Daily Livestock Report

Vol. 18, No. 17/ January 27, 2020

Before we dive into Friday's Cattle on Feed report, a highlight from last week was the volume of slaughter cows hitting a five year high. Total cow slaughter was 138.6 thousand head the highest weekly number since January 2013. Dairy cows hit another 70+ thousand head week, which is somewhat surprising given the rebound in milk price.

On Friday, the futures market bounced-back some from Thursday's level. Wednesday's and especially Thursday's markets fell in light of very high beef production in December (+7% year-over-year), uncertainty regarding world markets, pre-report estimates showing larger placements than many market participants expected. Coronavirus is spreading through Asia, closing public spaces during the Chinese new year celebrations in an attempt to slow the spread of this epidemic. Lean hog contracts are bearing the brunt of that disease concern. Friday's lean hog futures in the first three contracts of 2020 were down.

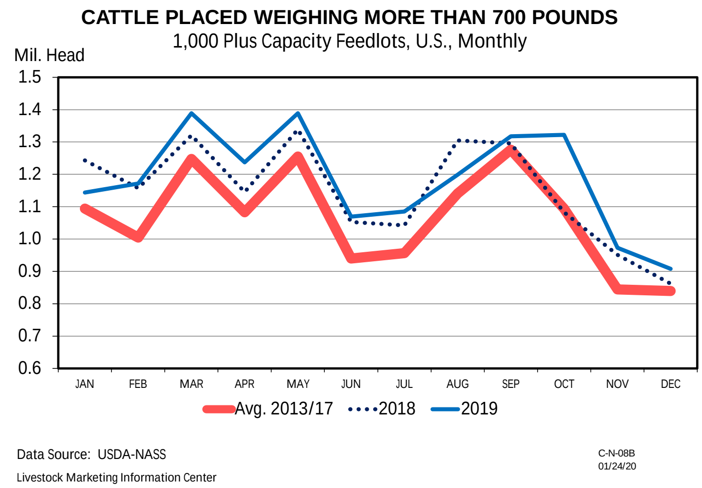
Take-aways from COF: The report was in-line with pre-report estimates (for the most part). Placements were a touch higher, while marketings were a touch lower. Second, is that cattle feeders continued to search the country high and low to find 1000 lb+ animals to put on-feed. Those animals will mostly be fed against a lofty April Live Cattle contract that was $124.3 at Friday's close. Feedlots have been placing a larger number of cattle that weigh over 700 pounds since September. Much of that is driven by profitable feeding opportunities that emerged post Tyson beef packing plant fire. Live Cattle futures enabled those cattle to be hedged above breakeven levels.

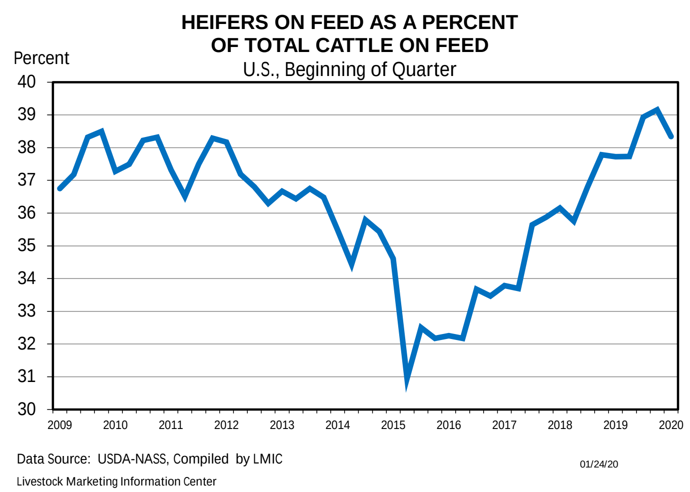
Placements were above a year ago for all the placement categories. Drought continues to persist across much of Texas and the Four Corners area, which may be boosting some of the lighter weight placement categories. Texas placements in the under 700 pound categories were above a year ago.

Marketings were half a percent off what daily Federally Inspected slaughter would have suggested. Steer and heifer slaughter was 5.8% above a year ago in December. Canadian imports of slaughter ready cows, steers and heifers were very large, nearly double the import level in 2018. USDA AMS no longer breaks out cows from steers and heifers. It is difficult to assess how many of those are cows versus steers and heifers. The total number of imports for weeks in December was 45,251 head, 20,189 head over December 2018. Another AMS report summarizes national cow and bull negotiated sales on imported animals. This report would indicate that much of the increase is steers and heifers.

A market factor that is challenging is the number of cattle in feedlots that are under 1000 head capacity, which are not surveyed monthly. Those farmer feeder numbers are only counted twice a year. That number will be available in the January 1 cattle inventory report released later this week.

The number of heifers on feed climbed above a year ago for the 16th straight quarter. The ratio of steers to heifers did dip below the previous quarter to 38%, in part because steers on feed reached above a year ago for the first time in five quarters.





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PRODUCTION & PRICE SUMMARY

Week Ending 1/25/2020

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY .

