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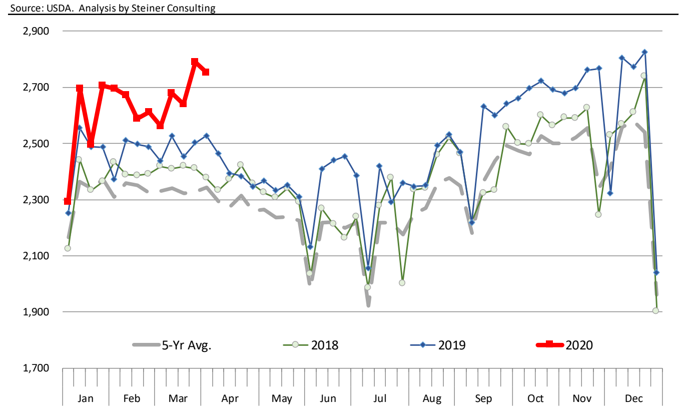
Strong retail demand, and the resulting spike in processing margins, has incentivized a dramatic ramp up in production during the past two weeks. We estimate that the production of beef, pork, chicken and turkey for the week ending March 28 was 2.084 billion pounds, a **10% increase from the same week a year ago**. In the last four weeks, combined production of the four main proteins was up 8.5% compared to the previous year. Clearly there is no shortage of protein available in the pipeline. But there are spot shortages of some products in some parts of the country when the normal supply pipeline could not catch up with panic buying and month supply that some consumers demanded. Wholesale beef and pork prices by the end of last week were trending lower, suggesting that the ramp up in production is having the desired effect.

Beef production last week was estimated at 561 million pounds, 13.7% higher than a year ago. Fed beef supplies were up even more. We estimate total fed cattle slaughter last week was 536,000 head, 11.5% higher than the pervious year. Fed cattle weights in the last two weeks have been running about 4% above year ago levels (comprehensive cattle report), suggesting **fed beef supplies were up by more than 15% compared to last year**. The increase in supply combined with a steady erosion in foodservice demand has significantly impacted higher value beef cuts. News reports have noted that as of Monday, about 2/3 of the US population is under some sort of stay at home order. Restaurant business in major metro areas is down to zero and consequently finding a home for some of the higher value cuts will be increasingly difficult. It is one thing to sell chuck clods at retail when wholesale value is about $3.50 a pounds. It is another to try and sell tenderloins that routinely sell at wholesale at over $10 per pound. On Friday USDA quoted the value of **beef tenderloins at $6.92/lb., a 15% discount to the price of ribeyes**. Going forward the value of middle meats will be a critical factor for the beef industry. As more people shelter in place and face an uncertain economic future, it will be difficult to push high value cuts through retail channels. **Fed cattle show a dramatic discount into June, a discount that in part reflects the extreme uncertainty about beef demand in general and especially demand for high value cuts**.

Pork production last week was estimated at 592.4 million pounds, +9.3% vs. a year ago. Hog slaughter for the week was estimated at 2.754 million head, 8.9% higher than a year ago. **In the last four weeks hog slaughter has averaged 8.5% above year ago levels**. This is higher than the USDA estimate of the +180 pound hog inventory on March 1, which was pegged at +6.5% over year ago levels. The higher slaughter may indicate that **some hogs are being pulled forward**. Average carcass weights of producer owned hog have been move lower in the last week or so although the decline has not been especially dramatic. It appears that, **in the near term, hog supplies remain plentiful.** While some retail pork items have performed extremely well (butts, loins, trimmings) processed items have struggled. One would think that the low value of bellies so far this year would have resulted in lower bacon prices at retail but that has not been the case. For the week ending March 28 USDA noted that the average price of bacon features was 5.27/lb. Normally this kind of price would reflect belly primal values above $150. However, six weeks ago the average value of the belly primal was $71/cwt and last week it was $64/cwt. More bacon will need to be sold at retail but current prices make that very difficult.

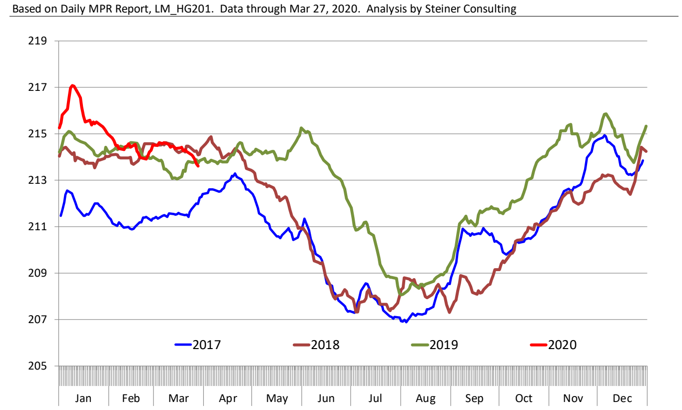
WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



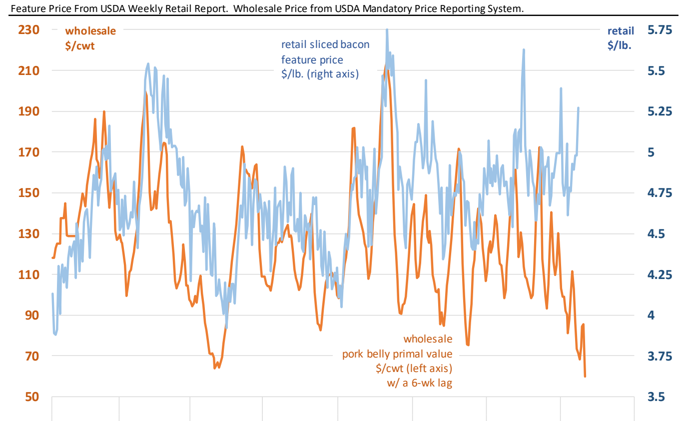
Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs

Based on Daily MPR Report, LM_HG201. Data through Mar 27, 2020. Analysis by Steiner Consulting



RETAIL BACON AVERAGE FEATURE PRICE VS. WHOLESALE PORK BELLY PRIMAL (6-WK LAG)

Feature Price From USDA Weekly Retail Report. Wholesale Price from USDA Mandatory Price Reporting System.



