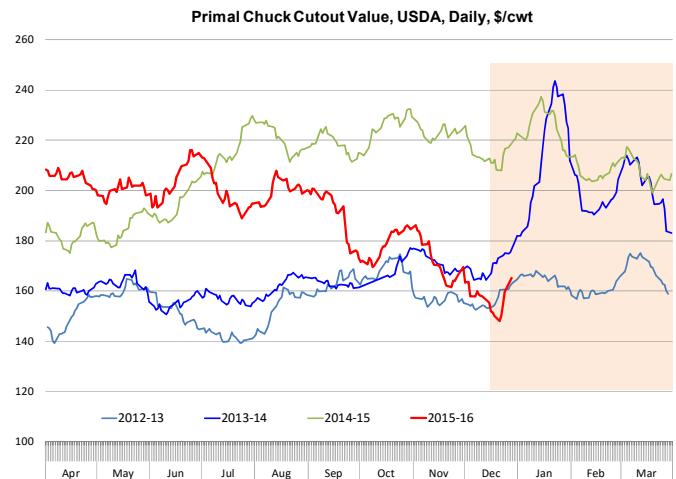
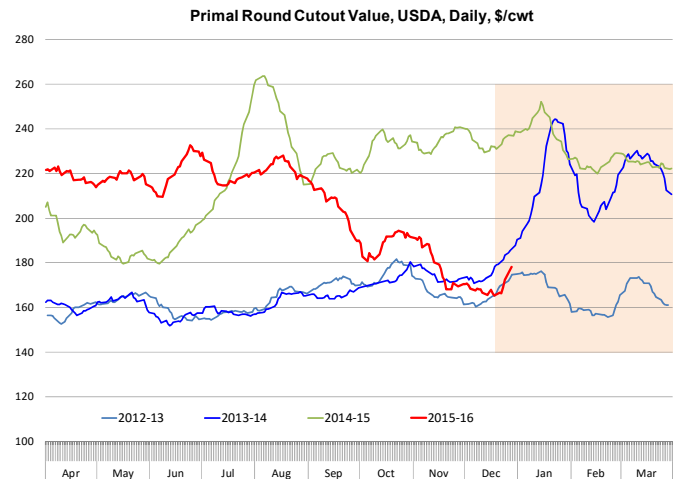
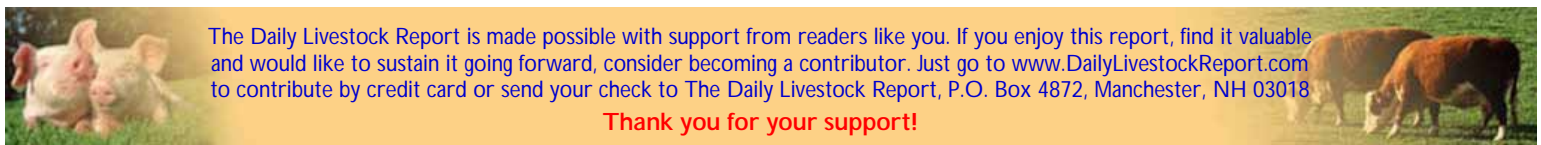


CME Livestock holiday hours: Thursday, Dec 31 - Early Close. Globex closed Friday, Jan 1. [Get full list here.](#)

