>	Natl. Base Carcass Price	Weighted Avg.	88.27	87.59	0.78%	82.96	6.40%		
	Natl. Net Carcass Price	Weighted Avg.	90.59	90.01	0.64%	85.35	6.14%		
<b>P</b>	Pork Cutout	200 Lbs	94.65	95.09	-0.46%	NA	N/A		
<b>O</b>	Hams	Primal Cutout	86.83	85.16	1.96%	NA	N/A		
<b>R</b>	Loins	Primal Cutout	97.73	97.74	-0.01%	NA	N/A		
<b>K</b>	Trimmings, 72% Lean	Fresh	84.29	NQ	N/A	65.88	27.94%		
	Bellies	Primal Cutout	131.12	138.15	-5.09%	NA	N/A		
<b>C</b>	Young Chicken Slaughter*	Million Head	158.02	157.96	0.04%	155.46	1.64%	6,481	1.05%
<b>H</b>	Avg. Weight	Lbs., RTC	4.50	4.40	2.20%	4.43	1.51%	4.3	1.11%
<b>I</b>	Broiler Production	Million Lbs., RTC	711.1	695.5	2.24%	689.1	3.18%	28,582	3.06%
<b>C</b>	Eggs Set	Million	188.0	191.1	-1.62%	178.1	5.57%	8,349	2.27%
<b>K</b>	Chicks Placed	Million Head	161.5	156.9	2.96%	154.3	4.67%	6,915	1.11%
<b>E</b>	National Composite Broiler	Composite	90.17	91.11	-1.00%	87.84	2.70%		
<b>N</b>	Georgia Dock Broiler	2.5-3 Lbs.	105	104.91	0.10%	95.52	9.90%		
	Northeast Breast	Skinlss/Bonelss	131.26	133.46	-1.60%	130.86	0.30%		
	Northeast Leg Quarters		45.17	48.48	-12.30%	51.56	-6.00%		
<b>T</b>	Young Turkey Slaughter*	Million Head	4.27	4.17	2.30%	4.99	-14.47%	180.1	-2.90%
<b>U</b>	Avg. Weight	Lbs.	24.84	24.61	0.94%	23.74	4.65%	24.5	0.68%
<b>R</b>	Turkey Production	Million Lbs.	106.0	102.7	3.26%	118.5	-10.49%	4,410	-2.22%
<b>K</b>	Eastern Region Hen	8-16 Lbs.	107.00	104.98	1.90%	110.07	-2.80%		
<b>F</b>	Corn, Omaha	\$ per Bushel	4.33	4.44	-2.48%	7.65	-43.46%		
<b>E</b>	DDGS, Minnesota	\$ per ton	N/A	N/A	N/A	255.00	N/A		
<b>E</b>	Wheat, Kansas City	\$ per Bushel	7.59	7.68	-1.17%	8.79	-13.65%		
<b>D</b>	Soybeans, S. Iowa	\$ per Bushel	13.18	12.78	3.13%	15.74	-16.20%		
	SB Meal, 48% Central Illinois	\$ per Ton	457.00	432.40	5.69%	501.40	-8.90%		

\* Chicken & turkey slaughter, production and prices are 1 week earlier than the date at the top of this table. Cow & sow slaughter are for 2 weeks earlier

Source: USDA Agricultural Marketing Service, various reports



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