Daily Livestock Report

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Below are a few key highlights from last week:

- **Hog slaughter last week came in lower than we expected**. At the start of the week it seemed slaughter would approach 2.6 million head but the USDA report on Friday estimated total slaughter for the week at 2.518 million, about 10% higher than a year ago. As we noted in our report on 7/14, there is no shortage of hogs in the pipeline and packing capacity remains the key factor driving the market in the short to medium term.

- **Export demand remains key** for the pork market, especially demand in China the top market for US pork so far this year. Shipments to this market have slowed down but there is hope that we could see more orders in the second half of the year. A recent report from Reuters noted that **Chinese ports are hitting capacity due to increased testing for Corona virus**. A major shipping house warned customers "that containers could be discharged at an alternative port and that cargo owners would be liable for additional costs." This may be viewed as negative by market participants hoping/expecting a major ramp up in exports to the Chinese market in the near term.

- Despite ample supplies of pork in the spot market, **US retailers so far have shown little interest in ramping up pork features**. However, feature prices are now quite a bit lower than a year ago, which could help move more pork through the retail meat case. There's probably a simple reason as to why we don't see more features. Normally you increase features to get more customers through the door or get customers to walk to the back of the store and add protein to their basket. With customers eating a larger share of their meals at home, that does not seem to be a problem. Labor concerns and rising risks from COVID-19 outbreaks are now a bigger concern for retailers. But retailers appear to be passing some of the lower prices to customers. Average pork loin features last week were down 18% from last year. However, **the average loin feature price was down 24% from a year ago**. Bone-in center cut chops saw some of the biggest price cuts.

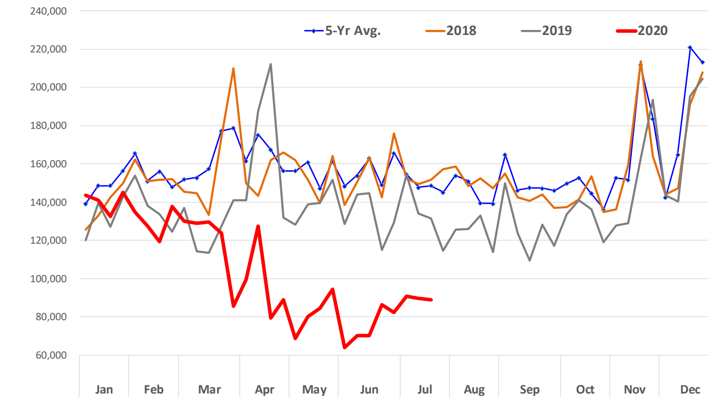
- **Fed cattle slaughter last week was estimated at 516k head, down 1.6% compared to a year ago**. Saturday slaughter has helped packers make up some of the shortfall in production during the course of the week. Last week Saturday fed cattle slaughter was estimated at 52k head, up 33% compared to the same week a year ago and 28k head average for the past five years. Fed cattle slaughter for June is now projected at +0.6% vs. year ago but it should be noted that there were two additional marketing days vs. June 2019. Using pace of slaughter through July 18 and projecting slaughter for the next two weeks, we see fed cattle slaughter for July at –1.4% vs. year ago. There is one less marketing day in July 2020 vs. 2019.

- Non fed cattle slaughter last week was estimated at 134k head, 2.5% higher than a year ago and 12% higher than the five year average. Weekly beef cow slaughter increased by an average 9% in June but lower dairy cow slaughter offset some of that increase. Dairy cow slaughter is expected to remain below year ago levels as milk prices have more than doubled compared to late April and block cheese prices recently hit $300/cwt.

- **Beef features** have increased from pre-Memorial Day period when tight supplies and record wholesale prices forced retailers to cut beef features by as much as 72%. For the week ending July 17, USDA feature tracking report indicated beef features were **more than double compared to early June but still about 34% lower than the same period a year ago**. Ground beef features last week were 26% lower than a year ago but the average ground beef price was 18% higher than a year ago. Beef patty prices remain above last year's levels but ground beef with higher fat content did register a decline, reflecting the sharp correction in fat trim values in recent weeks.

