Daily Livestock Report

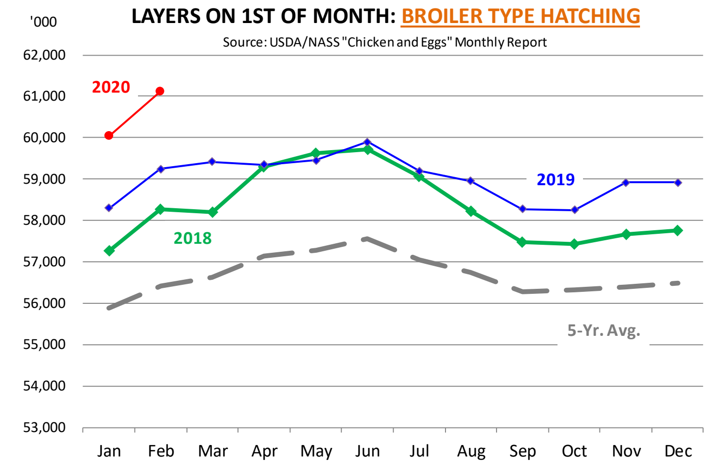
Sponsored in part by CME Group

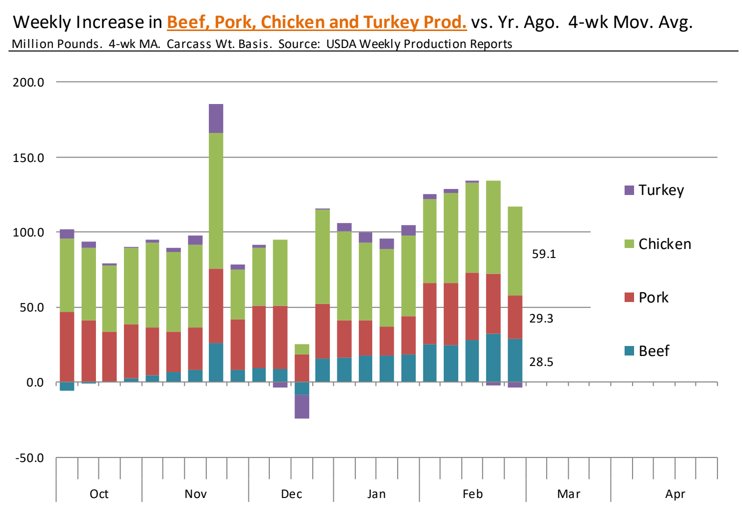
Vol. 18, No. 42 / March 2, 2020

The **risk to demand from a Coronavirus pandemic significantly impacted markets last week and volatility is expected to remain high in the near future**. Fears about demand come at a time when US meat protein supplies are at record high levels for this time of year. While some segments in the industry can respond more quickly to demand shocks, in the near term there is little that can be done given what's already in the pipeline, whether this is product sitting at a cold storage somewhere or livestock and poultry that has yet to be processed.

By far the biggest meat protein supply in the US is chicken and the industry growth trajectory increased significantly last year. Low feed costs, high meat protein prices in China and the opening of the Chinese market to US poultry offered a strong incentive for broiler producers to expand. A USDA report published on Friday showed that as of February 1, **the supply of layers that produce eggs for broiler type production was 61.124 million head, 3.2% higher than the previous year**. This is the highest inventory of broiler type layers on record and this should continue to bolster chicken supplies in the next few months. Additionally, the latest USDA report also noted that "Leading breeders placed 8.54 million broiler-type pullet chicks for future domestic hatchery supply flocks during January 2019, up 14 percent from January 2019." Broiler industry growth appears entrenched at this time and the increase in supply is something that competing proteins will have to contend with.

The increase in the broiler hatchery flock already has already bolstered broiler meat supplies and this will likely continue. January broiler production was estimated at 3.952 billion pounds on a ready to cook basis, 240 million pounds or 6.5% higher than a year ago. Production growth continued in February as well. Weekly broiler slaughter in the four weeks ending February 22 averaged 171.05 million head, 5.8% higher than the same four week period a year ago. Broiler weights continue to run above last year's levels as well, implying near 8% growth in broiler production during the month of February as well. Broiler supplies increased sharply at a time when there was strong growth from other species as well. The chart to the right illustrates the increase in meat protein supplies on a weekly basis for the main species. Please keep in mind that this is based on weekly data. In order to eliminate some of the week to week noise, the chart shows a four week moving average. USDA will publish final estimates for the entire month of February later in March but this offers a quick early indication of the trend. We think broiler production for the month averaged about 59.1 million pounds per week or 7.9% higher than a year ago. During this period, beef production also increased by 28.5 million pounds per week or 5.8% and pork production increased by 29.3 million pounds per week or 5.5% higher than the same period a year ago. For the three main proteins, weekly supply growth in February is estimated at almost 117 million pounds per week (carcass wt and rtc weight), 6.6% higher than the previous year. Higher exports have certainly helped some items (hams, broiler dark meat) but the surge in supply sets up for a stiff competition in the coming months as preparations for the grilling season get under way. And with Coronavirus presenting a significant threat to foodservice demand, the fight for the retail meat case could be especially fierce.





