

## **The Ginzel Cattle and Beef report for 11-16-15**

**SUMMARY:** What a volatile week, four days had either a limit up or limit down moves with expanded trading volume. Overall, we see more signs of weakness than strength. Spot Fed Cattle prices were thinly traded with lower prices Friday. Wholesale Beef prices posted their weekly lows during Friday's session. Choice Beef Rib prices continue to sag counter seasonally. This is not pretty!

The USDA's November WASDE report continues to forecast a very large domestic Total Red Meat and Poultry supply. Highlights of the Total Red Meat and Poultry supply for 2015 and 2016 are attached.

Friday, November 20th, the USDA will release the November Cattle on Feed Inventory report. The Linn and Associates forecast also follows this summary. We forecast the November 1 Cattle on Feed Inventory to show +1.6% year over year increase, Placed during October to be at 93.8% and Marketed at 96.4%. Our forecast follows this summary.

Earlier this week, the September Livestock and Meat Trade report showed rather reduced Beef exports from the U.S.; this is bothersome, it was the smallest monthly levels seen in more than four years.

The USDA's NOVEMBER WASDE report for 2015 and 2016 forecasts expanding Per Capita Total Meat Availabilities—Seen as a negative factor for 2016. For 2016, lower Prices for Steers, Hogs and Broiler meats relative to 2015.

<b>HIGHLIGHTS NOVEMBER WASDE 11/10/15 US RED MEAT AND POULTRY:</b>							
<b>BEEF, MILLION POUNDS:</b>						<b>#'s Per</b>	<b>\$ Steer</b>
	<b>Production</b>	<b>Imports</b>	<b>T. Supply</b>	<b>Exports</b>	<b>T. Use</b>	<b>Capita</b>	<b>\$/cwt</b>
2013	25,791	2,250	28,649	2,590	25,475	56.3	\$125.89
2014	24,320	2,947	27,850	2,573	24,687	54.1	\$154.56
2015 Oct	23,859	3,437	27,887	2,282	25,045	54.5	\$149.19
2015 Nov	23,780	3,432	27,803	2,223	24,980	54.4	\$149.19
<b>% M/M</b>	<b>99.7%</b>	<b>99.9%</b>	<b>99.7%</b>	<b>97.4%</b>	<b>99.7%</b>	<b>99.8%</b>	<b>97.2%</b>
<b>% Yr/Yr</b>	<b>97.8%</b>	<b>116.5%</b>	<b>99.8%</b>	<b>86.4%</b>	<b>101.2%</b>	<b>100.6%</b>	<b>96.5%</b>
2016 Oct	25,024	3,045	28,629	2,425	25,644	55.4	\$136-\$147
2016 Nov	24,914	3,045	28,559	2,425	25,574	55.3	\$136-\$147
<b>% M/M</b>	<b>99.6%</b>	<b>100.0%</b>	<b>99.8%</b>	<b>100.0%</b>	<b>99.7%</b>	<b>99.8%</b>	<b>92.5%</b>
<b>% Yr/Yr</b>	<b>105.2%</b>	<b>88.7%</b>	<b>103.0%</b>	<b>109.1%</b>	<b>102.7%</b>	<b>101.8%</b>	<b>94.8%</b>
<b>US PORK, MILLION POUNDS:</b>						<b>#'s Per</b>	<b>\$ B &amp; G's</b>
						<b>Capita</b>	<b>\$/cwt</b>
2013	23,200	880	24,705	4,992	19,095	46.8	\$64.05
2014	22,861	1,008	24,486	4,857	19,070	46.4	\$76.03
2015 Oct	24,599	1,107	26,266	4,999	20,592	49.7	\$50.82
2015 Nov	24,526	1,106	26,192	4,996	20,521	49.5	\$50.82
<b>% M/M</b>	<b>99.7%</b>	<b>99.9%</b>	<b>99.7%</b>	<b>99.9%</b>	<b>99.7%</b>	<b>99.6%</b>	<b>100.6%</b>
<b>% Yr/Yr</b>	<b>107.3%</b>	<b>109.7%</b>	<b>107.0%</b>	<b>102.9%</b>	<b>107.6%</b>	<b>106.7%</b>	<b>66.8%</b>
2016 Oct	24,943	1,000	26,618	5,225	20,743	49.7	\$47-\$50
2016 Nov	24,943	1,000	26,618	5,225	20,743	49.7	\$47-\$50
<b>% M/M</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>102.1%</b>
<b>% Yr/Yr</b>	<b>101.4%</b>	<b>90.3%</b>	<b>101.3%</b>	<b>104.5%</b>	<b>100.7%</b>	<b>100.0%</b>	<b>89.5%</b>
<b>U.S. RED MEAT &amp; POULTRY, MILLION POUNDS:</b>						<b>#'s Per</b>	<b>Cents/#</b>
						<b>Capita</b>	<b>Broilers</b>
2013	92,947	3,449	98,604	15,802	80,660	203.6	
2014	91,855	4,297	98,294	15,652	80,574	202.0	104.9
2015 Oct	94,366	4,911	101,344	14,553	84,547	210.6	90
2015 Nov	94,414	4,917	101,398	14,327	84,754	211.2	89.5
<b>% M/M</b>	<b>100.1%</b>	<b>100.1%</b>	<b>100.1%</b>	<b>98.4%</b>	<b>100.2%</b>	<b>100.3%</b>	<b>99.4%</b>
<b>% Yr/Yr</b>	<b>102.8%</b>	<b>114.4%</b>	<b>103.2%</b>	<b>91.5%</b>	<b>105.2%</b>	<b>104.6%</b>	<b>85.3%</b>
2016 Oct	97,243	4,389	103,876	15,637	86,053	212.8	84-91
2016 Nov	97,183	4,389	103,889	15,512	86,177	213.2	83-89
<b>% M/M</b>	<b>99.9%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.2%</b>	<b>100.1%</b>	<b>100.2%</b>	<b>98.3%</b>
<b>% Yr/Yr</b>	<b>102.9%</b>	<b>89.3%</b>	<b>102.5%</b>	<b>108.3%</b>	<b>101.7%</b>	<b>100.9%</b>	<b>96.1%</b>