NATIONAL RETAIL PORK FEATURES REPORT: ACTIVITY INDEX

Source: USDA. Latest data point is for July 17, 2020



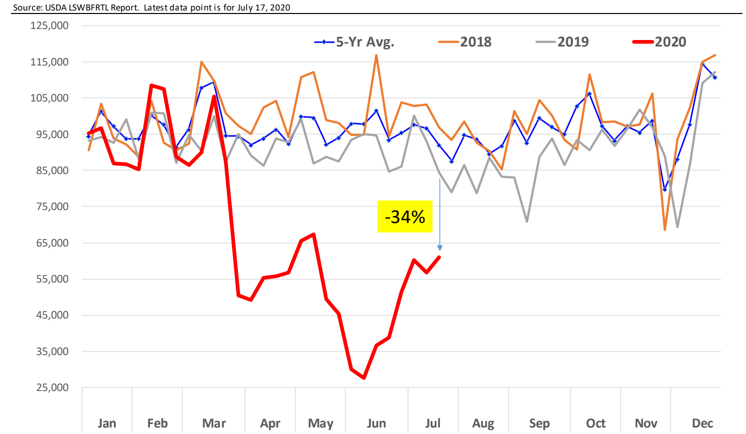
Retail **Pork Loin** Feature Price for Current Week vs. Year ago

Source: USDA-AMS. Analysis by Steiner Consulting

	7/19/2019 store features	7/19/2019 price in $/lb.	7/17/2020 store features	7/17/2020 price in $/lb.	Y/Y % Feat. Ch.	Y/Y % Price Ch.
ASSORTED CHOPS B/IN	2,500	1.75	2,450	1.72	-2%	-2%
BACKRIBS	4,140	3.58	2,670	3.72	-36%	4%
BONE-IN CC LOIN	150	2.50	60			
CC CHOPS B/IN	4,450	3.24	2,940	2.38	-34%	-27%
CC CHOPS BNLS	3,400	3.18	2,510	2.94	-26%	-8%
LOIN ROAST BNLS	4,110	2.02	2,690	1.87	-35%	-7%
RIB CHOPS BNLS	460	2.90	40	2.49	-91%	-14%
RIB END CHOPS B/IN	1,420	3.18	70	2.39		
RIB END ROAST B/IN	20		20			
SIRLOIN CHOPS B/IN	520	1.36	700	1.36	35%	0%
SIRLOIN CHOPS BNLS	390	2.39	1,520	1.99	290%	-17%
SIRLOIN END ROAST B/IN	230	1.53	140	1.59	-39%	4%
SIRLOIN ROAST BNLS	330	2.08	1,040			
SMOKED CHOPS	340	4.95	40	3.99	-88%	-19%
TENDERLOIN, FRESH	2,340	3.85	2,280	4.88	-3%	27%
TENDERLOIN, MARINATED	740	5.01	1,450	4.63	96%	-8%
WHOLE BONE-IN LOINS	-		210	1.44		
Features and Wt. Avg. Price	25,540	2.39	20,830	1.83	-18%	-24%