The choice and select beef cutout has moved sharply higher in the last few days and this may be viewed as supportive of the fed cattle market going into January. However, it is important to consider the effect that short slaughter weeks over Christmas and New Years have on supply availability, and prices. Indeed, projecting prices for winter months based on holiday price performance is fraught with plenty of risk. In our view the key for the market in the short term is what happens with the value of rounds and chucks (ground beef and overall trim value would be part of this as well). The charts to the right have been resized so that they go April - March rather than the normal calendar axis. We did this so you can better see how prices trend after the year end holidays and in Q1. The prices charted are daily values based on USDA Mandatory Price reporting. The first thing that becomes quickly obvious is that the recent price increase is in line with what we would expect for late December. The round cutout value (this is the weighted average price for all beef cuts and trimmings from the round primal) was quoted last night at \$178.13/cwt, about \$11.4/cwt higher than the previous week. The increase has been a bit larger than what we saw in 2012 and 2013 but not by much. Also, keep in mind that round values were particularly depressed ahead of Christmas as some regular users may have delayed some of their purchases given the sharp correction in fed cattle prices. The chuck primal has posted an even more significant correction, up \$17.2/cwt from the previous week low. The issue facing futures markets participants is whether we will continue to see rapid appreciation in the value of rounds and chucks in January, bolstering overall cutout values and giving packers enough margin to maybe raise their bids for cattle. Again it is important to keep in mind the short slaughter effect through the first days of January. Once we get past that first January week, will prices for end cuts perform closer to what we saw in 2013 or will we see the kind of run-up that we experienced in 2014 and, to a lesser extent, in 2015. What is different this year than in 2014 and 2015? First, front end cattle supplies are a bit larger. While the overall fed cattle inventory is close to year ago levels, the supply of cattle that have been on feed more than 120 days is up about 15% from a year ago. Feedlots may continue to defer sales in an effort to prop up the market given extremely high breakevens. But that did not seem to work out so well in November. Still, it is a possibility that could see fed cattle slaughter run near year ago levels thus limiting beef supplies in the short term. But is demand at retail strong enough to support the kind of price appreciation we saw in the last two years? Retailers can feature pork and chicken at much lower price points in January and February but at the same time they are worried about overall revenues from the meat department and selling more beef translates into higher



dollar sales. One item that continues to give us pause as we try to guess (no better word) what retail promos will look like in January is the value of fat beef trimmings. It is extremely cheap, in part because of all the fat trim that accumulated in freezers but also, we think, because there does not seem to be a big push to move ground beef through retail and foodservice channels in the short term. **The downside risk for the fed market is that feedlots once again fall behind in their marketing. On the other hand, if they become more aggressive and are able to get current, that could set the stage for a meaningful price recovery going into the spring.**



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The Daily Livestock Report is published by Steve Meyer & Len Steiner, Inc., Merrimack, NH. To subscribe, support or unsubscribe visit www.dailylivestockreport.com. Copyright © 2015 Steve Meyer and Len Steiner, Inc. All rights reserved.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group, CME and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