The November USDA WASDE report forecasts increased the Total Red Meat and Poultry Per Capita availability for both 2015 and 2016. Per Capita Red Meat and Poultry supply for 2016 is now estimated to be 213.2# up +2.0# from this year and up +11.2# relative to 2014. This suggests U.S. consumers will have ample meat supplies ahead.

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The Fed Steer price forecast for 2016 was unchanged from the previous month. Farm Level Steer prices for 2016 are now expected to be more than -5% below this year. For 2016, Beef exports were expanded but Beef Imports were decreased. U.S. consumers are forecast to have 55.3# available compared with 54.4# during 2015.

Domestic Pork availability for 2016 was about unchanged relative to this year but Farm Level Hog prices are expected to be lower by around -4.5% below this year. Pork Production and Farm level Hog prices were unchanged when compared with the previous monthly forecast.

Despite Bird Flu outbreaks, earlier this year, Total Red Meat and Poultry availability for 2015 are still +4.6% above a year earlier levels. A further 2.0# per capita increase is forecast for 2016 being led by increased Poultry meat production.

The lower Soybean and Corn values indicate lower livestock and Poultry feeding costs ahead. The WASDE report forecast Soybean Meal prices for 2015 will average \$368.49 per ton, 75.2% of a year earlier, and for 2016 expected to average \$320.00, at 86.8% of the current year at the midpoint. Farm level Corn prices for 2015 are estimated to average \$3.70 per bushel ( 83% of the previous year) and the mid-point price forecast for 2016 at \$3.65 per bushel (98.6% of this year's average price.)

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**Expected November, 2015 CATTLE  
on FEED REPORT**

The USDA will release the monthly Cattle of Feed report on November 20, 2015 for feedlots with greater than 1000 head capacity. We expect the report will show:

	5 Yr Avg. :	2014	2015	% Yr/Yr
	-----	1000 Head	-----	
Oct1 Cattle on Feed	10,806:	9,985	10,218	102.3%
Marketed	1,789:	1,685	1,625Est.	96.4%Est.
Placed	2,514:	2,368	2,220Est.	93.8%Est.
Other Disappearance	53:	97	73Est	75.3%Est.
Nov 1 Cattle on Feed	11,468:	10,571	10,740Est.	101.6%Est.

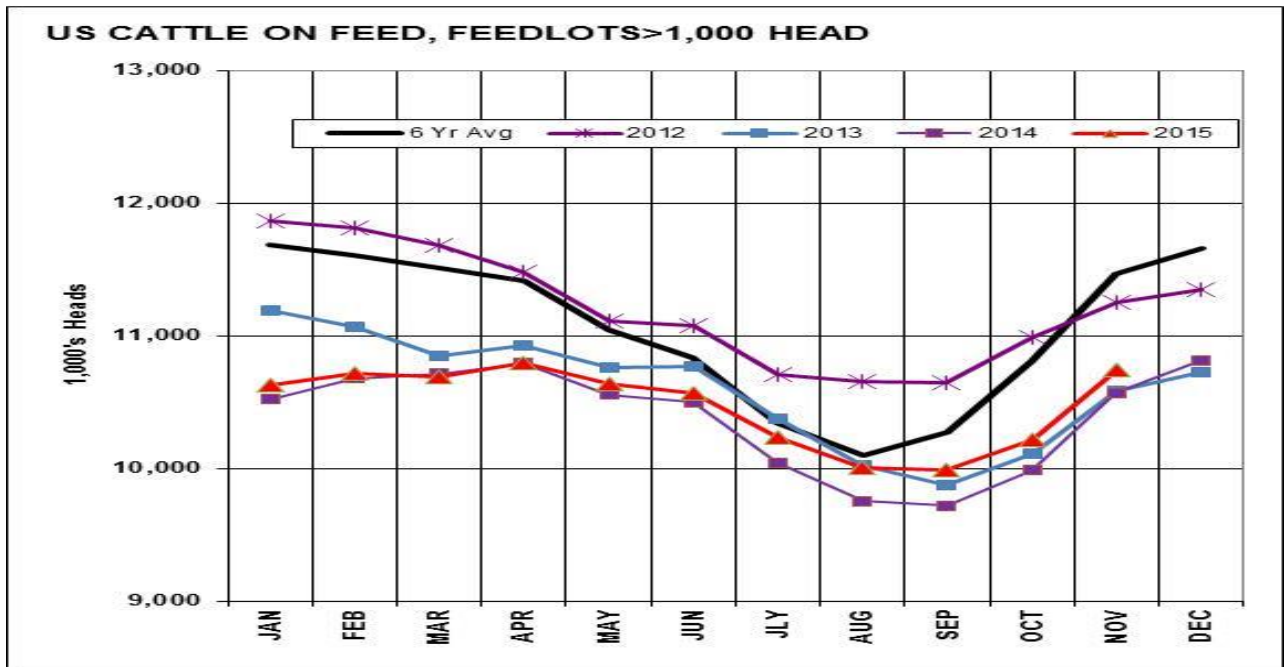
The Beginning of November Cattle on Feed Inventory is forecast to be 10,740 thousand head, 101.6% of a year earlier.