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 3/28/2020

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
			28-Mar-20	21-Mar-20		30-Mar-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**2,084**	**2,055**	1.40%	**1,893**	10.07%	**24,742**	6.0%
	FI Slaughter	Thou. Head	676	653	3.52%	619	9.26%	8,012	2.6%
C	FI Cow Slaughter **	Thou. Head	129	126	2.07%	125	3.06%	1,411	3.4%
T	Avg. Dressed Weight	Lbs.	832	832	0.00%	805	3.35%	828	2.2%
T	Beef Production	Million Lbs.	561.0	541.6	3.58%	493.4	13.70%	6,634	4.8%
L	Live Fed Steer Price	$ per cwt	119.77	109.89	8.99%	126.34	-5.20%		
E	Dressed Fed Steer Price	$ per cwt	190.10	173.13	9.80%	205.60	-7.54%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	141.63	125.34	13.00%	162.60	-12.90%		
&	Choice Beef Cutout	$ per cwt	255.07	243.03	4.95%	228.20	11.77%		
	Hide/Offal	$ per cwt, live wt	8.16	8.33	-2.04%	9.17	-11.01%		
B	Rib Primal, Choice	$ per cwt	359.45	359.50	-0.01%	374.67	-4.06%		
E	Round Primal, Choice	$ per cwt	249.35	226.73	9.98%	181.92	37.07%		
E	Chuck Primal, Choice	$ per cwt	242.90	219.01	10.91%	181.51	33.82%		
F	Trimmings, 50%	$ per cwt	49.96	56.76	-11.98%	81.71	-38.86%		
	Trimmings, 90%	$ per cwt	237.48	229.60	3.43%	217.69	9.09%		
	FI Slaughter	Thou. Head	2,754	2,790	-1.29%	2,528	8.95%	33,290	5.0%
	FI Sow Slaughter **	Thou. Head	61.7	62.8	-1.61%	60.0	2.93%	675	7.2%
H	Avg. Dressed Weight	Lbs.	215.0	215.0	0.00%	215.0	0.00%	216	0.4%
O	Pork Production	Million Lbs.	592.4	600	-1.27%	536.4	10.44%	7,174	5.4%
G	Iowa-S. Minn. Base	Wtd. Avg.	58.66	55.54	5.62%	73.51	-20.20%		
S	Natl. Base Carcass Price	Wtd. Avg.	65.96	62.98	4.73%	71.14	-7.28%		
	Natl. Net Carcass Price	Wtd. Avg.	67.83	64.90	4.51%	72.99	-7.07%		
	Natl. Early Wean Feeder	Wtd. Avg.	25.73	25.45	1.10%	51.60	-50.14%		
	Pork Cutout	205 Lbs.	79.20	76.33	3.76%	81.09	-2.33%		
	Ham Primal	$ per cwt	50.57	54.86	-7.82%	71.24	-29.01%		
	Loin Primal	$ per cwt	98.54	82.91	18.85%	73.06	34.88%		
	Belly Primal	$ per cwt	63.57	85.64	-25.77%	146.11	-56.49%		
	Trimmings, 72%, Fresh	$ per cwt	68.49	74.62	-8.21%	72.16	-5.09%		
	Hog By-Product Value	$ per cwt, live wt	3.62	3.59	0.84%	3.39	6.78%		
C	Young Chicken Slaughter *	Million Head	171.7	170.5	0.69%	163.4	5.07%	2,028	5.4%
H	Avg. Weight (RTC)	Lbs.	4.78	4.70	1.62%	4.64	3.11%	6.26	2.0%
I	Young Chicken Production (RTC)	Million Lbs.	820.7	802.1	2.32%	757.5	8.34%	9,637	7.7%
C	Eggs Set (19-state)	Million	240.2	239.1	0.44%	232.8	3.18%	2,869	4.0%
K	Chicks Placed (19-state)	Million Head	191.1	189.9	0.62%	186.3	2.58%	2,285	4.0%
E	National Composite Whole Bird	Composite	83.68	87.51	-4.38%	95.48	-12.36%		
	Northeast Breast, B/S	$/cwt	125.79	118.51	6.14%	123.81	1.60%		
	Northeast Leg Quarters	$/cwt	38.39	35.76	7.35%	41.88	-8.33%		
T	Total Turkey Slaughter *	Million Head	4.162	4.253	-2.14%	3.933	5.82%	48.557	3.0%
U	Avg. Weight (RTC)	Lbs.	26.37	26.22	0.58%	26.93	-2.10%	33.21	-0.7%
R	Turkey Production (RTC)	Million Lbs.	109.7	111.5	-1.57%	105.9	3.60%	1,297	2.5%
K	National Hen (8-12 lb)	8-16 Lbs.	102.00	97.00	5.15%	86.00	18.60%		
G	Corn, Omaha	$ per Bushel	3.24	3.26	-0.61%	3.64	-10.99%		
R	Soybeans, Cntrl IL	$ per Bushel	8.89	8.54	4.10%	8.59	3.49%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	324.40	316.30	2.56%	305.00	6.36%		
I	Distillers Grain, IL	$ per Bushel	190.00	147.50	28.81%	158.50	19.87%		

* 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.