Daily Livestock Report

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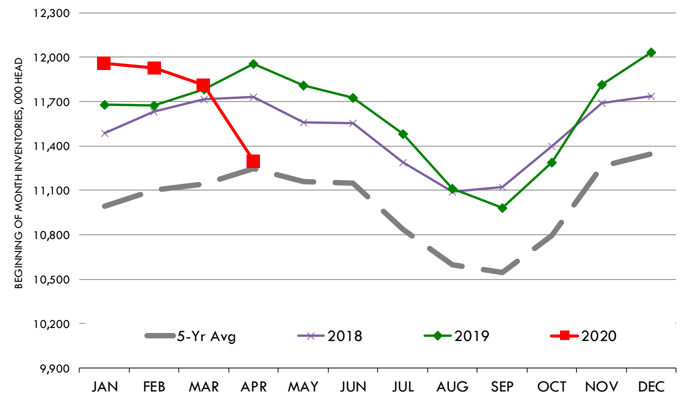
<u>Feedlot survey</u>: The latest USDA 'Cattle on Feed' survey confirmed what analysts were expecting - faced with negative returns and inability to put in place effective hedging feedlots sharply reduced the number of cattle they placed on feed in March. This has the potential to create a marketing hole later in the summer and early fall. However, much will depend on the broader economic conditions and how quickly consumer demand will recover. The report may be construed as supportive for August and October given that the decline in placements was bigger than expected. Already market participants are focusing on an even bigger y/y decline in placements for April.

<u>Hog market</u>: Market is in turmoil. USDA estimated hog slaughter last week down 15% from a year ago. We suspect the slaughter decline was even bigger, resulting in a significant shortfall in pork production last week. Hog slaughter is down 30% from only four weeks ago and we think slaughter will be even smaller this coming week as more plants were closed. At this time capacity could be down 40%. If this situation continues even for a couple more weeks, the impact on producers could be devastating. The dramatic decline in production has caused prices for a number of items to spike. Pork belly prices, which were trading in the low $30s only two weeks ago closed on Friday at $94. Retail items, such as pork loins, have increased sharply higher. Buyers are finding it difficult to source product. Some packers have invoked Act of God clauses in their contracts as they are unable to fill orders. See price summary on page 2 for a full recap.

<u>Cattle market</u>: Cattle slaughter last week was down 27% from a year ago. A number of plants have slowed down production or have closed due to a big number of COVID19 among workers. The choice beef cutout on Friday closed at $293.37/cwt, 23% higher than a year ago and an all time record. The jump in beef prices comes at a time when cattle prices continue to slump. Lack of processing capacity has significantly limited beef supplies and has left feedlots without a place to get their cattle slaughtered. Retail items, which includes rounds, chucks, ground beef, have seen the biggest jump in value as many retailers are struggling to keep the meat case full. Supplies are expected to remain very tight in the next two to three weeks as cases of COVID19 continue to increase in counties where plants are located.

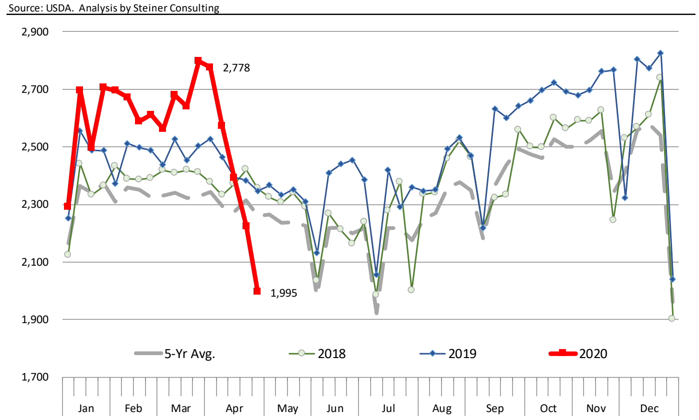
<u>Chicken market</u>: Broiler production was on track to increase by as much as 4.5% this year but there are signs that supplies will be curtailed due to a shortage of labor and rising rates of absenteeism. The last estimate of broiler slaughter was for a 5% decline from a year ago. We think last week slaughter may have been down 8-10%. Egg sets in incubators are currently running 5% below year ago levels. This compares to a 3.5% increase in egg sets during the month of March. The broiler hatchery flock on April 1 was 4.1% higher than a year ago. In the near term the only way for producers to reduce output is by either euthanizing broilers or destroying eggs. It appears producers may be doing both. As with pork and beef, we have seen a quick turnaround in prices, reflecting the sudden supply cuts.

MONTHLY FED CATTLE INVENTORIES, +1000 HEAD CAPACITY FEEDLOTS



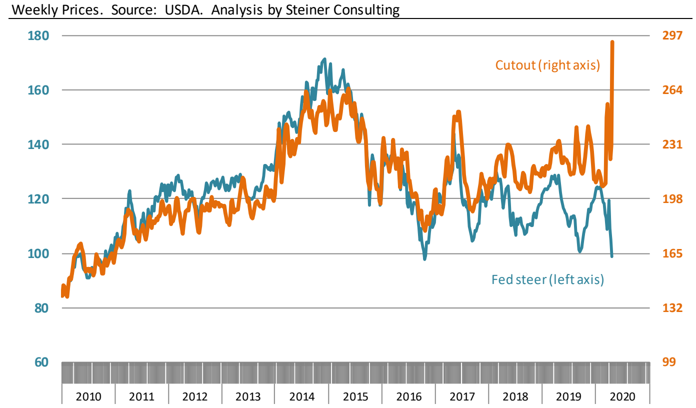
WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



Fed Steer Prices vs. Choice Beef Cutout. USD/cwt.