Daily Livestock Report

Sponsored by  **CME Group**

Vol. 13, No. 238 / December 29, 2015

PRODUCTION & PRICE SUMMARY

Week Ending **12/26/2015**

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
			26-Dec-15	19-Dec-15		27-Dec-14			
Total Beef, Pork, Chicken, Turkey		mil lbs., cwe	1,551	1,881	-17.57%	1,510	2.72%	88,582	3.1%
C	FI Slaughter	Thou. Head	402	590	-31.86%	391	2.81%	27,898	-5.0%
	FI Cow Slaughter **	Thou. Head	109	105	3.92%	111	-1.43%	4,863	-6.2%
T	Avg. Dressed Weight	Lbs.	845	848	-0.35%	825	2.42%	827	2.6%
T	Beef Production	Million Lbs.	339.1	499.2	-32.07%	322.8	5.05%	23,072	-2.5%
L	Live Fed Steer Price	\$ per cwt	123.40	116.64	5.80%	161.95	-23.80%		
E	Dressed Fed Steer Price	\$ per cwt	199.60	183.44	8.81%	257.03	-22.34%		
&	Oklahoma Steer (600-700 lbs)	\$ per cwt	N/A	N/A	N/A	N/A	N/A		
	Choice Beef Cutout	\$ per cwt	193.83	196.56	-1.39%	242.61	-20.11%		
	Hide/Offal	\$ per cwt, live wt	10.56	10.90	-3.12%	15.69	-32.70%		
B	Rib Primal, Choice	\$ per cwt	331.11	354.99	-6.73%	344.21	-3.81%		
E	Round Primal, Choice	\$ per cwt	168.55	166.40	1.29%	235.45	-28.41%		
E	Chuck Primal, Choice	\$ per cwt	153.08	152.94	0.09%	214.02	-28.47%		
F	Trimming, 50%	\$ per cwt	34.50	36.98	-6.71%	91.14	-62.15%		
	Trimming, 90%	\$ per cwt	192.62	193.39	-0.40%	295.54	-34.82%		
H	FI Slaughter	Thou. Head	1,701	2,493	-31.77%	1,738	-2.13%	112,936	7.7%
	FI Sow Slaughter **	Thou. Head	60.6	57.5	5.25%	63.8	-5.08%	2,701	1.0%
H	Avg. Dressed Weight	Lbs.	214.0	213.0	0.47%	215.0	-0.47%	213	-0.7%
O	Pork Production	Million Lbs.	363.1	532.1	-31.76%	373.9	-2.89%	24,000	7.0%
G	Iowa-S. Minn. Base	Wtd. Avg.	49.07	49.72	-1.31%	75.35	-34.88%		
S	Natl. Base Carcass Price	Wtd. Avg.	54.94	55.71	-1.38%	79.18	-30.61%		
	Natl. Net Carcass Price	Wtd. Avg.	56.94	57.60	-1.15%	81.10	-29.79%		
	Pork Cutout	205 Lbs.	70.43	73.57	-4.27%	87.37	-19.39%		
	Ham Primal	\$ per cwt	53.64	66.18	-18.95%	66.75	-19.64%		
	Loin Primal	\$ per cwt	72.37	72.10	0.37%	96.20	-24.77%		
	Belly Primal	\$ per cwt	104.03	104.15	-0.12%	96.45	7.86%		
	Trimming, 72%, Fresh	\$ per cwt	33.49	35.54	-5.77%	61.64	-45.67%		
C	Young Chicken Slaughter *	Million Head	159.7	158.2	0.98%	154.6	3.31%	7,873	2.1%
H	Avg. Weight (RTC)	Lbs.	4.66	4.71	-1.13%	4.58	1.66%	6.10	3.6%
I	Young Chicken Production (RTC)	Million Lbs.	744.2	745.3	-0.16%	708.6	5.02%	36,475	5.7%
C	Eggs Set (19-state)	Million	208.5	207.9	0.29%	207.2	0.62%	10,272	0.9%
K	Chicks Placed (19-state)	Million Head	171.4	170.9	0.33%	171.1	0.18%	8,432	1.5%
E	National Composite Whole Bird	Composite	82.29	79.26	3.82%	96.12	-14.39%		
N	Georgia Dock Broiler Price	2.5-3 Lbs.	112.37	112.35	0.02%	112.68	-0.28%		
	Northeast Breast, B/S	\$/cwt	102.86	101.6	1.24%	128.85	-20.17%		
	Northeast Leg Quarters	\$/cwt	24.08	23.79	1.22%	45.07	-46.57%		
T	Total Turkey Slaughter *	Million Head	4.200	4.159	0.99%	4.161	0.94%	207.233	-4.0%
U	Avg. Weight (RTC)	Lbs.	24.85	25.18	-1.32%	25.09	-0.97%	30.22	-1.3%
R	Turkey Production (RTC)	Million Lbs.	104.4	104.7	-0.35%	104.4	-0.05%	5,035	-4.6%
K	National Hen (8-12 lb)	8-16 Lbs.	122.50	127.30	-3.77%	105.00	16.67%		
G	Corn, Omaha	\$ per Bushel	3.52	3.61	-2.49%	3.88	-9.28%		
R	Distillers Grain, Chicago	\$ per Ton	NQ	130.00	N/A	172.50	N/A		
A	Wheat, Kansas City (deliv.)	\$ per Bushel	4.41	4.52	-2.43%	6.42	-31.31%		
I	Soybeans, Cntrl IL	\$ per Bushel	8.82	8.89	-0.79%	10.31	-14.45%		
N	Soybn Meal 48%, Cntrl IL	\$ per Ton	282.50	289.40	-2.38%	426.90	-33.83%		

* 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.

The Daily Livestock Report is made possible with support from readers like you. If you enjoy reading this report and would like to sustain it going forward, consider becoming a contributor by going to our website: www.DailyLivestockReport.com

Thank you for your support!

