Daily Livestock Report

Sponsored in part by CME Group

Vol. 18, No. 101 / May 26, 2020

The report for last week is included in pages 2-3.

We just completed our most recent funding drive and already many of you have responded. **Thank you to all the individuals and companies that have decided to extend another year of support to the DLR**. Without you this effort would not be possible.

In the last 12 months we have published over 250 pages of original market analysis, covering a broad swath of the meat industry. It is our intention to do this for the next 12 months. Today's marketplace is the most challenging we can remember and our commitment is to continue to bring you current and relevant insights.

Most of our readers are from commercial establishments and can only pay against an invoice. **If you already have received and paid an invoice in the last 12 months, then you need do nothing**. But if you get this report from others, read it through other means and **have not supported us in the past, we hope you will do so**. It is only through a broad effort that we will keep the funding requests low and, more importantly, update you on what matters most for your business.

You can **pay for the DLR online using the following link** and/or contact us at info@dailylivestockreport. We can also take your payment over the phone at 800.526.4612

Thanks again and best of luck in these very challenging times.

Len Steiner

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Feedlot inventory update:

On May 1 the total inventory of cattle in feedlots with +1000 head capacity was estimated at 11.200 million head, 5.1% lower than a year ago. Analysts on average were expecting the inventory to be 5% lower. The inventory of cattle on feed is substantially lower than a year ago even as there is a notable backup of cattle both in and outside feedlots. Faced with deteriorating margins, and uncertain forward demand, feedlots sharply reduced placements in March and April. Calves that would have gone on feed during those two months were kept outside feedlots. The report also showed an increase of 10,000 head in the so called "disappearance" figure. There were no major weather issues this year so the disappearance likely reflects animals that were taken out of feedlots and put or back on grass or other feeding programs. **The supply of cattle that on April 1 had been on feed for 120 days or more is estimated at 4.783 million head, 401k head or 9.2% higher than a year ago**. The increase in supply reflects some of the backlog of cattle created by the decline in harvest capacity in April. The number of cattle that had been on feed for 150 days or more was 322k head, 12% higher than a year ago. We already have a really good idea about marketings/slaughter in May and it appears that the number of +150day cattle will explode on June 1. This continues to put downward pressure on June fed cattle futures even as wholesale beef values are at extremely high levels.

Feedlots with +1000 head capacity placed 1.432 million head of cattle on feed during April, 410k head or 22.3% less than a year ago. Analysts polled ahead of the report on average expected placements to be around 22.9% lower than last year. Backlog of cattle created by plant closures and demand uncertainty once again limited the supply of cattle going on feed last month. The decline in placements was expected given lower feeder cattle receipts for the month. USDA weekly data suggested that sales of feeder cattle over 600 pounds in April were down as much as 30% from a year ago. However, sales did show a notable improvement in early May. Cattle that have been take off wheat pastures will need to go on feed sooner rather than later. We should see an improvement in the placement rate for this month. Placements were down across all categories. The biggest decline was in the 700-799 head category, down 132k head or 30% from a year ago. Placements of lighter calves (under 700 lb.) were also down about 130k head or 21% from a year ago.

Beef, pork and chicken production update:

We continue to see a number of media stories about meatpacking and production levels. Unfortunately, some of the stories are referencing information that seems quite dated at this period. Slaughter has increased much faster than some were expecting even two weeks ago. For the week ending May 23, cattle slaughter was 555k head, 27% higher than three weeks ago but still about 14% lower than last year. Heavy carcass weights have offset some of the decline in slaughter and beef production for the week was estimated 11% lower than a year ago. Supplies are still tight but they are substantially better than in early May. Slaughter will be lower this week due to the Monday holiday. But it is important to continue to keep an eye on those daily harvest estimates. While not perfect, they offer the best indication we have about the harvest rate for the industry. Hog slaughter last week was estimated at 2.130 million head, 38% higher than three weeks ago but still 8% under last year's levels. As with cattle, hog carcass weights are running heavier than last year and pork production for the week was estimated only 6% behind last year's levels. Again, supplies may still be down from last year but the shortfall is far smaller than it was in early May. Broiler production data is reported with a one week lag but at this point it is similar to last year's levels. It appears broiler production will slow down in the next few weeks given the sharp decline in broiler chick placements.