Weekly Prices. Source: USDA. Analysis by Steiner Consulting



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PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 4/25/2020

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
			25-Apr-20	18-Apr-20		27-Apr-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,611**	**1,717**	-6.18%	**1,850**	-12.92%	**31,874**	3.2%
	FI Slaughter	Thou. Head	469	502	-6.57%	642	-27.00%	10,159	-1.9%
C	FI Cow Slaughter **	Thou. Head	114	120	-4.95%	124	-7.62%	1,904	1.3%
T	Avg. Dressed Weight	Lbs.	822	826	-0.48%	800	2.75%	826	2.2%
T	Beef Production	Million Lbs.	384.9	413.9	-7.01%	512.8	-24.94%	8,391	0.3%
L	Live Fed Steer Price	$ per cwt	96.95	102.28	-5.21%	126.69	-23.47%		
E	Dressed Fed Steer Price	$ per cwt	154.27	157.18	-1.85%	204.58	-24.59%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	141.15	133.36	5.85%	165.79	-14.86%		
&	Choice Beef Cutout	$ per cwt	272.33	231.58	17.60%	233.49	16.63%		
	Hide/Offal	$ per cwt, live wt	6.71	6.99	-4.01%	8.91	-24.69%		
B	Rib Primal, Choice	$ per cwt	349.65	282.10	23.95%	393.68	-11.18%		
E	Round Primal, Choice	$ per cwt	293.05	259.59	12.89%	171.89	70.49%		
E	Chuck Primal, Choice	$ per cwt	263.48	232.51	13.32%	179.06	47.15%		
F	Trimmings, 50%	$ per cwt	113.75	70.75	60.78%	90.31	25.96%		
	Trimmings, 90%	$ per cwt	247.08	240.64	2.68%	221.07	11.77%		
	FI Slaughter	Thou. Head	1,995	2,248	-11.25%	2,347	-14.99%	42,507	3.0%
	FI Sow Slaughter **	Thou. Head	61.5	67.4	-8.80%	60.0	2.38%	938	7.7%
H	Avg. Dressed Weight	Lbs.	215.0	215.0	0.00%	215.0	0.00%	215	0.3%
O	Pork Production	Million Lbs.	428.6	483.4	-11.34%	504.3	-15.01%	9,155	3.3%
G	Iowa-S. Minn. Base	Wtd. Avg.	33.76	34.54	-2.26%	80.44	-58.03%		
S	Natl. Base Carcass Price	Wtd. Avg.	53.19	48.73	9.15%	80.76	-34.14%		
	Natl. Net Carcass Price	Wtd. Avg.	54.44	50.74	7.29%	82.75	-34.21%		
	Natl. Early Wean Feeder	Wtd. Avg.	16.16	13.45	20.15%	59.07	-72.64%		
	Pork Cutout	205 Lbs.	72.69	54.81	32.62%	86.35	-15.82%		
	Ham Primal	$ per cwt	45.55	34.95	30.33%	69.13	-34.11%		
	Loin Primal	$ per cwt	97.65	86.63	12.72%	75.83	28.77%		
	Belly Primal	$ per cwt	95.37	49.14	94.08%	144.46	-33.98%		
	Trimmings, 72%, Fresh	$ per cwt	41.97	34.47	21.76%	85.82	-51.10%		
	Hog By-Product Value	$ per cwt, live wt	3.73	3.69	1.08%	3.71	0.54%		
C	Young Chicken Slaughter *	Million Head	149.7	155.1	-3.48%	158.6	-5.62%	2,667	3.7%
H	Avg. Weight (RTC)	Lbs.	4.72	4.73	-0.32%	4.66	1.31%	6.24	1.6%
I	Young Chicken Production (RTC)	Million Lbs.	706.6	734.4	-3.79%	739.1	-4.39%	12,643	5.5%
C	Eggs Set (19-state)	Million	222.0	231.2	-3.98%	233.5	-4.95%	3,800	3.1%
K	Chicks Placed (19-state)	Million Head	179.8	186.6	-3.64%	186.0	-3.36%	3,032	3.1%
E	National Composite Whole Bird	Composite	52.70	50.00	5.40%	100.34	-47.48%		
	Northeast Breast, B/S	$/cwt	93.11	87.34	6.61%	126.59	-26.45%		
	Northeast Leg Quarters	$/cwt	31.96	35.47	-9.90%	42.81	-25.34%		
T	Total Turkey Slaughter *	Million Head	3.467	3.346	3.62%	3.542	-2.12%	63.494	1.2%
U	Avg. Weight (RTC)	Lbs.	26.16	25.43	2.85%	26.43	-1.05%	32.98	-1.2%
R	Turkey Production (RTC)	Million Lbs.	90.7	85.1	6.56%	93.6	-3.14%	1,685	1.6%
K	National Hen (8-12 lb)	8-16 Lbs.	102.10	104.00	-1.83%	83.50	22.28%		
G	Corn, Omaha	$ per Bushel	3.04	3.02	0.66%	3.54	-14.12%		
R	Soybeans, Cntrl IL	$ per Bushel	8.51	8.48	0.35%	8.38	1.55%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	292.10	295.60	-1.18%	303.50	-3.76%		
I	Distillers Grain, IL	$ per Bushel	212.50	207.50	2.41%	152.00	39.80%		

* 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.