Daily Livestock Report

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On June 1 the total inventory of cattle in feedlots with +1000 head capacity was estimated at 11.671 million head, 57,000 head or 0.5% lower than a year ago. Analysts on average were expecting the inventory to be 1% lower than a year ago. Last month the on feed inventory was 607,000 head smaller than a year ago but a decline of 570,000 head in marketings quickly reversed that situation. Even more importantly, there is a significant backlog of cattle in the front end. In other words, animals that should have been marketed in April and May are still in the feedlot waiting to go to processing plants. According to our calculations, **the total supply of cattle that on June 1 had been on feed for 150 days or more was 3.283 million head, 971,000 head or 42% higher than a year ago**. The supply of +120day cattle on June 1 was a record 5.184 million head, 966,000 head or 22.9% higher than a year ago. Fed cattle slaughter for the week ending June 20 was estimated at 514,000 head, 4.4% lower than a year ago. Even as slaughter has recovered compared to where it was in early May, slaughter pace has yet to surpass last year's levels. Last year non holiday slaughter in July and August averaged 524,000 head per week.

Feedlots with +1000 head capacity placed 2.037 million head of cattle on feed during May, 26,000 head or 1.3% less than a year ago. Analysts polled ahead of the report on average expected placements to be 2.3% lower than last year. Higher than expected placements and lower than expected marketings (see below) may be construed as negative for the fed cattle market in the near term. Some of this is already in the market, however, with futures last week closing well below current cash values. Reopening of the economy in most states during May as well as the backlog of feeder cattle created in March and April likely contributed to the increase in May placements vs. the previous month. Good pasture conditions early in the spring have allowed some producers to continue to hold on to their calves and add pounds outside of the feedlot. Given the backlog of market ready cattle and uncertainty about demand, the market continues to incentivize keeping cattle outside feedlots. The large spread of December cattle to October and August also reflects that. Placement structure showed that placements were lower across all weight categories, the only increase being in the under 600 pound category. It is arguable that by holding some eligible cattle outside feedlots for at least another month may pressure the Aug-Oct spread (i.e. cause the spread to narrow). Placements in Kansas and Colorado increased by 35,000 head and 50,000 head respectively while placements in Nebraska declined by 50,000 head.

Feedlot marketings in May were 1.500 million head, 570k head or 27.5% lower than a year ago. There were two fewer business days in May vs. a year ago, which in part explains the reason for the big decline. When adjusted for the two marketing days slaughter was down 20% from a year ago. This was the second month where the marketing rate (ratio of marketings to +90day inventory) was in the low 20s compared to 33% a year ago. June 2020 has two additional marketing day which combined with the increase in slaughter should help bolster the marketing rate.

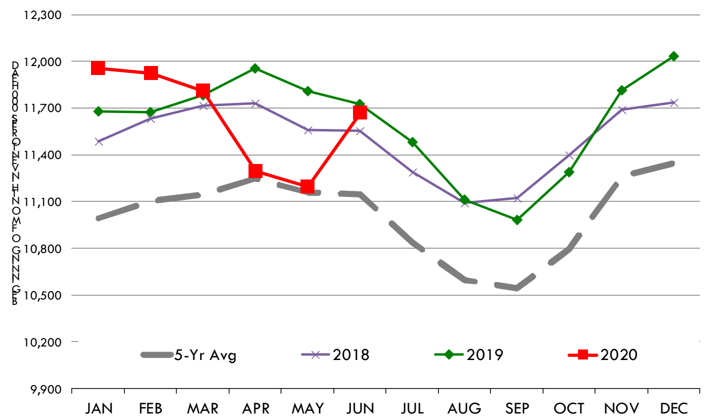
Another significant piece of news that developed over the weekend were reports that China was requiring all exporting countries to cerify product was free of COVID-19 virus. News reports also noted that China had banned a Tyson chicken plant after a number of workers there tested positive. Reports are saying the plant is in Springdale, Arizona. Product from this plant that is currently on route will be turned away. **This development adds a lot of uncertainty in the US pork market given the role that China currently plays**. In April China accounted for about a third of all US pork exports and the overwhelming growth in shipments.

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

Source: USDA/NASS. Analyst Estimates from Urner Barry

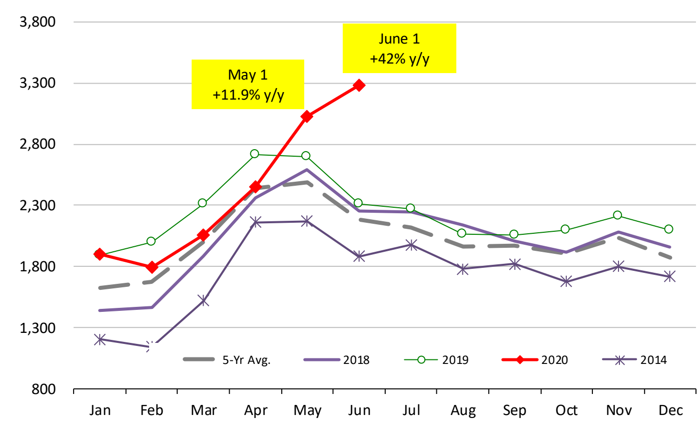
	Number, Thousand Head			Current Year as % of Year Prior		
	2018	2019	2020	Actual	Estimates	Difference
Placed on Feed During May	2,124	2,063	2,037	98.7	97.6	1.1
Fed Cattle Marketed in May	2,056	2,070	1,500	72.5	73.6	-1.1
On Feed June 1	11,553	11,728	11,671	99.5	99.0	0.5

MONTHLY FED CATTLE INVENTORIES, +1000 HEAD CAPACITY FEEDLOTS



INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 150 DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



Many US plants have recently discovered large numbers of positive cases among their workforce. Often the majority of the positive cases are non-symptomatic. Will such finding result in plants blocked and product turned away? Recent testing of imported food in China found no contamination with COVID-19 and CDC indicates that the virus would not survive the long trip. Obviously this is not preventing Chinese officials to make up new rules that could significantly harm US hog producers.