Cattle Placed on feed during October are expected to be below the year earlier, we estimate animals placed at 2,220,000 head, 93.8% of a year earlier.

Extreme cattle feeding loses are expected to discourage some feedlot operators to delay reaching for stocker/feeder animals during October.

Cattle Marketed during September are estimated to be 1,625,000 head, 96.4% of last year. This year, October had the one less non-holiday working week days as last year.

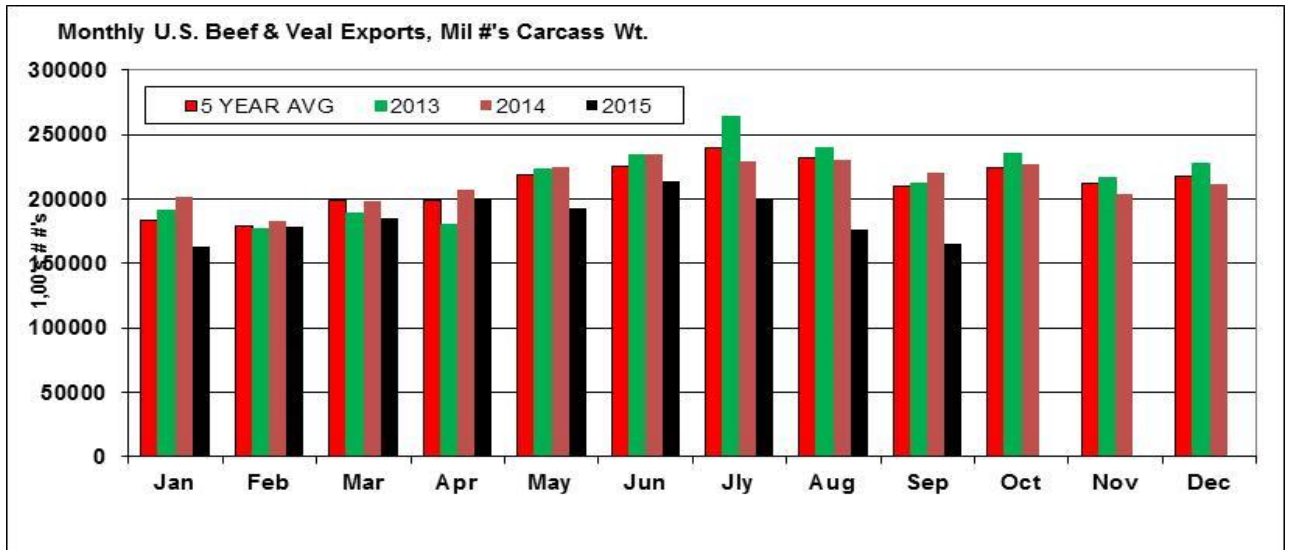
Other Disappearance is estimated to be 73,000 head, 75.3% of a year earlier.



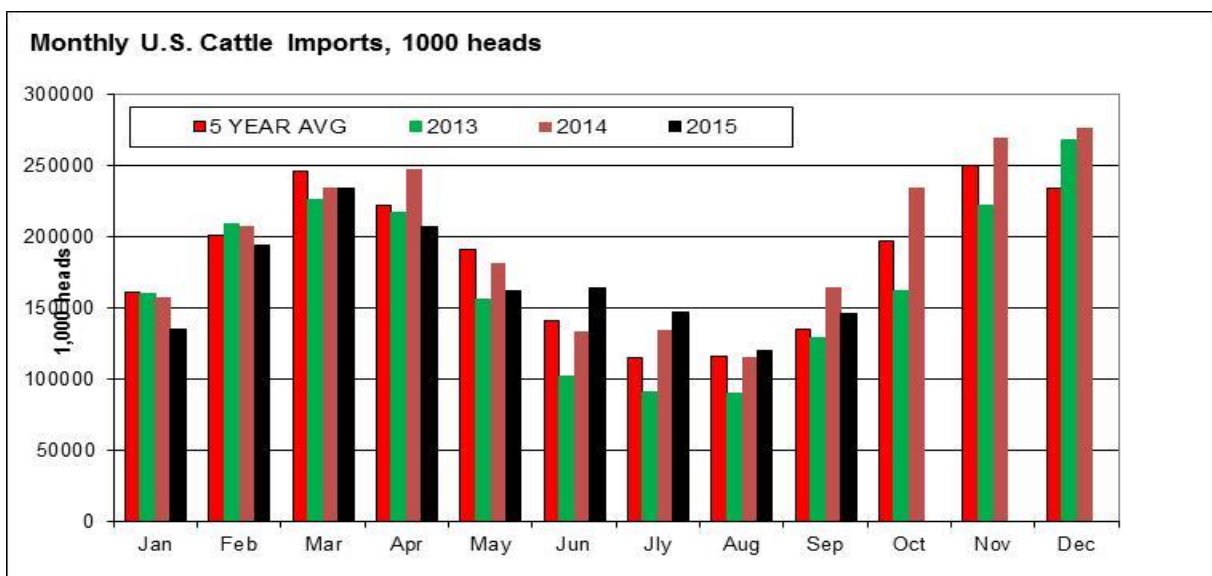
The Cow Calf Ranchers and Farmers typically expand sales of Stockers and Feeder cattle during October to the largest numbers of the year as they get ready for the upcoming winter. The uncertainty in recent years is the amount of Stockers and Feeder Cattle that will go directly into formal feedlot programs or going into “Back Grounding Programs”. Back Grounding programs have reduced costs of gains before going into formal feedlot programs. In recent years, a number of large scale feedlot operators have been increasing their Backgrounding Programs in order to get control of Stockers and Feeder cattle in an environment of very tight available supplies of animals relative to the Feedlot capacity. We expect the very heavy weights for cattle being Placed on feed in recent years is due to the increasing growth in Back Grounding programs.

