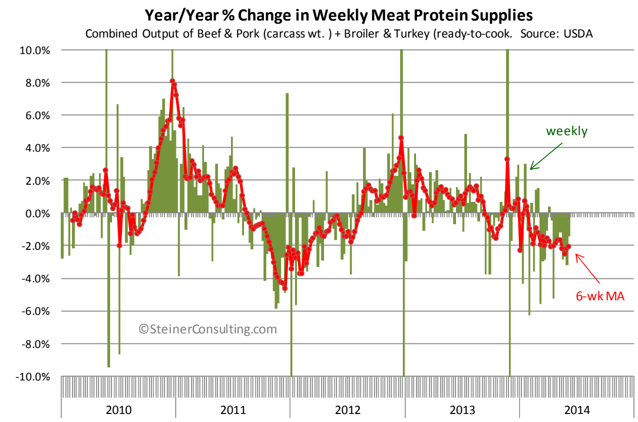
Daily Livestock Report

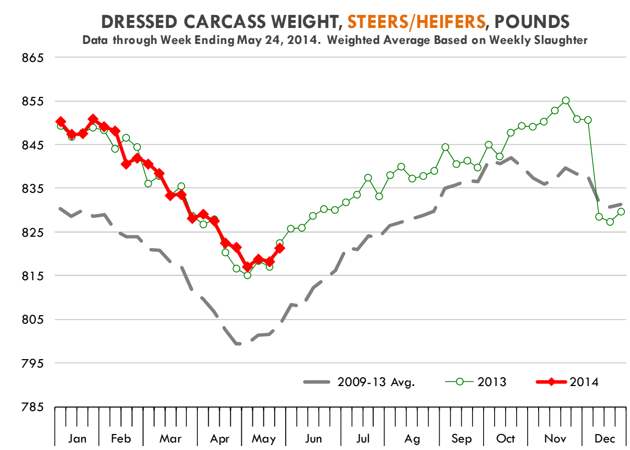
Sponsored by CME Group

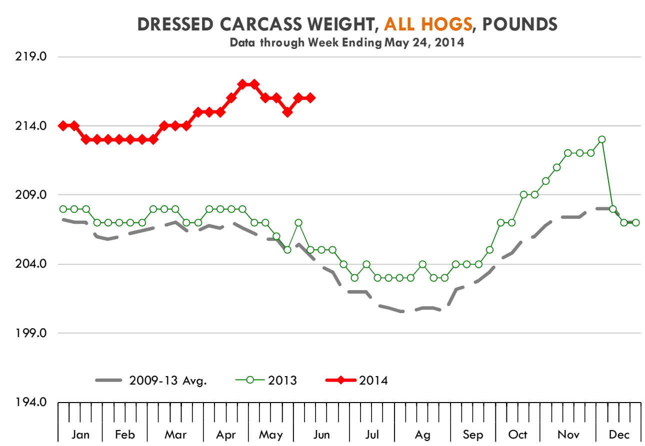
Vol. 12, No. 111 / June 9, 2014

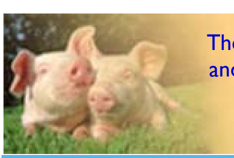
Meat protein supplies are significantly lower than a year ago and, when combined with booming export demand, this implies a notable reduction in meat protein availability in the US market. Production is down across the board, especially in the red meat complex. For the week ending June 7, USDA reported beef production at 483.6 million pounds, down 5.2% compared to a year ago. For the year, US beef production is down 5.8% compared to the same period a year ago. The decline in beef production has been driven by both lower fed slaughter numbers as well as a sharp decline in the number of cows coming to market. We estimate that the for the week, steer/heifer slaughter was around 500,000 head, down 2.4% compared to the same week a year ago. Cow/bull slaughter at 113,000 head, was down 16% compared to a year ago. In previous years, producers have been able to offset reductions in slaughter numbers by increasing the weight of livestock coming to market. This is particularly apparent in the hog market this year. But fed cattle weights so far this year have shown almost no increase compared to a year ago. Indeed, we have seen the growth in cattle carcass weight hit a plateau since the removal of Zilmax from fed cattle diets last fall. The chart to the right shows a weighted average of steer and heifer dressed carcass weights. We calculated the average using weekly slaughter and weight numbers for steers and heifers. According to our calculations, the average fed cattle carcass weight for week ending May 24 was 821.3 pounds, 0.1% lower than a year ago. In the last six weeks, fed cattle dressed carcass weights have averaged just 0.2% higher than a year ago. Carcass weights should move seasonally higher in June and July. So far, however, feedlots appear to be quite current, which has so far supported the summer futures contracts.

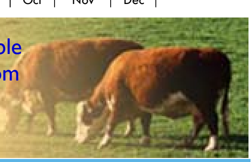
Pork supplies are also lower but not as much as earlier feared. In large part this is due to the fact that producers have offset the reduction in slaughter by bringing hogs to market at significantly heavier weights. For week ending June 7, total hog slaughter was reported by USDA at 1.930 million head, 3.8% lower than the previous year. Hog carcass weights, on the other hand, continue to hover at around 216 pounds per carcass, about 5.4% heavier than a year ago. As a result, total pork production for the week at 416.2 million pounds was 1% higher than last year. In the last six weeks, overall pork production has averaged about 0.5% higher than a year ago. The big question in the pork market at this point is whether the increase in weights will offset the expected decline in hog numbers. A risk for the summer hog market certainly is the impact of summer heat on feed conversion efficiency and overall weight performance. So far, temperatures in hog production areas have been relatively cool. Producers have sought to capitalize on still very strong margins and are holding on to their stock for a bit longer. Higher prices were paid for cash hogs last week even as producers hog weights continued to move higher, an indicator that supplies on the ground are tight. Going forward, the relationship between hog weights and cash hog prices is a factor that bears watching.