Vol. 18, No. 119 / June 22, 2020

PRODUCTION & WKLY AVG. PRICE SUMMARY — Week Ending 6/20/2020

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
			20-Jun-20	13-Jun-20		22-Jun-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**2,002**	**1,971**	1.59%	**1,954**	2.44%	**46,249**	82.0%
	FI Slaughter	Thou. Head	656	658	-0.30%	668	-1.84%	14,618	-6.3%
C	FI Cow Slaughter **	Thou. Head	120	103	15.99%	120	-0.42%	2,816	-0.2%
T	Avg. Dressed Weight	Lbs.	826	826	0.00%	800	3.25%	824	2.6%
T	Beef Production	Million Lbs.	541.0	542.2	-0.22%	533.2	1.46%	12,049	-3.8%
L	Live Fed Steer Price	$ per cwt	100.82	104.47	-3.49%	110.48	-8.74%		
E	Dressed Fed Steer Price	$ per cwt	160.74	166.40	-3.40%	180.39	-10.89%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	142.70	146.63	-2.68%	146.69	-2.72%		
&	Choice Beef Cutout	$ per cwt	220.34	240.77	-8.49%	220.90	-0.25%		
	Hide/Offal	$ per cwt, live wt	7.11	7.17	-0.84%	8.28	-14.13%		
B	Rib Primal, Choice	$ per cwt	378.34	446.37	-15.24%	359.05	5.37%		
E	Round Primal, Choice	$ per cwt	164.83	169.82	-2.94%	168.35	-2.09%		
E	Chuck Primal, Choice	$ per cwt	168.61	175.16	-3.74%	175.78	-4.08%		
F	Trimmings, 50%	$ per cwt	79.67	83.43	-4.51%	94.33	-15.54%		
	Trimmings, 90%	$ per cwt	263.82	282.77	-6.70%	223.96	17.80%		
	FI Slaughter	Thou. Head	2,587	2,451	5.55%	2,454	5.40%	59,641	-0.7%
	FI Sow Slaughter **	Thou. Head	69.3	55.7	24.32%	59.3	16.84%	1,473	11.7%
H	Avg. Dressed Weight	Lbs.	218.0	219.0	-0.46%	213.0	2.35%	216	0.9%
O	Pork Production	Million Lbs.	564.2	536.2	5.22%	522.2	8.04%	12,904	0.2%
G	Iowa-S. Minn. Base	Wtd. Avg.	29.01	30.45	-4.73%	75.61	-61.63%		
S	Natl. Base Carcass Price	Wtd. Avg.	52.89	53.18	-0.55%	78.07	-32.25%		
	Natl. Net Carcass Price	Wtd. Avg.	54.59	54.98	-0.71%	80.14	-31.88%		
	Natl. Early Wean Feeder	Wtd. Avg.	19.20	14.85	29.29%	40.58	-52.69%		
	Pork Cutout	205 Lbs.	64.97	69.69	-6.77%	79.20	-17.97%		
	Ham Primal	$ per cwt	44.29	50.89	-12.97%	68.82	-35.64%		
	Loin Primal	$ per cwt	68.10	78.01	-12.70%	80.23	-15.12%		
	Belly Primal	$ per cwt	97.03	102.13	-4.99%	104.30	-6.97%		
	Trimmings, 72%, Fresh	$ per cwt	91.14	111.47	-18.24%	86.82	4.98%		
	Hog By-Product Value	$ per cwt, live wt	3.66	3.69	-0.81%	3.69	-0.81%		
C	Young Chicken Slaughter *	Million Head	162.8	161.8	0.60%	168.8	-3.60%	3,941	N/A
H	Avg. Weight (RTC)	Lbs.	4.88	4.89	-0.31%	4.68	4.22%	6.29	2.1%
I	Young Chicken Production (RTC)	Million Lbs.	794.1	791.9	0.28%	790.5	0.47%	18,823	N/A
C	Eggs Set (19-state)	Million	235.1	233.8	0.56%	234.7	0.16%	5,617	1.0%
K	Chicks Placed (19-state)	Million Head	185.1	184.4	0.37%	190.5	-2.84%	4,446	-0.1%
E	National Composite Whole Bird	Composite	72.38	73.15	-1.05%	93.96	-22.97%		
	Northeast Breast, B/S	$/cwt	123.85	121.94	1.57%	115.14	7.56%		
	Northeast Leg Quarters	$/cwt	31.74	31.96	-0.69%	45.45	-30.17%		
T	Total Turkey Slaughter *	Million Head	3.964	3.98	-0.40%	4.273	-7.23%	94.192	N/A
U	Avg. Weight (RTC)	Lbs.	25.88	25.20	2.67%	25.36	2.03%	32.61	-1.5%
R	Turkey Production (RTC)	Million Lbs.	102.6	100.3	2.26%	108.4	-5.35%	2,473	N/A
K	National Hen (8-12 lb)	8-16 Lbs.	107.80	105.50	2.18%	88.23	22.18%		
G	Corn, Omaha	$ per Bushel	3.19	3.18	0.31%	4.43	-27.99%		
R	Soybeans, Cntrl IL	$ per Bushel	8.82	8.74	0.92%	9.09	-2.97%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	290.30	291.20	-0.31%	332.00	-12.56%		
I	Distillers Grain, IL	$ per Bushel	150.00	150.00	0.00%	148.50	1.01%		

* 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.