**U.S. Beef Exports shrank during September to the smallest monthly rate in more than four years. The U.S. exported 165,124,000#, carcass weight equivalent, at only 75.1% of the prior year’s level. Japan continues to be the largest U.S. Beef buyer followed by Mexico and Canada. Apparently, the very strong US\$ coupled with the very high Wholesale Beef values is blunting export demand that has been below year earlier levels all year.**

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Cattle Imports during September started to show a seasonal increase relative to previous months; further seasonal increases are expected in coming months.



Mexico accounted for around 55% of the total cattle shipped into the U.S. market during September.

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**LIVE AND FEEDER CATTLE FUTURES COMMENTS:**

Live Cattle futures prices had a very volatile week with four sessions having either a limit up or limit down moves. Wholesale Beef prices are under strong downside pressure late this week as F.I. Beef and F.I. Pork output continues exceeding a year earlier levels. We continue to see this market environment as having more BEARISH forces at work.

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**December Live Cattle Futures Contract, Daily Bar Chart**

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The December Contract appears to have had a “dead cat bounce” after a strong downside reaction since late October. We view Thursday’s high as a risk point for short probes.

#### February Live Cattle Futures, DAILY BAR CHART



The February Live Cattle futures contract broke below the shorter term moving average values Tuesday.

#### April Live Cattle Futures, DAILY BAR CHART:



The April Live Cattle futures had a similar pattern as seen for the February Live cattle futures. We would also treat Thursday's high as a risk point for close only short positions.

**The November Feeder Cattle futures prices sold off aggressively early this week with a minor rally; retesting early October support:**

**November 2015 Feeder Cattle futures, Daily Bar Chart:**



Feedlot operators will likely react to the setback for Fed Cattle/ Wholesale Beef prices and pencil in lower Feeder cattle values when bidding for Stockers and Feeders animals in coming weeks. October typically has the largest numbers of Stocker and Feeder Cattle placed into feedlot inventory of the year.

## **Weekly Cattle/Beef Statistics:**

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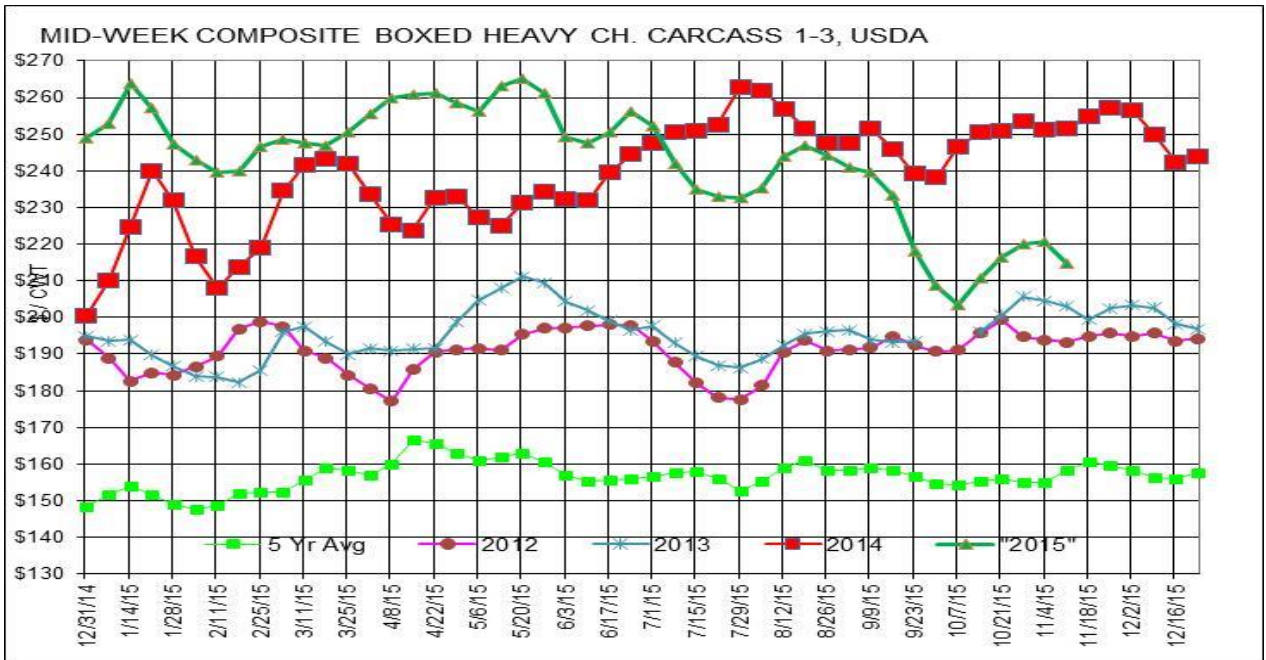
WEEKLY CATTLE/BEEF STATISTICS, USDA												
F.I. BEEF PRODUCTION, Mil #'s				F.I. CATTLE SLAUGHTER, 000'				F.I. CARCASS WEIGHT				
Week	F.I. Beef	A/I	% Yr/Yr	S. Index	Head 000	A/I	% Yr/Yr	S. Index	#s / Heac	A/I	% Yr/Yr	S. Index
9/26/15	485.9	A	102.2%	103.8%	574.4	A	99.6%	102.2%	848	A	102.7%	101.6%
10/3/15	482.6	A	103.8%	103.3%	569.4	A	100.9%	101.4%	850	A	102.9%	101.8%
10/10/15	468.8	A	100.9%	103.5%	551.7	A	97.8%	101.7%	852	A	103.3%	101.8%
10/17/15	487.3	A	102.0%	102.4%	571.2	A	98.9%	100.8%	855	A	103.1%	101.5%
10/24/15	469.6	A	102.6%	104.4%	553.1	A	99.8%	103.3%	851	A	102.8%	101.1%
10/31/15	468.8	A	99.9%	101.8%	555.4	A	97.8%	101.2%	846	A	102.2%	100.5%
11/7/15	478.9	P	102.6%	100.3%	563.0	P	99.8%	99.8%	853	P	102.9%	100.5%
11/14/15	471.9	P	100.4%	100.8%	556.0	P	97.6%	100.2%	851	P	102.9%	100.5%
11/21/15				93.3%				92.2%				101.2%
11/28/15				98.9%				97.6%				101.3%
Year Ago	F.I. Beef	A	5 yr avg	S. Index	Year Ago		5 Yr. Avg	S. Index	Year Ago		5 Yr. Avg	S. Index
10/4/14	475.3	A	516.2	103.8%	576.6	A	656.4	102.2%	797	A	789	101.6%
10/11/14	464.9	A	513.4	103.3%	564.2	A	651.6	101.4%	803	A	791	101.8%
10/18/14	464.4	A	514.6	103.5%	564.0	A	653.0	101.7%	799	A	791	101.8%
10/25/14	477.7	A	509.1	102.4%	577.8	A	647.6	100.8%	804	A	789	101.5%
11/1/14	457.6	A	519.1	104.4%	554.0	A	663.4	103.3%	804	A	786	101.1%
11/8/14	469.3	A	506.2	101.8%	568.0	A	650.0	101.2%	802	A	781	100.5%
11/15/14	466.6	A	498.5	100.3%	564.0	A	640.9	99.8%	803	A	781	100.5%
11/22/14	470.0	A	501.0	100.8%	569.8	A	643.9	100.2%	804	A	781	100.5%
11/29/14	408.0	A	463.7	93.3%	492.0	A	592.2	92.2%	807	A	786	101.2%
12/6/14	463.9	A	491.5	98.9%	563.6	A	626.8	97.6%	810	A	787	101.3%
12/13/14	469.5	A	504.0	101.4%	0.0	A	644.7	100.4%	804	A	784	101.0%
12/20/14	453.5	A	499.3	100.4%	0.0	A	641.7	99.9%	804	A	781	100.5%
12/27/14	321.2	A	444.6	89.4%	0.0	A	570.9	88.9%	804	A	781	100.6%