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			25-Jan-20	18-Jan-20		26-Jan-19			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	2,074	1,995	4.0%	1,927	7.6%	6,563	2.0%
C	FI Slaughter	Thou. Head	647	631	2.5%	608	6.4%	2,250	-3.1%
A	FI Cow Slaughter **	Thou. Head	139	113	22.3%	128	8.5%	6,636	3.8%
T	Avg. Dressed Weight	Lbs.	828	829	-0.1%	821	0.9%	826	1.0%
T	Beef Production	Million Lbs.	534.6	521.8	2.5%	498.0	7.3%	1,859	-2.2%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	124.28	124.03	0.2%	123.29	0.8%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	198.86	199.04	-0.1%	197.22	0.8%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	150.32	151.03	-0.5%	146.61	2.5%		
&	Choice Beef Cutout	$ per cwt	214.78	212.58	1.0%	216.71	-0.9%		
	Hide/Offal	$ per cwt, live wt	9.20	9.19	0.1%	8.95	2.8%		
B	Rib, Primal, Choice	$ per cwt	338.50	333.25	1.6%	348.73	-2.9%		
E	Round, Primal, Choice	$ per cwt	182.10	181.03	0.6%	175.81	3.6%		
E	Chuck, Primal, Choice	$ per cwt	174.12	175.02	-0.5%	177.05	-1.7%		
F	Trimmings, 50%, Fresh	$ per cwt	72.83	71.50	1.9%	55.74	30.7%		
	Trimmings, 90%, Fresh	$ per cwt	244.08	243.06	0.4%	202.29	20.7%		
	FI Slaughter	Thou. Head	2,720	2,500	8.8%	2,487	9.4%	9,313	-0.8%
H	FI Sow Slaughter **	Thou. Head	66.1	46.9	40.8%	61.6	7.2%	3,107	-0.3%
O	Avg. Dressed Weight	Lbs.	216.0	215.0	0.5%	215.0	0.5%	216	0.4%
G	Pork Production	Million Lbs.	586.7	536.5	9.4%	534	9.9%	2,011	-0.4%
S	Natl. Negotiated Purchase	Wtd. Avg.	51.90	51.23	1.3%	52.02	-0.2%		
	Natl. Base Carcass Price	Wtd. Avg.	63.56	62.16	2.2%	58.98	7.8%		
&	Natl. Net Carcass Price	Wtd. Avg.	65.21	63.79	2.2%	60.76	7.3%		
	Natl. Early Wean Feeder	10-12 Lbs.	54.65	56.37	-3.1%	53.77	1.6%		
P	Pork Cutout	$ per cwt	78.05	74.82	4.3%	68.82	13.4%		
O	By-product Value	$ per cwt, live wt	3.69	3.64	1.4%	3.36	9.8%		
R	Ham, Primal	$ per cwt	74.26	70.11	5.9%	49.27	50.7%		
K	Loin, Primal	$ per cwt	68.87	68.37	0.7%	66.31	3.9%		
	Belly, Primal	$ per cwt	111.44	100.65	10.7%	123.11	-9.5%		
	Trimmings, 72%, Fresh	$ per cwt	75.50	72.20	4.6%	56.79	32.9%		
C	Young Chicken Slaughter *	Million Head	174.5	173.1	0.8%	167.86	4.0%	494	4.8%
H	Avg. Weight (RTC)	Lbs.	4.81	4.76	1.1%	4.66	3.3%	4.80	2.4%
I	Young Chicken Production (RTC)	Million Lbs.	839.7	823.7	1.9%	782.0	7.4%	2,372	7.3%
C	Eggs Set (US)	Million	236.7	238.7	-0.8%	228.3	3.7%	12,727	2.3%
K	Chicks Placed (US)	Million Head	191.1	190.6	0.3%	184.2	3.8%	10,233	2.2%
E	National Composite Whole Bird	Composite	90.90	90.96	-0.1%	94.22	-3.5%		
N	Northeast Breast, B/S	$ per cwt	87.83	90.65	-3.1%	101.63	-13.6%		
	Northeast Leg Quarters	$ per cwt	37.55	38.57	-2.6%	30.06	24.9%		
T	Total Turkey Slaughter *	Million Head	4.18	4.14	0.9%	4.25	-1.7%	11.8	2.7%
U	Avg. Weight (RTC)	Lbs.	27.00	27.16	-0.6%	26.67	1.2%	27.36	2.8%
R	Turkey Production (RTC)	Million Lbs.	112.9	112.6	0.3%	113.5	-0.5%	322	5.6%
K	National Hen (8-12 Lbs)	$ per cwt	97.33	95.36	2.1%	82.80	17.5%		
G	Corn, Omaha	$ per Bushel	3.90	3.72	5.0%	3.60	8.3%		
R	Distillers Grain, IA	$ per Ton	146.50	142.50	2.8%	155.00	-5.5%		
A	Soybean, Cntrl IL	$ per Bushel	9.15	9.29	-1.6%	8.85	3.4%		
I	Soybn Meal 48%, Cntrl IL	$ per Ton	299.90	301.10	-0.4%	311.30	-3.7%		
N									

* 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 (part of 'actual" rather than "preliminary" weekly slaughter report).