Daily Livestock Report

Sponsored by CME Group

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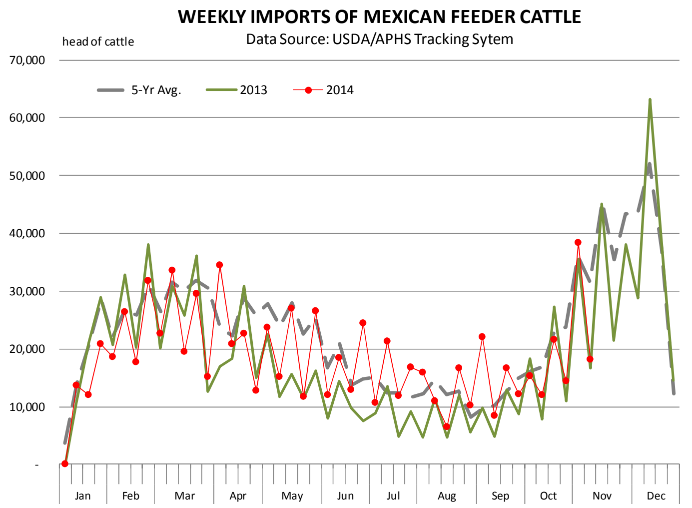
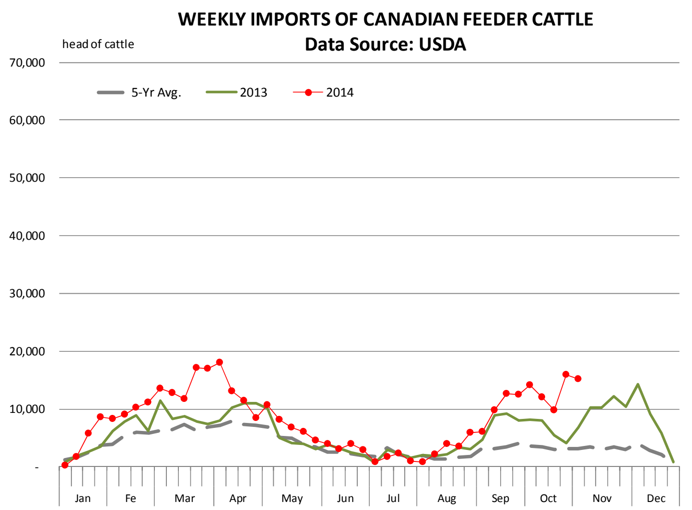
<u>On page 2 we have included our weekly price and production summary, updated through the end of last week</u>. It is interesting to note that even with grain prices tracking well below year ago levels, we have yet to turn the corner in terms of ramping up meat protein supplies in the US. Total beef, pork and poultry production for the week still is about 1% below year ago levels. Now there are some issues with weekly data in terms of future revisions but the general trend is that we still have fewer cattle and hogs coming to slaughter while poultry supplies are not growing fast enough. This has supported meat prices going into the holidays but the expectation is that supply increases already are in the pipeline and we should see notable increases in the coming months. The first indication is the increase in broiler chick placements, which are currently up 3.3% and broiler weights that are up 1.3%.

<u>We plan to give a preview of cattle on feed estimates once wire services report on analyst estimates tomorrow but there is one factor that we wanted to highlight before that discussion - imports of feeder cattle from our two North American neighbors</u>. As you can see from the charts to the right, there is significant seasonality in terms of cattle flows, reflecting production patterns and the end of pasture feeding. We scaled the charts in exactly the same way so you can see the relative importance of these two counties in terms of weekly feeder cattle flows. Mexico is by far a much more significant contributor to US feeder cattle supplies, especially during the fourth quarter. Availability of Mexican feeder cattle is particularly important for feedlots in five states (TX, OK, NM, AZ and CA). Mexican feeder cattle generally make up about 15% of placements in these five states although, during certain months in the last five years, placements of Mexican cattle have accounted for as much as 35% of all placements. So far imports of Mexican feeder cattle are in line with year ago levels and thus should have limited impact in skewing the year/year change in overall placement numbers. For the period September 29—November 1, imports of feeder cattle from Mexico were 101,652 head, 1769 head (+1.8%) compared to a year ago levels. For the year, however, imports of Mexican feeder cattle are up, thanks in large part to record prices for feeder cattle in the US and a very strong US dollar. It is important to recognize what higher imports of Mexican feeder cattle imply at a time when overall cattle numbers in Mexico continue to plummet—the domestic feeding industry in Mexico likely will continue to shrink as more cattle go north rather than into local feedlots. This will continue to make for an increasingly challenging environment for Mexican packing plants, especially some of the smaller operations in the Northern part of the country. So far this year (though November 8), the US has imported 824,633 head of feeder cattle from Mexico. Imports of feeder heifers at 181,313 head are up 40,907 head (+29%) while imports of feeder steers at 643,320 head are up 59,203 head (+10%). While larger than a year ago, however, these volumes still are quite a bit smaller than what we saw in 2012, when drought forced a significant liquidation of the Mexican cattle herd and Mexico shipped almost 1.5 million head of feeder cattle to US feedlots. The expectation is for more Mexican feeder cattle to become available in November and early December. Last year, imports of Mexican feeder cattle to the US in November were almost 124,000 head, or about 7% of the total number of cattle placed on feed in November 2013. It remains to be seen whether that volume is sustained again this year and how that impacts overall feedlot placements at the end of the year. Imports of Canadian feeder cattle are tracking significantly higher than a year ago and the increase is significant enough to impact the overall placement estimates. For the period Sep 29 - Nov 1, imports of Canadian feeder cattle were 66,978 head, some 34,345 head (+105%). This increase in Canadian feeder imports likely contributed about 1.2% points to the overall placement number in October.