A- Actual P-Preliminary S.Index is the weekly seasonal % of of the five year average weekly rate, derived.  
Developed by John Ginzel, JGINZEL@HOTMAIL.COM

-Current weekly, preliminary Cattle Carcass weights eased -2# being posted at 851#, showing a +2.9% year over year increase. F.I. Beef output continues to be above a year earlier. =====

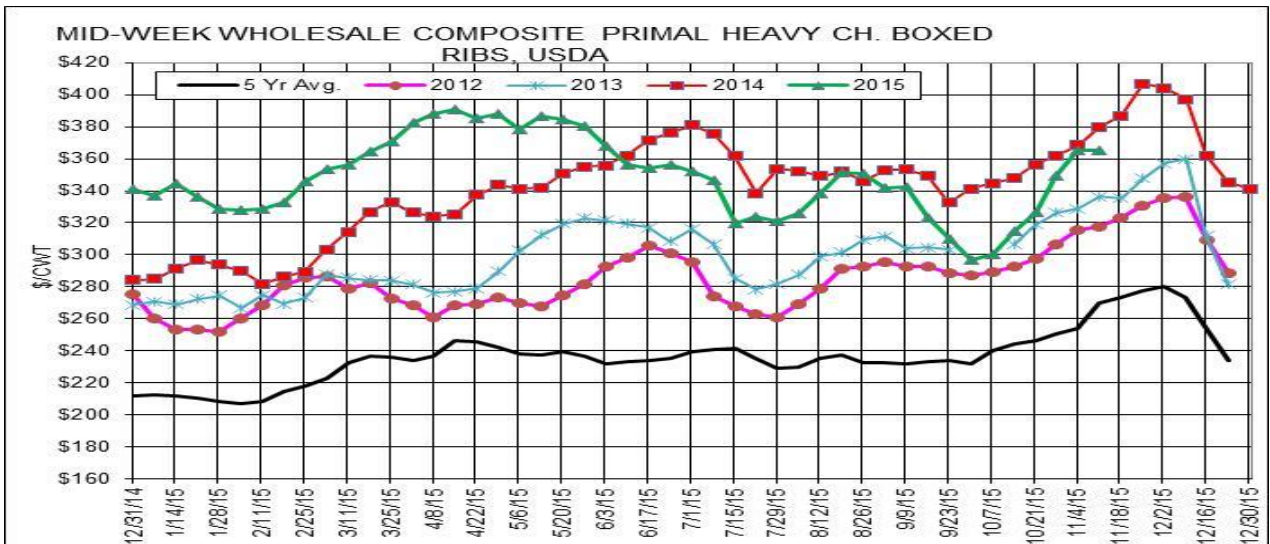
**Mid-Week AMS/USDA Composite Choice Beef Carcass values sold off sharply:**

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Mid-week Composite Choice Carcass Beef values was posted at \$214.81 per cwt. compared with the prior week at \$220.58 vs a year ago at \$251.44. Friday's USDA Wholesale Choice Carcass Beef price declined sharply, being posted at \$209.30 and more than -\$5.00 below the mid-week price.