NATIONAL RETAIL BEEF FEATURE REPORT: ACTIVITY INDEX

Source: USDA LSWBFRTL Report. Latest data point is for July 17, 2020



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 7/18/2020

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
			18-Jul-20	11-Jul-20		20-Jul-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,976**	**1,877**	5.30%	**1,934**	2.19%	**53,894**	0.4%
	FI Slaughter	Thou. Head	650	657	-1.07%	655	-0.82%	17,148	-5.6%
C	FI Cow Slaughter **	Thou. Head	107	121	-11.76%	102	4.51%	3,285	0.1%
T	Avg. Dressed Weight	Lbs.	830	831	-0.12%	806	2.98%	825	2.8%
T	Beef Production	Million Lbs.	538.4	544.5	-1.12%	527.3	2.11%	14,151	-3.0%
L	Live Fed Steer Price	$ per cwt	96.32	95.98	0.35%	113.02	-14.78%		
E	Dressed Fed Steer Price	$ per cwt	157.58	157.66	-0.05%	183.00	-13.89%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	146.04	146.11	-0.05%	152.82	-4.44%		
&	Choice Beef Cutout	$ per cwt	201.24	204.54	-1.61%	213.11	-5.57%		
	Hide/Offal	$ per cwt, live wt	6.92	6.84	1.17%	8.74	-20.82%		
B	Rib Primal, Choice	$ per cwt	326.94	327.72	-0.24%	350.46	-6.71%		
E	Round Primal, Choice	$ per cwt	166.21	168.92	-1.60%	165.29	0.56%		
E	Chuck Primal, Choice	$ per cwt	163.40	168.91	-3.26%	172.05	-5.03%		
F	Trimmings, 50%	$ per cwt	48.26	50.07	-3.61%	85.24	-43.38%		
	Trimmings, 90%	$ per cwt	243.33	247.76	-1.79%	223.35	8.95%		
	FI Slaughter	Thou. Head	2,518	2,593	-2.89%	2,290	9.97%	69,436	0.3%
	FI Sow Slaughter **	Thou. Head	50.6	67.8	-25.34%	41.9	20.88%	1,723	11.7%
H	Avg. Dressed Weight	Lbs.	213.0	214.0	-0.47%	209.0	1.91%	216	0.8%
O	Pork Production	Million Lbs.	536.5	555.9	-3.49%	478.4	12.14%	14,975	1.1%
G	Iowa-S. Minn. Base	Wtd. Avg.	31.04	29.51	5.18%	70.61	-56.04%		
S	Natl. Base Carcass Price	Wtd. Avg.	50.17	49.04	2.30%	72.62	-30.91%		
	Natl. Net Carcass Price	Wtd. Avg.	52.27	51.10	2.29%	74.95	-30.26%		
	Natl. Early Wean Feeder	Wtd. Avg.	15.83	16.20	-2.28%	36.61	-56.76%		
	Pork Cutout	205 Lbs.	68.25	66.03	3.36%	76.06	-10.27%		
	Ham Primal	$ per cwt	61.40	51.00	20.39%	67.74	-9.36%		
	Loin Primal	$ per cwt	66.25	66.33	-0.12%	75.10	-11.78%		
	Belly Primal	$ per cwt	99.48	97.94	1.57%	111.50	-10.78%		
	Trimmings, 72%, Fresh	$ per cwt	83.95	74.36	12.90%	81.51	2.99%		
	Hog By-Product Value	$ per cwt, live wt	3.61	3.60	0.28%	3.59	0.56%		
C	Young Chicken Slaughter *	Million Head	165.2	147.8	11.75%	171.8	-3.85%	4,580	0.6%
H	Avg. Weight (RTC)	Lbs.	4.78	4.67	2.28%	4.77	0.32%	6.29	2.0%
I	Young Chicken Production (RTC)	Million Lbs.	789.6	690.9	14.29%	818.7	-3.54%	21,889	2.6%
C	Eggs Set (19-state)	Million	231.1	232.8	-0.69%	232.9	-0.77%	6,554	1.1%
K	Chicks Placed (19-state)	Million Head	191.1	190.7	0.22%	187.6	1.90%	5,208	0.0%
E	National Composite Whole Bird	Composite	71.25	75.34	-5.43%	86.11	-17.26%		
	Northeast Breast, B/S	$/cwt	113.3	115.7	-2.07%	111.67	1.46%		
	Northeast Leg Quarters	$/cwt	27.2	27.32	-0.44%	43.51	-37.49%		
T	Total Turkey Slaughter *	Million Head	4.372	3.299	32.53%	4.293	1.84%	110.001	-0.9%
U	Avg. Weight (RTC)	Lbs.	25.54	25.91	-1.42%	25.51	0.14%	32.52	-1.4%
R	Turkey Production (RTC)	Million Lbs.	111.7	85.5	30.64%	109.5	1.98%	2,879	-2.1%
K	National Hen (8-12 lb)	8-16 Lbs.	109.00	109.70	-0.64%	88.00	23.86%		
G	Corn, Omaha	$ per Bushel	3.13	3.31	-5.44%	4.33	-27.71%		
R	Soybeans, Cntrl IL	$ per Bushel	8.97	9.00	-0.33%	8.86	1.24%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	287.50	297.80	-3.46%	311.00	-7.56%		
I	Distillers Grain, IL	$ per Bushel	142.50	137.50	3.64%	150.00	-5.00%		

* 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.