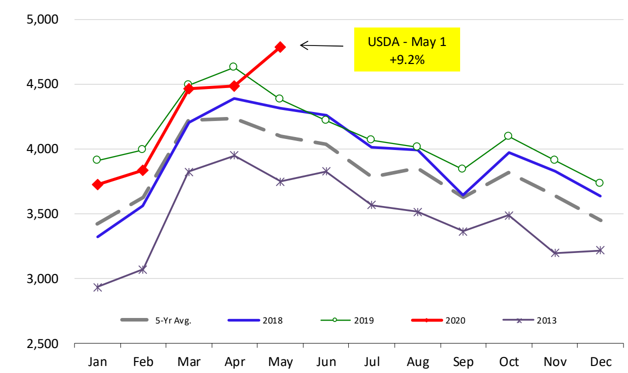
U.S. ALL CATTLE ON FEED: 1,000+ CAPACITY FEEDLOTS

Source: USDA/NASS. Analyst Estimates from Urner Barry

	Number, Thousand Head			Current Year as % of Year Prior		
	2018	2019	2020	Actual	Estimates	Difference
Placed on Feed During Apr	1,695	1,842	1,432	77.7	77.1	0.6
Fed Cattle Marketed in Apr	1,803	1,928	1,459	75.7	74.6	1.1
On Feed May 1	11,558	11,807	11,200	94.9	95.0	-0.1

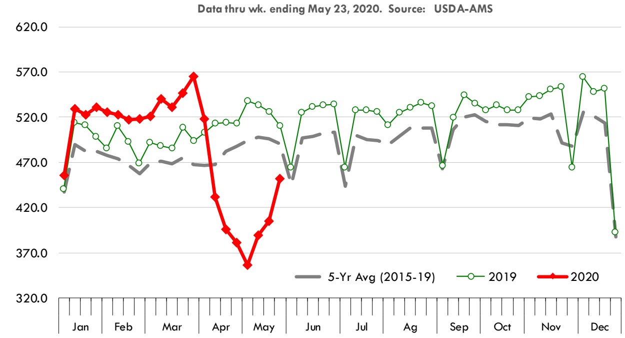
INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



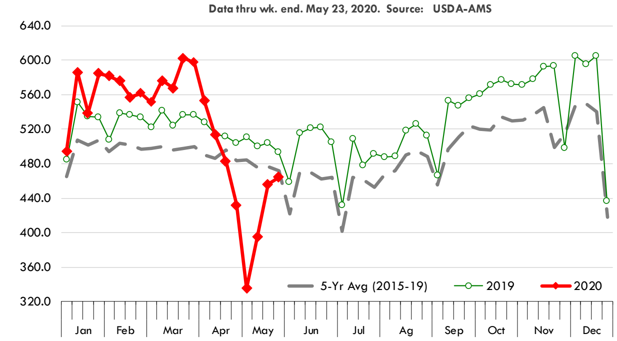
US WEEKLY BEEF PRODUCTION, MIL. LB., CARCASS WT.

Data thru wk. ending May 23, 2020. Source: USDA-AMS



US WEEKLY PORK PRODUCTION, MIL. LB., CARCASS WT.