**Mid-week, Wholesale Ribs values stabilized However, Friday's posting for Wholesale Ribs prices were unexpectedly sharply lower as Beef Packers appear to want to reduce cooler meat inventories:**

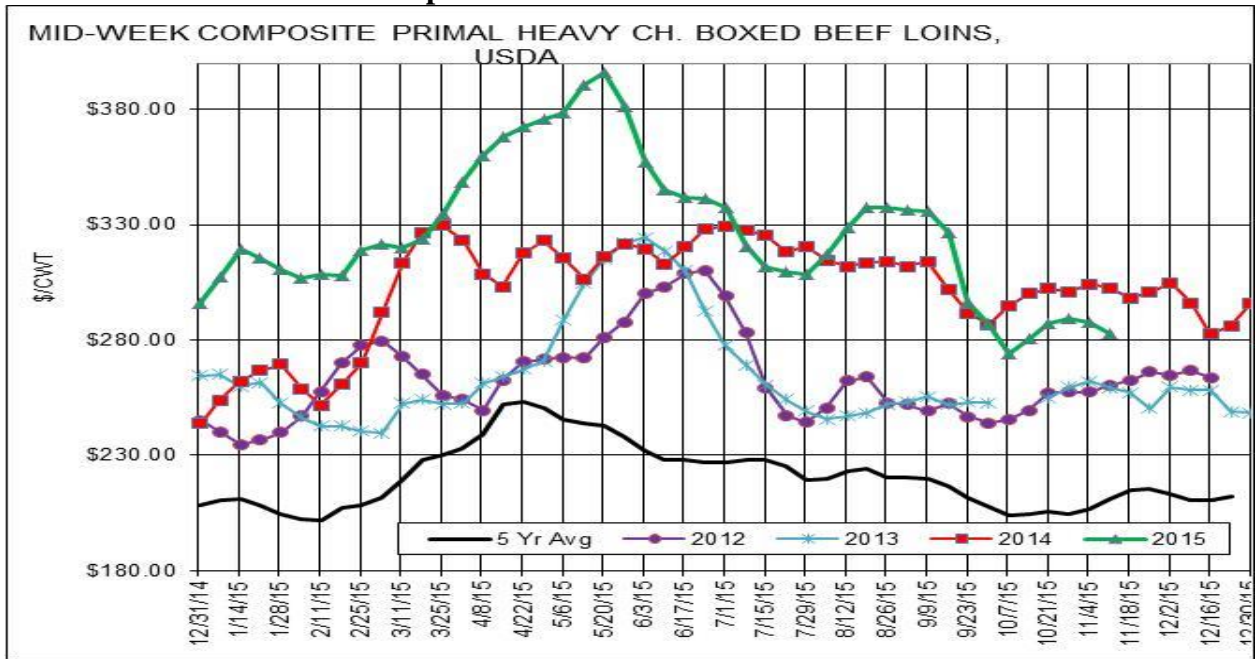


Mid-week Composite Choice Rib Primal prices stabilized being posted at \$365.19 per cwt. compared with the previous week at \$365.37 and a year ago reported at \$379.89. However, the USDA's Friday's Wholesale Choice Rib prices were quoted sharply lower,

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at \$351.10. This is troubling to see such as Counter Seasonal decline for Choice Beef Rib prices.

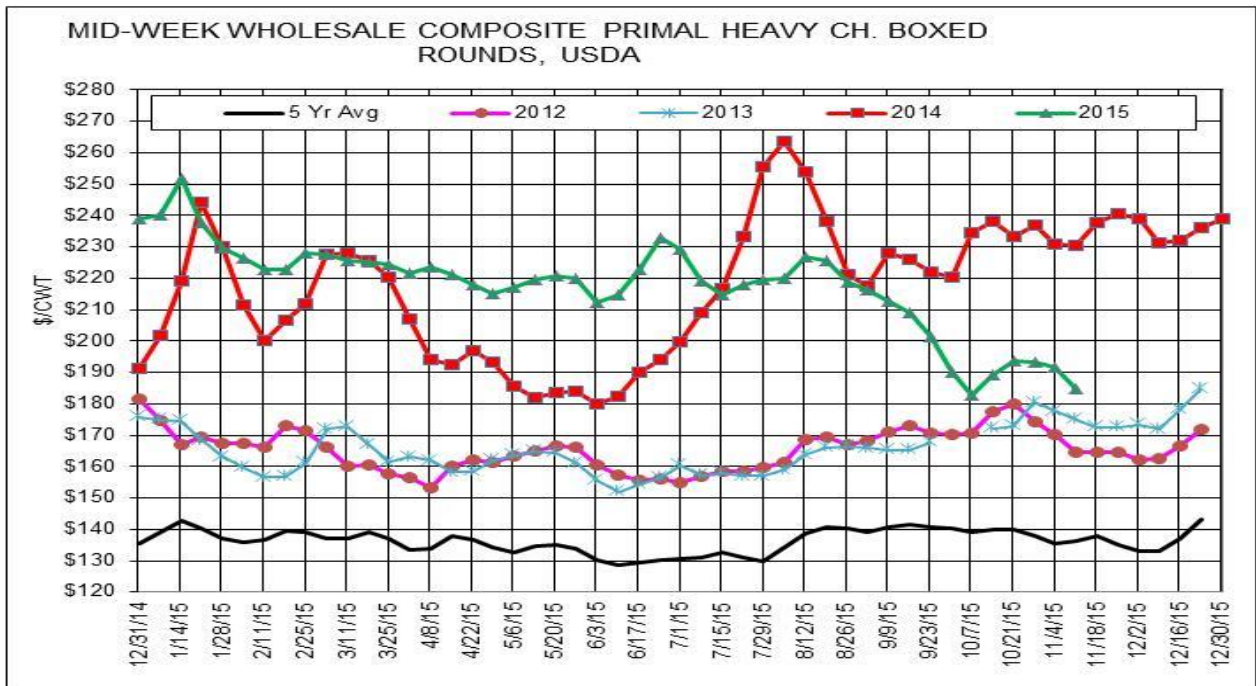
**Mid-week Choice Primal Loin prices eroded less than seen for Beef Ribs:**