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PRODUCTION & PRICE SUMMARY

Week Ending 6/7/2014

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary.

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			7-Jun-14	31-May-14		8-Jun-13			
	Total Red Meat & Poultry	**mil lbs., cwe**	**1,604**	**1,601**	0.17%	**1,620**	-1.01%	**37,159**	-2.4%
	FI Slaughter	Thou. Head	614	537	14.34%	648	-5.20%	13,010	-6.3%
C	FI Cow Slaughter **	Thou. Head	105	102	2.87%	126	-16.77%	2,298	-11.6%
A	Avg. Live Weight	Lbs.	1304	1295	0.69%	1299	0.38%	1,320	0.7%
T	Avg. Dressed Weight	Lbs.	789	788	0.13%	789	0.00%	794	0.3%
T	Beef Production	Million Lbs.	483.6	422.4	14.49%	510.0	-5.18%	10,332	-5.8%
L	Live Fed Steer Price	$ per cwt	145.13	144.39	0.51%	122.81	18.17%		
E	Dressed Fed Steer Price	$ per cwt	231.84	230.80	0.45%	196.94	17.72%		
	OKC Feeder Steer, 600-700	$ per cwt	N/A	N/A	N/A	143.84	N/A		
&	Choice Beef Cutout	$ per cwt	231.81	233.43	-0.69%	204.21	13.52%		
	Hide/Offal	$ per cwt, live wt	15.76	15.70	0.38%	14.34	9.90%		
B	Rib, Choice	$ per cwt	358.52	353.90	1.31%	319.68	12.15%		
E	Round, Choice	$ per cwt	180.40	183.66	-1.78%	155.28	16.18%		
E	Chuck, Choice	$ per cwt	189.25	191.90	-1.38%	153.28	23.47%		
F	Trimmings, 50%	$ per cwt	128.63	125.69	2.34%	88.21	45.82%		
	Trimmings, 90%	$ per cwt	244.06	243.72	0.14%	198.06	23.23%		
	FI Slaughter	Thou. Head	1,930	1,750	10.29%	2,006	-3.81%	46,238	-4.2%
	FI Sow Slaughter **	Thou. Head	50.8	52.8	-3.69%	59.2	-14.17%	1,120	-6.2%
H	Avg. Dressed Weight	Lbs.	216.0	216.0	0.00%	205.0	5.37%	215	3.5%
O	Pork Production	Million Lbs.	416.2	378.2	10.05%	411.7	1.09%	9,919	-0.8%
G	Iowa-S. Minn. Direct	Wtd. Avg.	109.75	108.81	0.86%	95.51	14.91%		
S	Natl. Base Carcass Price	Wtd. Avg.	106.70	106.53	0.16%	93.84	13.70%		
	Natl. Net Carcass Price	Wtd. Avg.	108.55	108.37	0.17%	96.37	12.64%		
	Pork Cutout	205 Lbs.	118.87	114.48	3.83%	95.50	24.47%		
	Hams	$ per cwt	111.50	103.80	7.42%	63.61	75.29%		
	Loins	$ per cwt	120.24	117.56	2.28%	103.09	16.64%		
	Bellies	$ per cwt	151.52	142.12	6.61%	167.54	-9.56%		
	72CL Pork Trim	$ per cwt	127.09	118.19	7.53%	69.94	81.71%		
C	Young Chicken Slaughter *	Million Head	139.7	157.9	-11.57%	138.9	0.54%	3,326	-0.8%
H	Avg. Weight (Live)	Lbs.	5.77	5.79	-0.35%	5.78	-0.17%	5.82	0.2%
I	Chicken Production (RTC)	Million Lbs.	612.5	695.0	-11.88%	610.2	0.37%	14,715	-0.5%
C	Eggs Set	Million	206.5	206.0	0.22%	204.3	1.06%	4,451	1.1%
K	Chicks Placed	Million Head	165.8	167.0	-0.77%	167.4	-0.97%	3,623	-0.1%
E	National Composite Whole Bird	Composite	115.89	121.09	-4.29%	111.74	3.71%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	110.87	111.33	-0.41%	105.53	5.06%		
	Northeast Breast, B/S	$/cwt	195.63	195.18	0.23%	201.7	-3.01%		
	Northeast Legs	$/cwt	68.94	68.24	1.03%	77.72	-11.30%		
T	Young Turkey Slaughter *	Million Head	3.684	4.462	-17.44%	3.635	1.35%	87.947	-5.7%
U	Avg. Live Weight	Lbs.	31.12	29.59	5.17%	30.43	2.27%	31.21	#DIV/0!
R	Turkey Production (RTC)	Million Lbs.	91.7	105.6	-13.15%	88.5	3.65%	2,193	-5.4%
K	Eastern Region Hen Price	8-16 Lbs.	107.04	108.25	-1.12%	97.20	10.12%		
G	Corn, Omaha	$ per Bushel	4.72	4.71	0.21%	6.76	-30.18%		
R	DDGs, Minnesota	$ per Ton	187.50	197.50	-5.06%	216.00	-13.19%		
A	Wheat, Kansas City	$ per Bushel	7.41	7.64	-3.01%	7.46	-0.67%		
I	Soybeans, S. Iowa	$ per Bushel	15.61	15.16	2.97%	14.86	5.05%		
N	Soybn Meal, 48% Decatur	$ per Ton	532.50	513.40	3.72%	482.00	10.48%		

* 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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