Daily Livestock Report

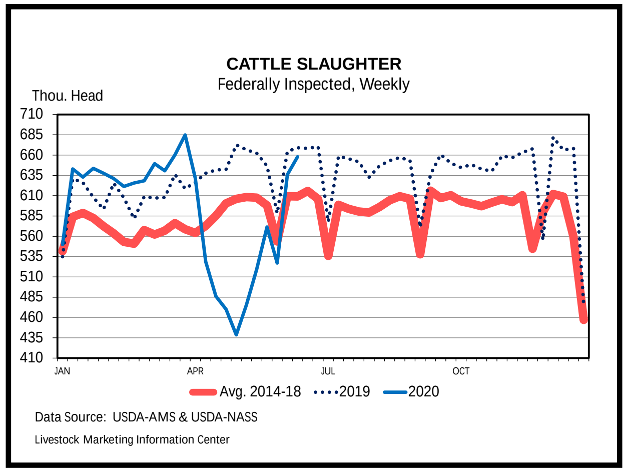
Vol. 18, No. 115 / June 15, 2020

Agricultural and food markets are dominated by uncertainty thanks to the impacts, domestic and foreign, of COVID-19. Readers interested in making some contrasts in annual projections (cattle, hogs, corn, etc.) can look at two reports released last week — the updated baseline by the Agriculture & Food Policy Research Institute at the University of Missouri ([FAPRI]) and the [WASDE] by USDA.

Turning to the shorter-term market situation, their remains a backlog of cattle and hogs (those that have not been harvested on-schedule due to COVID-19). And those animals weigh more every day. But, importantly, compared to the depressed levels of a few weeks ago, slaughter levels have picked up significantly. Still, it will likely take several months to work off the backlog. Besides increasing weekday slaughter year-over-year, an increase in Saturday harvest levels will be required. Further, packers and labor could work together to achieve some Sunday slaughter (if that occurs, those data will be reported by USDA as part of Monday). A condition for additional ramp-ups is the economic incentive for packers and labor to do so (i.e., wide packer gross margins and wage incentives for workers), along with labor feeing that they have safe working conditions.

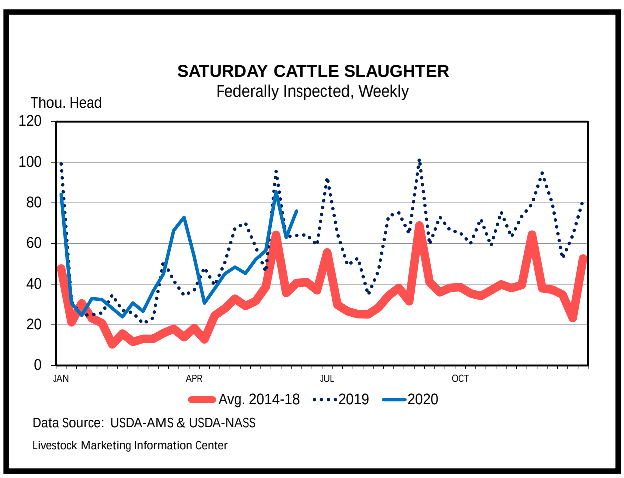
Saturday is an important swing day, and the potential levels are apparent during weeks with Federal Holidays. For example, Federally Inspected (FI) cattle slaughter on the Saturday after the 4th of July last year was 92,715 head. This past Saturday, the preliminary data from USDA showed cattle numbers slightly above a year ago (up about 12,000 head). Hog harvest on Saturdays this year has been rather consistently above 2019's, even during several weeks when slaughter was depressed. Last Saturday was reported at 230,000 head, that was an increase of about 160,000 head year-over-year. The FI peak in 2019 was the final Saturday of the calendar year at nearly 413,000 animals.

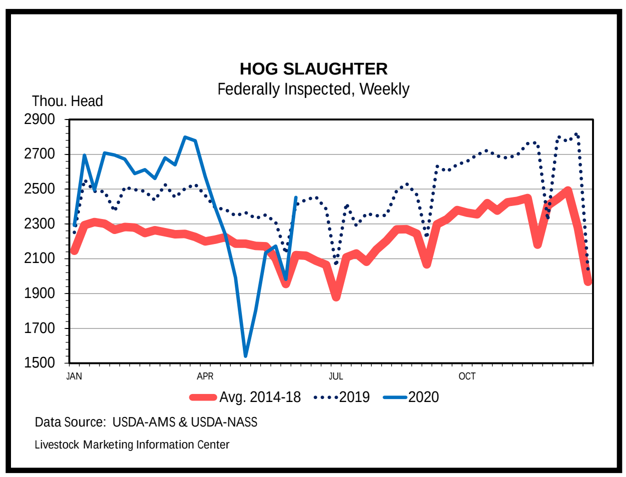
The graphics included here and the table on the second page



(Production and Price Summary) show last week's preliminary FI cattle and hog slaughter. Year-over-year, FI cattle harvest slipped about 1,000 animals, while hog slaughter increased by nearly 18,000 head. Note that the weekday hog shortfall compared to a year ago was more than made-up by Saturday's.

To wrap-up this newsletter, we return to the table on the second page, which summarizes preliminary data from USDA's Agricultural Marketing Service (Market News Division). Note the week-over-week declines in both the Choice beef and hog cutout (wholesale carcass equivalent) values. Those weekly declines were driven by increasing tonnage being produced during recent weeks. Year-over-year, the wholesale beef value was up, while pork was lower.