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PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 2/29/2020

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. *Weekly Avg. Prices*

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			29-Feb-20	22-Feb-20		2-Mar-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,987**	**1,992**	-0.26%	**1,872**	6.16%	**16,567**	4.9%
	FI Slaughter	Thou. Head	627	628	-0.16%	609	3.00%	5,394	1.0%
C	FI Cow Slaughter **	Thou. Head	123	131	-5.66%	127	-3.07%	904	5.6%
T	Avg. Dressed Weight	Lbs.	830	828	0.24%	810	2.47%	827	1.5%
T	Beef Production	Million Lbs.	519.3	518.7	0.12%	491.9	5.57%	4,459	2.5%
L	Live Fed Steer Price	$ per cwt	115.07	119.71	-3.88%	128.22	-10.26%		
E	Dressed Fed Steer Price	$ per cwt	185.45	190.07	-2.43%	205.07	-9.57%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	150.00	158.83	-5.56%	153.06	-2.00%		
&	Choice Beef Cutout	$ per cwt	206.34	205.71	0.31%	219.98	-6.20%		
	Hide/Offal	$ per cwt, live wt	8.92	9.07	-1.65%	8.98	-0.67%		
B	Rib Primal, Choice	$ per cwt	326.29	323.07	1.00%	366.22	-10.90%		
E	Round Primal, Choice	$ per cwt	179.42	177.87	0.87%	178.69	0.41%		
E	Chuck Primal, Choice	$ per cwt	165.13	167.59	-1.47%	173.27	-4.70%		
F	Trimmings, 50%	$ per cwt	57.33	59.85	-4.21%	70.52	-18.70%		
	Trimmings, 90%	$ per cwt	228.29	231.76	-1.50%	212.34	7.51%		
	FI Slaughter	Thou. Head	2,556	2,622	-2.52%	2,437	4.90%	22,433	3.4%
	FI Sow Slaughter **	Thou. Head	61.3	63.8	-3.94%	58.5	4.71%	428	8.1%
H	Avg. Dressed Weight	Lbs.	216.0	216.0	0.00%	215.0	0.47%	216	0.5%
O	Pork Production	Million Lbs.	550.7	565.5	-2.62%	522.7	5.36%	4,842	3.9%
G	Iowa-S. Minn. Base	Wtd. Avg.	49.72	49.74	-0.04%	45.28	9.81%		
S	Natl. Base Carcass Price	Wtd. Avg.	59.46	58.83	1.07%	54.16	9.79%		
	Natl. Net Carcass Price	Wtd. Avg.	61.38	60.80	0.95%	56.02	9.57%		
	Natl. Early Wean Feeder	Wtd. Avg.	41.04	41.71	-1.61%	47.01	-12.70%		
	Pork Cutout	205 Lbs.	65.04	64.26	1.21%	60.77	7.03%		
	Ham Primal	$ per cwt	62.62	58.54	6.97%	44.18	41.74%		
	Loin Primal	$ per cwt	66.02	65.47	0.84%	60.13	9.80%		
	Belly Primal	$ per cwt	68.39	71.11	-3.83%	102.27	-33.13%		
	Trimmings, 72%, Fresh	$ per cwt	58.02	49.77	16.58%	43.12	34.55%		
	Hog By-Product Value	$ per cwt, live wt	3.61	3.66	-1.37%	3.26	10.74%		
C	Young Chicken Slaughter *	Million Head	170.0	171.0	-0.60%	160.2	6.09%	1,344	5.3%
H	Avg. Weight (RTC)	Lbs.	4.76	4.71	0.97%	4.66	2.12%	6.28	2.1%
I	Young Chicken Production (RTC)	Million Lbs.	808.6	805.6	0.37%	746.3	8.34%	6,410	7.8%
C	Eggs Set (19-state)	Million	237.5	239.7	-0.90%	230.4	3.07%	1,909	4.3%
K	Chicks Placed (19-state)	Million Head	191.8	190.1	0.89%	183.6	4.49%	1,523	4.3%
E	National Composite Whole Bird	Composite	76.71	78.39	-2.14%	87.96	-12.79%		
	Northeast Breast, B/S	$/cwt	88.69	88.49	0.23%	104.34	-15.00%		
	Northeast Leg Quarters	$/cwt	39.08	36.04	8.44%	33.91	15.25%		
T	Total Turkey Slaughter *	Million Head	4.099	3.877	5.73%	4.159	-1.44%	31.767	1.9%
U	Avg. Weight (RTC)	Lbs.	26.40	26.37	0.11%	26.59	-0.70%	33.52	0.1%
R	Turkey Production (RTC)	Million Lbs.	108.2	102.3	5.85%	110.6	-2.14%	856	2.2%
K	National Hen (8-12 lb)	8-16 Lbs.	96.56	97.96	-1.43%	84.61	14.12%		
G	Corn, Omaha	$ per Bushel	3.65	3.78	-3.44%	3.58	1.96%		
R	Soybeans, Cntrl IL	$ per Bushel	9.00	9.05	-0.55%	8.72	3.21%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	305.10	299.80	1.77%	303.30	0.59%		
I	Distillers Grain, IL	$ per Bushel	163.00	163.00	0.00%	162.50	0.31%		

* Chicken & turkey slaughter. Production, egg sets 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.