

Estimated hog slaughter topped again last week, showing just over 1.5 million hogs. The futures market ended the week up, with the May and June contracts above \$60 per cwt. That optimism reflects anticipation that slaughter levels will gain ground after the President's Executive Order released last week to keep slaughter facilities open. Subsequent weeks will provide confirmation to that notion. Cash hog prices last week also lifted on presumably better demand from packers. As optimistic as I would like to be, the scars from this COVID-19 event has changed the course of the hog industry.

Sow slaughter continues to surge forward, up 20% ahead of last year for the week of 4/18/2020 (actual slaughter data). Year to date, 80,655 more sows have been slaughtered than last year. The March 1 Hogs and Pigs Report issued by USDA listed 6.375 million animals were kept for breeding. Sows slaughtered since March 1st is 42 thousand head above the same timeframe last year or about 0.7% of the breeding hogs listed in the March 1 Hogs and Pigs report. That number is roughly 1.3% of the hogs intending to farrow March-May.

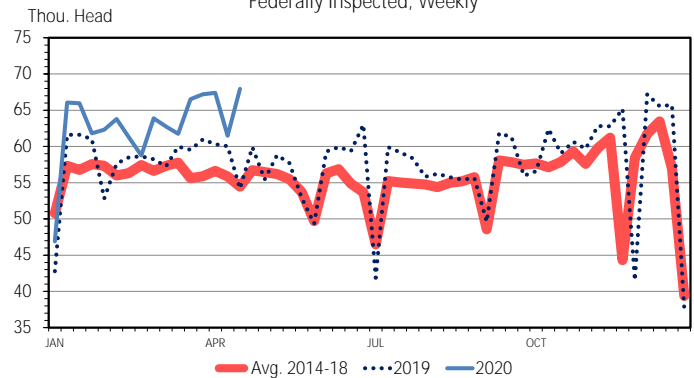
Although we do not know if sows slaughtered were open, we can do a back of the envelop calculation based on the total increase in sow slaughter (80,655 head). It amounts to removing about 700,000–800,000 piglets saved out of the system compared to last year (using the year to date sow slaughter figure) year to date.

Its hypothesized that given the uptick in sow slaughter (and the disastrous hog market conditions of late) that gilts are unlikely to be retained at a high rate to back fill sow losses. This would imply a higher volume of those piglets would have been market hogs. Sows will typically farrow 2 litters per year. High efficiency in sows that has been seen over the last several quarters implies that less sows are ultimately needed to reach production goals, but much of the adjustments seen in the sow data today reflects the sharp decline in profits for farrow to weaning operations. March showed losses calculated by [Iowa State University](#) to be about \$2 per head. April losses are expected to be much worse as early weaned pig prices were below \$20 per head.

The last couple of weeks has shown improved interest in early weaned feeder pigs bouncing off the low of \$13.45 per head. According to Iowa State University budgets, the March average selling price over \$30 per head incurred a \$2.20 loss per head.

Near-term hog prices will need to improved substantially to

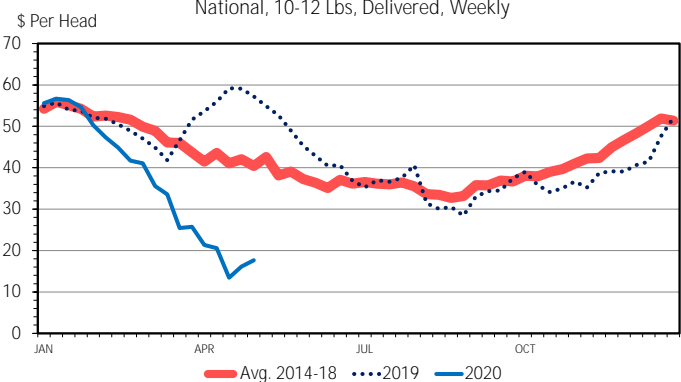
SOW SLAUGHTER
Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

H-S-15
05/01/20

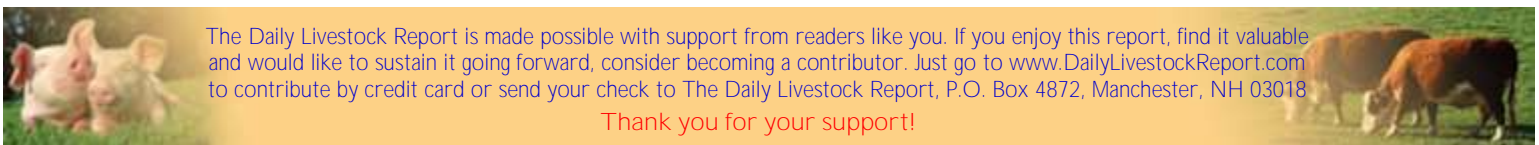
EARLY WEANED PIG PRICES
National, 10-12 Lbs, Delivered, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

H-P-21
05/01/20

stem the wave of sows hitting the market. The hog industry has grown into an industry of specialization with locations performing specific function to the industry. Sow farrowing operations have different set-ups compared to nurseries or finishing barns, making it difficult for the industry to fine-tune small changes to operations. Thus, current adjustments that are happening now in farrowing operations in the form of sow culling will have consequences for pork supplies reaching into late 2020 and 2021.