Wednesday’s Wholesale Beef Loin prices slipped being reported at \$282.97 per cwt. compared with a week earlier at \$287.92 vs. a year ago at \$302.52. Friday, Choice Beef Loin prices broke to \$276.98 per cwt. We find it troubling that Choice Middle Beef cuts prices appear to be breaking earlier than usual.

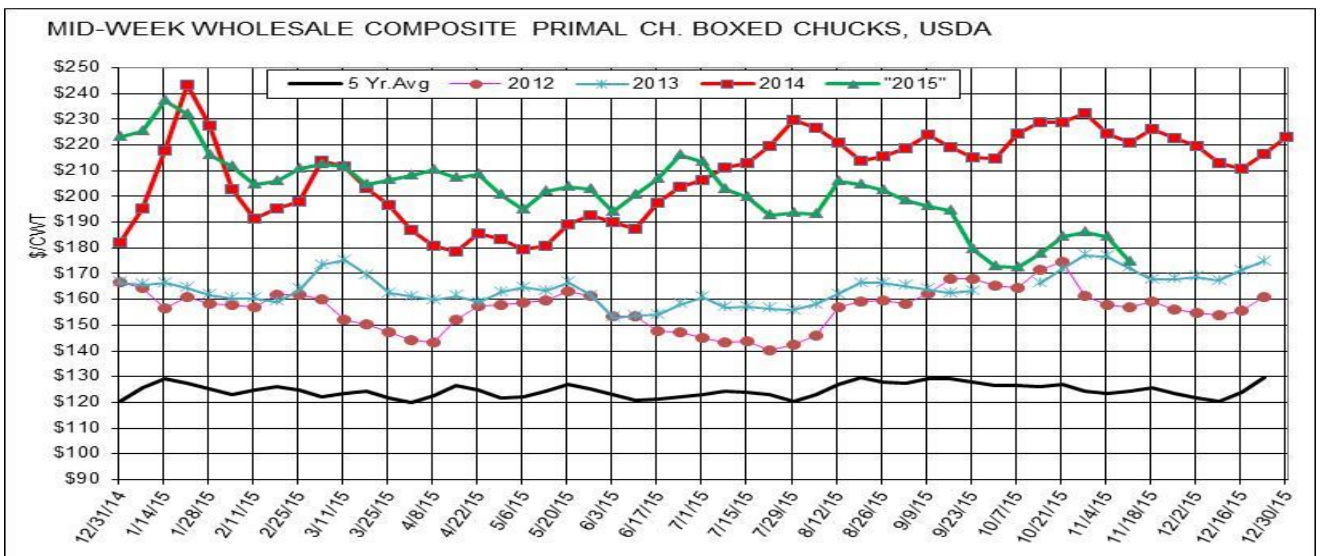
**Composite Wholesale Primal Choice Rounds values are eroding in an environment of ample Total Meat supplies:**

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Mid-week Wholesale Primal Choice Round prices are eroding going to \$184.91 per cwt. compared with \$191.81 the previous week and at \$230.48 a year earlier. Seasonally, Wholesale Round values tend to have a modest down trending pattern until demand for next year features being developing. This year the downward price pressure seen for Lean Beef Trimmings is seen as contributing to lower Beef Round values.