Data thru wk. end. May 23, 2020. Source: USDA-AMS



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 5/23/2020

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
			23-May-20	16-May-20		25-May-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,806**	**1,745**	3.45%	**1,893**	-4.61%	**38,609**	0.2%
	FI Slaughter	Thou. Head	555	499	11.22%	647	-14.19%	12,113	-6.9%
C	FI Cow Slaughter **	Thou. Head	114	112	2.14%	120	-4.96%	2,358	0.0%
T	Avg. Dressed Weight	Lbs.	816	814	0.25%	791	3.16%	823	2.2%
T	Beef Production	Million Lbs.	451.4	405.2	11.40%	510.5	-11.58%	9,970	-4.8%
L	Live Fed Steer Price	$ per cwt	117.29	112.31	4.43%	115.78	1.30%		
E	Dressed Fed Steer Price	$ per cwt	183.75	179.65	2.28%	184.79	-0.56%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	141.63	142.59	-0.67%	158.36	-10.57%		
&	Choice Beef Cutout	$ per cwt	405.40	459.04	-11.69%	220.64	83.74%		
	Hide/Offal	$ per cwt, live wt	7.10	6.79	4.57%	8.31	-14.56%		
B	Rib Primal, Choice	$ per cwt	516.65	531.80	-2.85%	357.38	44.57%		
E	Round Primal, Choice	$ per cwt	391.59	467.81	-16.29%	165.23	137.00%		
E	Chuck Primal, Choice	$ per cwt	364.24	442.72	-17.73%	174.22	109.07%		
F	Trimmings, 50%	$ per cwt	154.98	256.68	-39.62%	82.59	87.65%		
	Trimmings, 90%	$ per cwt	302.82	293.90	3.04%	223.21	35.67%		
	FI Slaughter	Thou. Head	2,130	2,098	1.53%	2,310	-7.80%	50,090	-1.1%
	FI Sow Slaughter **	Thou. Head	70.3	65.8	6.76%	58.8	19.54%	1,210	10.1%
H	Avg. Dressed Weight	Lbs.	218.0	217.0	0.46%	214.0	1.87%	216	0.6%
O	Pork Production	Million Lbs.	464.5	456	1.86%	493.8	-5.93%	10,813	-0.5%
G	Iowa-S. Minn. Base	Wtd. Avg.	38.32	37.00	3.57%	80.18	-52.21%		
S	Natl. Base Carcass Price	Wtd. Avg.	69.16	71.27	-2.96%	81.84	-15.49%		
	Natl. Net Carcass Price	Wtd. Avg.	70.27	72.32	-2.83%	83.85	-16.20%		
	Natl. Early Wean Feeder	Wtd. Avg.	15.78	15.77	0.06%	48.96	-67.77%		
	Pork Cutout	205 Lbs.	99.94	115.12	-13.19%	84.86	17.77%		
	Ham Primal	$ per cwt	46.36	43.51	6.55%	74.22	-37.54%		
	Loin Primal	$ per cwt	150.09	156.02	-3.80%	79.48	88.84%		
	Belly Primal	$ per cwt	82.01	156.91	-47.73%	125.01	-34.40%		
	Trimmings, 72%, Fresh	$ per cwt	128.79	139.18	-7.47%	74.96	71.81%		
	Hog By-Product Value	$ per cwt, live wt	3.72	3.67	1.36%	3.71	0.27%		
C	Young Chicken Slaughter *	Million Head	160.6	163.0	-1.45%	166.9	-3.78%	3,308	2.6%
H	Avg. Weight (RTC)	Lbs.	4.88	4.84	0.78%	4.67	4.56%	6.26	1.7%
I	Young Chicken Production (RTC)	Million Lbs.	783.6	788.9	-0.67%	778.9	0.61%	15,736	4.4%
C	Eggs Set (19-state)	Million	229.3	221.1	3.68%	232.9	-1.57%	4,684	1.4%
K	Chicks Placed (19-state)	Million Head	176.0	164.4	7.05%	190.2	-7.47%	3,722	0.8%
E	National Composite Whole Bird	Composite	74.45	77.45	-3.87%	100.95	-26.25%		
	Northeast Breast, B/S	$/cwt	164.95	143.89	14.64%	119.11	38.49%		
	Northeast Leg Quarters	$/cwt	32.57	34.02	-4.26%	44.07	-26.09%		
T	Total Turkey Slaughter *	Million Head	4.025	3.808	5.70%	4.256	-5.43%	79.332	-0.1%
U	Avg. Weight (RTC)	Lbs.	26.36	25.03	5.34%	25.76	2.32%	32.73	-1.5%
R	Turkey Production (RTC)	Million Lbs.	106.1	95.3	11.34%	109.7	-3.24%	2,090	-1.4%
K	National Hen (8-12 lb)	8-16 Lbs.	105.20	103.40	1.74%	86.00	22.33%		
G	Corn, Omaha	$ per Bushel	3.03	2.99	1.34%	3.75	-19.20%		
R	Soybeans, Cntrl IL	$ per Bushel	8.39	8.42	-0.36%	7.95	5.53%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	284.00	289.70	-1.97%	293.70	-3.30%		
I	Distillers Grain, IL	$ per Bushel	154.50	157.50	-1.90%	137.50	12.36%		

* 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.