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PRODUCTION & PRICE SUMMARY

Week Ending

5/2/2020

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
		2-May-20	25-Apr-20		4-May-19			
Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,528	1,606	-4.8%	1,902	-19.7%	33,382	1.8%
C FI Slaughter	Thou. Head	425	465	-8.6%	673	-36.8%	10,564	-4.2%
A FI Cow Slaughter **	Thou. Head	116	114	1.7%	121	-3.6%	2,020	1.0%
T Avg. Dressed Weight	Lbs.	819	822	-0.4%	798	2.6%	825	2.2%
T Beef Production	Million Lbs.	347.1	381.6	-9.0%	537.6	-35.4%	8,717	-2.1%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	96.95	96.69	0.3%	123.76	-21.7%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	154.27	157.18	-1.9%	198.92	-22.4%		
E Oklahoma Steer (600-700 lbs)	\$ per cwt	135.11	138.57	-2.5%	158.84	-14.9%		
& Choice Beef Cutout	\$ per cwt	349.01	272.33	28.2%	230.27	51.6%		
	\$ per cwt, live wt	6.80	6.71	1.3%	8.59	-20.8%		
B Rib, Primal, Choice	\$ per cwt	451.50	349.65	29.1%	387.79	16.4%		
E Round, Primal, Choice	\$ per cwt	364.42	293.05	24.4%	168.03	116.9%		
E Chuck, Primal, Choice	\$ per cwt	320.26	263.48	21.6%	175.89	82.1%		
F Trimnings, 50%, Fresh	\$ per cwt	210.03	113.75	84.6%	86.49	142.8%		
F Trimnings, 90%, Fresh	\$ per cwt	255.73	247.08	3.5%	222.53	14.9%		
H FI Slaughter	Thou. Head	1,545	1,986	-22.2%	2,366	-34.7%	44,058	0.9%
H FI Sow Slaughter **	Thou. Head	67.9	61.5	10.5%	54.2	25.4%	1,006	8.7%
O Avg. Dressed Weight	Lbs.	215.0	215.0	0.0%	215.0	0.0%	215	0.4%
G Pork Production	Million Lbs.	332.3	426.6	-22.1%	511	-35.0%	9,490	1.3%
S Natl. Negotiated Purchase	Wtd. Avg.	36.44	33.85	7.7%	79.86	-54.4%		
	Wtd. Avg.	59.24	53.66	10.4%	80.55	-26.5%		
& Natl. Net Carcass Price	Wtd. Avg.	60.16	54.77	9.8%	82.57	-27.1%		
	10-12 Lbs.	17.67	16.16	9.3%	57.21	-69.1%		
P Pork Cutout	\$ per cwt	94.05	72.69	29.4%	83.03	13.3%		
O By-product Value	\$ per cwt, live wt	3.72	3.73	-0.3%	3.68	1.1%		
R Ham, Primal	\$ per cwt	62.88	45.55	38.0%	68.61	-8.4%		
K Loin, Primal	\$ per cwt	116.28	97.65	19.1%	75.84	53.3%		
	\$ per cwt	128.78	95.37	35.0%	118.55	8.6%		
	\$ per cwt	41.97	41.97	0.0%	83.31	-49.6%		
C Young Chicken Slaughter *	Million Head	156.0	149.7	4.2%	158.13	-1.3%	2,823	3.4%
H Avg. Weight (RTC)	Lbs.	4.79	4.72	1.4%	4.71	1.6%	4.74	1.8%
I Young Chicken Production (RTC)	Million Lbs.	747.0	706.6	5.7%	745.1	0.3%	13,390	5.2%
C Eggs Set (US)	Million	217.6	221.7	-1.8%	234.1	-7.1%	3,993	1.7%
K Chicks Placed (US)	Million Head	172.0	178.4	-3.6%	186.3	-7.7%	3,190	1.7%
E National Composite Whole Bird	Composite	60.63	52.70	15.0%	100.46	-39.6%		
N Northeast Breast, B/S	\$ per cwt	95.78	93.11	2.9%	127.17	-24.7%		
	\$ per cwt	32.33	31.96	1.2%	42.29	-23.6%		
T Total Turkey Slaughter *	Million Head	3.98	3.47	14.7%	4.12	-3.5%	67.5	0.9%
U Avg. Weight (RTC)	Lbs.	25.47	26.16	-2.6%	26.31	-3.2%	26.48	-1.2%
R Turkey Production (RTC)	Million Lbs.	101.2	90.7	11.6%	108.3	-6.6%	1,787	-0.3%
K National Hen (8-12 Lbs)	\$ per cwt	102.50	102.10	0.4%	83.50	22.8%		
G Corn, Omaha	\$ per Bushel	2.97	3.04	-2.1%	3.67	-19.1%		
R Distillers Grain, IA	\$ per Ton	187.50	199.00	-5.8%	127.50	47.1%		
A Soybean, Cntrl IL	\$ per Bushel	8.63	8.51	1.4%	8.13	6.1%		
I Soybn Meal 48%, Cntrl IL	\$ per Ton	296.60	292.10	1.5%	292.40	1.4%		
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).