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PRODUCTION & PRICE SUMMARY

Week Ending 11/15/2014

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
			15-Nov-14	8-Nov-14		16-Nov-13			
	Total Red Meat & Poultry	**mil lbs., cwe**	**1,805**	**1,792**	0.72%	**1,822**	-0.90%	**76,355**	-2.0%
	FI Slaughter	Thou. Head	560	564	-0.71%	601	-6.78%	26,207	-7.2%
C	FI Cow Slaughter **	Thou. Head	108	105	3.03%	126	-13.99%	4,543	-14.1%
A	Avg. Live Weight	Lbs.	1373	1368	0.37%	1344	2.16%	1,329	1.2%
T	Avg. Dressed Weight	Lbs.	827	827	0.00%	804	2.86%	804	1.1%
T	Beef Production	Million Lbs.	462.2	465.1	-0.62%	481.9	-4.09%	21,071	-6.0%
L	Live Fed Steer Price	$ per cwt	167.53	166.61	0.55%	131.59	27.31%		
E	Dressed Fed Steer Price	$ per cwt	262.00	261.86	0.05%	208.00	25.96%		
	Georgia Feeder Steer	$ per cwt	233.45	233.21	0.10%	143.49	62.69%		
&	Choice Beef Cutout	$ per cwt	250.81	250.35	0.18%	202.25	24.01%		
	Hide/Offal	$ per cwt, live wt	16.38	16.43	-0.30%	14.66	11.73%		
B	Rib, Choice	$ per cwt	380.13	366.34	3.76%	335.06	13.45%		
E	Round, Choice	$ per cwt	230.51	230.71	-0.09%	173.60	32.78%		
E	Chuck, Choice	$ per cwt	220.02	224.71	-2.09%	171.74	28.11%		
F	Trimmings, 50%	$ per cwt	117.68	115.45	1.93%	116.82	0.74%		
	Trimmings, 90%	$ per cwt	295.50	296.01	-0.17%	191.62	54.21%		
	FI Slaughter	Thou. Head	2,219	2,232	-0.58%	2,346	-5.42%	92,093	-5.2%
	FI Sow Slaughter **	Thou. Head	58.9	54.8	7.47%	59.2	-0.47%	2,328	-5.8%
H	Avg. Dressed Weight	Lbs.	214.0	214.0	0.00%	212.0	0.94%	214	3.6%
O	Pork Production	Million Lbs.	475.4	476.8	-0.29%	497	-4.35%	19,693	-1.8%
G	Iowa-S. Minn. Direct	Wtd. Avg.	86.53	86.16	0.43%	81.02	6.80%		
S	Natl. Base Carcass Price	Wtd. Avg.	86.37	86.79	-0.48%	82.44	4.77%		
	Natl. Net Carcass Price	Wtd. Avg.	88.16	88.60	-0.50%	84.51	4.32%		
	Pork Cutout	205 Lbs.	95.37	95.91	-0.56%	93.34	2.17%		
	Hams	$ per cwt	96.08	93.58	2.67%	87.68	9.58%		
	Loins	$ per cwt	96.47	99.85	-3.39%	92.26	4.56%		
	Bellies	$ per cwt	96.51	97.72	-1.24%	129.47	-25.46%		
	Trimmings, 72%	$ per cwt	76.77	85.06	-9.75%	76.55	0.29%		
C	Young Chicken Slaughter *	Million Head	159.7	157.6	1.30%	157.1	1.66%	6,930	-0.4%
H	Avg. Weight (Live)	Lbs.	6.08	6.04	0.66%	6.00	1.33%	5.86	0.9%
I	Chicken Production (RTC)	Million Lbs.	737.8	723.6	1.97%	716.3	3.01%	30,874	0.6%
C	Eggs Set	Million	197.9	194.5	1.73%	192.5	2.80%	9,097	1.6%
K	Chicks Placed	Million Head	159.7	163.1	-2.07%	154.6	3.32%	7,452	0.5%
E	National Composite Whole Bird	Composite	104.02	104.42	-0.38%	94.8	9.73%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	113.08	112.81	0.24%	103.92	8.81%		
	Northeast Breast, B/S	$/cwt	144.55	148.29	-2.52%	126.56	14.21%		
	Northeast Legs	$/cwt	56.34	57.9	-2.69%	57.91	-2.71%		
T	Young Turkey Slaughter *	Million Head	5.690	5.264	8.09%	5.749	-1.03%	192.393	-1.6%
U	Avg. Live Weight	Lbs.	28.33	29.92	-5.31%	27.5	3.02%	30.66	0.5%
R	Turkey Production (RTC)	Million Lbs.	129.7	126.8	2.34%	126.4	2.60%	4,717	-1.0%
K	National Hen	8-16 Lbs.	118.84	124.00	-4.16%	103.06	15.31%		
G	Corn, Omaha	$ per Bushel	3.55	3.34	6.29%	4.14	-14.25%		
R	Wheat, Portland (delivered)	$ per Ton	7.12	7.02	1.42%	7.04	1.14%		
A	Wheat, Kansas City (deliv.)	$ per Bushel	5.98	5.61	6.60%	6.96	-14.08%		
I	Soybeans, Cntrl IL	$ per Bushel	10.51	10.34	1.64%	13.31	-21.04%		
N	Soybn Meal 48%, Cntrl IL	$ per Ton	455.00	455.20	-0.04%	458.10	-0.68%		

* 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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