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PRODUCTION & PRICE SUMMARY

Week Ending 6/13/2020

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
			13-Jun-20	6-Jun-20		15-Jun-19			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,972	1,857	6.2%	1,948	1.2%	44,253	0.2%
C	FI Slaughter	Thou. Head	658	636	3.5%	669	-1.7%	13,971	-6.4%
A	FI Cow Slaughter **	Thou. Head	103	118	-12.2%	107	-3.2%	2,696	-0.2%
T	Avg. Dressed Weight	Lbs.	826	824	0.2%	795	3.9%	824	2.5%
T	Beef Production	Million Lbs.	542.2	522.6	3.8%	531.1	2.1%	11,512	-4.0%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	104.84	112.39	-6.7%	113.62	-7.7%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	166.65	179.04	-6.9%	184.48	-9.7%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	139.83	141.88	-1.4%	146.16	-4.3%		
&	Choice Beef Cutout	$ per cwt	240.77	297.90	-19.2%	222.11	8.4%		
	Hide/Offal	$ per cwt, live wt	7.17	7.13	0.6%	8.25	-13.1%		
B	Rib, Primal, Choice	$ per cwt	446.37	495.28	-9.9%	362.11	23.3%		
E	Round, Primal, Choice	$ per cwt	169.82	230.08	-26.2%	169.20	0.4%		
E	Chuck, Primal, Choice	$ per cwt	175.16	232.10	-24.5%	175.62	-0.3%		
F	Trimmings, 50%, Fresh	$ per cwt	83.43	84.60	-1.4%	95.29	-12.4%		
	Trimmings, 90%, Fresh	$ per cwt	282.77	296.56	-4.6%	224.46	26.0%		
	FI Slaughter	Thou. Head	2,457	2,442	0.6%	2,439	0.7%	57,049	-1.0%
H	FI Sow Slaughter **	Thou. Head	55.7	67.5	-17.5%	49.3	13.0%	1,403	11.4%
O	Avg. Dressed Weight	Lbs.	219.0	219.0	0.0%	214.0	2.3%	216	0.8%
G	Pork Production	Million Lbs.	537.5	535.2	0.4%	521	3.2%	12,342	-0.2%
S	Natl. Negotiated Purchase	Wtd. Avg.	30.45	33.54	-9.2%	75.65	-59.7%		
	Natl. Base Carcass Price	Wtd. Avg.	53.64	58.66	-8.6%	77.67	-30.9%		
&	Natl. Net Carcass Price	Wtd. Avg.	55.45	60.16	-7.8%	79.69	-30.4%		
	Natl. Early Wean Feeder	10-12 Lbs.	14.85	17.46	-14.9%	40.46	-63.3%		
P	Pork Cutout	$ per cwt	69.69	75.61	-7.8%	83.31	-16.4%		
O	By-product Value	$ per cwt, live wt	3.69	3.68	0.3%	3.69	0.0%		
R	Ham, Primal	$ per cwt	50.89	49.58	2.6%	79.62	-36.1%		
K	Loin, Primal	$ per cwt	78.01	99.34	-21.5%	83.39	-6.4%		
	Belly, Primal	$ per cwt	102.13	95.67	6.7%	107.90	-5.4%		
	Trimmings, 72%, Fresh	$ per cwt	111.47	128.75	-13.4%	95.35	16.9%		
C	Young Chicken Slaughter *	Million Head	161.8	145.6	11.2%	168.96	-4.2%	3,778	1.7%
H	Avg. Weight (RTC)	Lbs.	4.89	4.88	0.3%	4.68	4.5%	4.77	2.1%
I	Young Chicken Production (RTC)	Million Lbs.	791.9	710.2	11.5%	791.0	0.1%	18,029	3.8%
C	Eggs Set (US)	Million	234.4	233.9	0.2%	234.7	-0.1%	5,376	0.9%
K	Chicks Placed (US)	Million Head	184.7	184.3	0.2%	190.5	-3.0%	4,257	-0.4%
E	National Composite Whole Bird	Composite	73.15	74.62	-2.0%	94.63	-22.7%		
N	Northeast Breast, B/S	$ per cwt	121.94	133.12	-8.4%	116.49	4.7%		
	Northeast Leg Quarters	$ per cwt	31.96	32.76	-2.4%	45.05	-29.1%		
T	Total Turkey Slaughter *	Million Head	3.98	3.45	15.3%	4.01	-0.8%	90.2	-0.7%
U	Avg. Weight (RTC)	Lbs.	25.20	25.69	-1.9%	26.23	-3.9%	26.27	-1.4%
R	Turkey Production (RTC)	Million Lbs.	100.3	88.7	13.1%	105.3	-4.7%	2,370	-2.1%
K	National Hen (8-12 Lbs)	$ per cwt	105.50	106.05	-0.5%	87.00	21.3%		
G	Corn, Omaha	$ per Bushel	3.18	3.15	1.0%	4.33	-26.6%		
R	Distillers Grain, IA	$ per Ton	132.50	135.00	-1.9%	132.50	0.0%		
A	Soybean, Cntrl IL	$ per Bushel	8.74	8.76	-0.3%	8.80	-0.6%		
I	Soybn Meal 48%, Cntrl IL	$ per Ton	291.20	291.30	0.0%	330.70	-11.9%		
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).