**Mid-week Choice Wholesale Primal Chucks prices also were under strong downside pressure:**

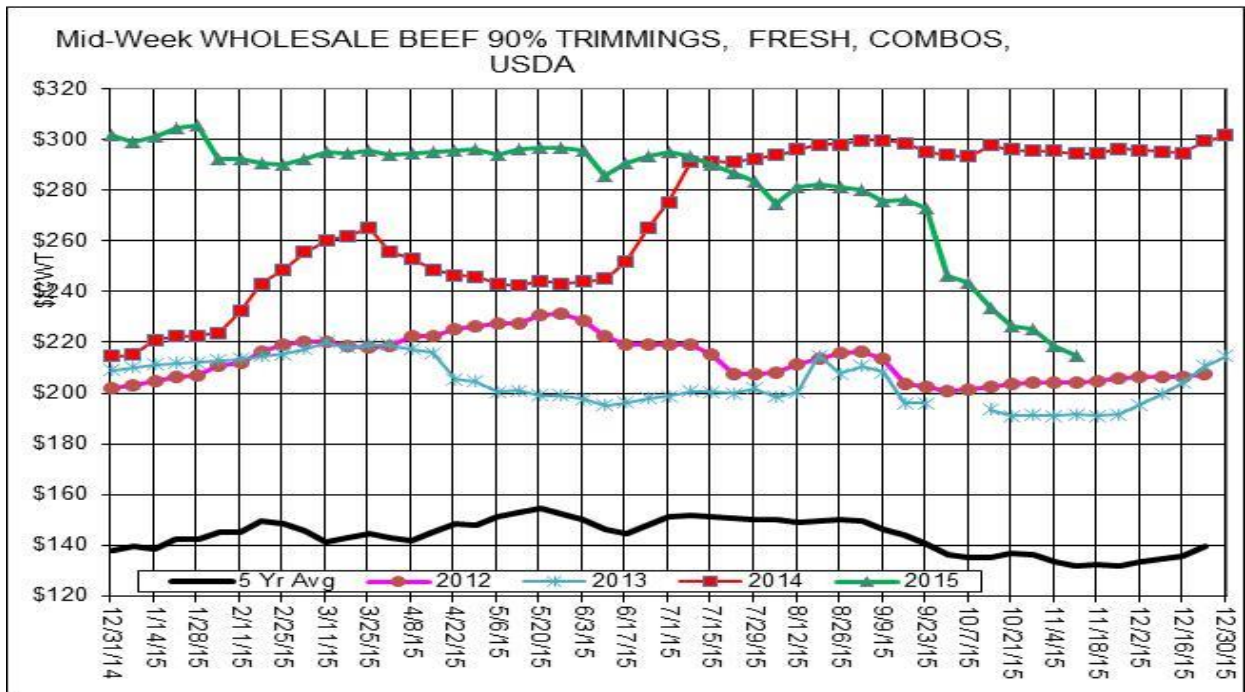


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Wednesday's Wholesale Composite Chuck Primal prices broke back to \$174.61 per cwt. compared with the previous week at \$184.38 and a year earlier at \$220.88. Seasonally, Beef End Meat cuts tend to have a weakening price pattern until demand picks up for features in the New Year.

**One of the three Thin Meat cuts prices gained being led by Choice Flanks. Choice Brisket prices eroded being posted at \$133.25 now trading at only 64.5% of year ago values:**

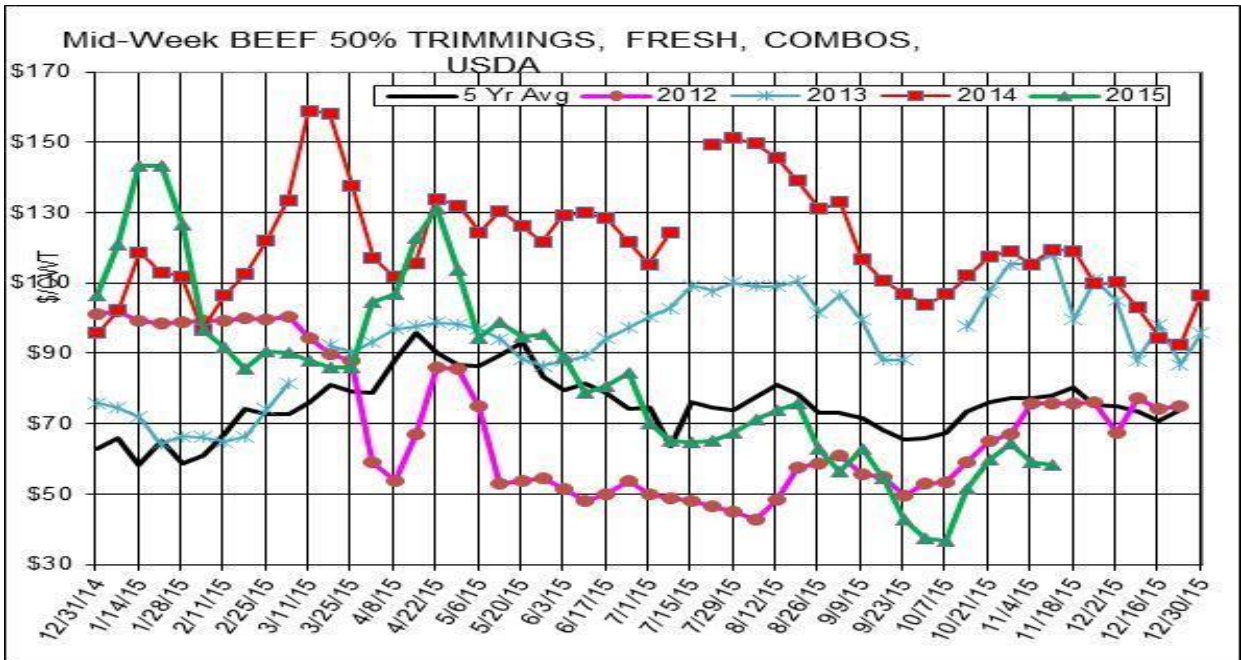
**Mid-week Wholesale Lean Domestic Fresh Cow Trimmings prices continue making new yearly lows:**



Mid-week Wholesale Beef 90% trimmings prices continue eroding being posted at \$214.87 compared with the prior week at \$218.70 vs. a year ago at \$294.48.

Friday, Domestic Lean Cow Beef Trimmings prices were reported at \$207.98. The lower Lean Beef Trimming prices should start to show up in retail meat cases with cheaper Hamburger prices.

**Mid-week, Fat Beef Trimmings prices eroded some more going to \$58.34 per cwt. compared with the previous week at \$59.25 vs. a year ago at \$119.46.**



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