Daily Livestock Report

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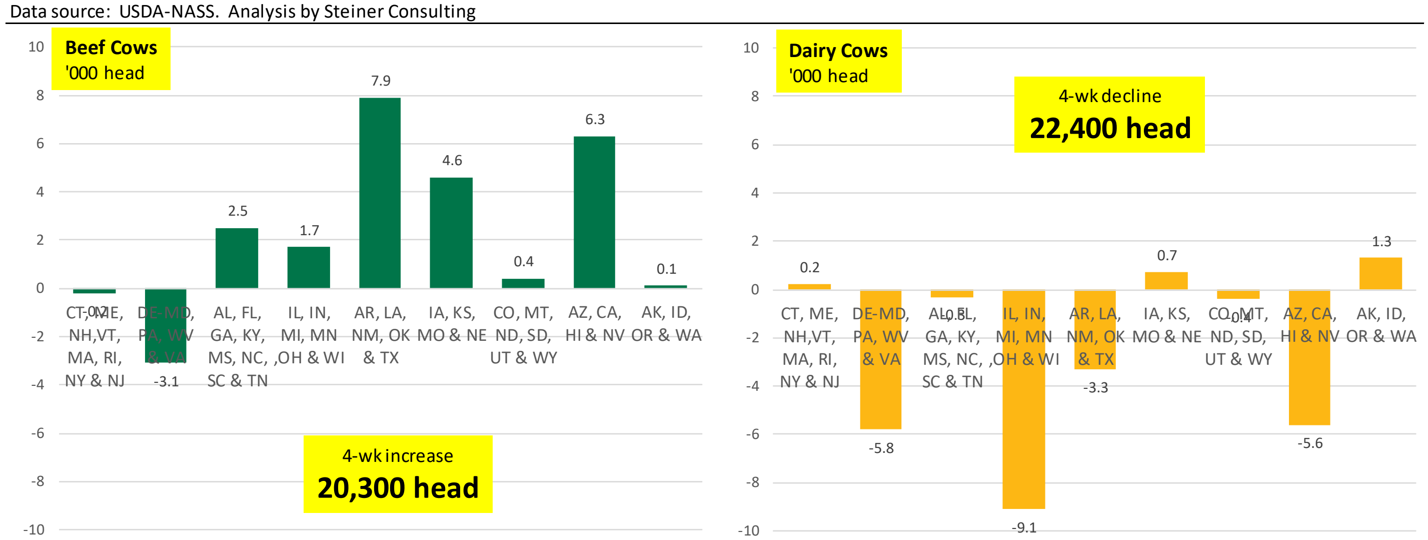
Cow slaughter in the US is reported with a two week lag as USDA statistics service collects information from inspectors working at individual plants around the country. The latest data is for the week ending July 20, showing **total beef and dairy cow slaughter for the week was 114,500 head, 3.4% lower than the same week a year ago**. In the last four reported weeks, which includes a holiday shortened week, total slaughter was 455,700 head, down 0.5% from a year ago. The decline in cow slaughter may come as a surprise to those looking at some of the dry conditions that have developed in the Texas Panhandle and Western Kansas. But even as this region accounts for a large share of the US beef cow herd, and thus slaughter, it is important to remember that cows are widely distributed around the country. In the last four weeks, beef cow slaughter in region 6 (AR, LA, NM, OK, TX) was 60,700 head, 23.7% of overall US beef cow slaughter. Dairy cow slaughter in the region was smaller even as Texas has in recent years made significant steps in increasing the dairy herd. In the last four reported weeks, dairy cow slaughter in region 6 was 20,800 head, 10.4% of overall dairy slaughter.

Dairy cow slaughter is an important component of the supply of cow meat coming to market each an every week. In recent weeks, **the decline in dairy cow slaughter has more than offset the increase in beef cow slaughter in regions experiencing drought stress**. The charts below illustrate the y/y change of cow slaughter by region for the last four reported weeks. During this period, US beef cow slaughter increased by 20,300 head or 9% compared to the same period a year ago. However, dairy cow slaughter for the comparable period was down 22,400 head or 10% from a year ago. Given recent drought stress, it is not surprising that beef cow slaughter in region 6 was up 7,900 head or 15% compared to a year ago. **Beef cow slaughter in region 9, which includes drought affected Arizona and California, was up 6,300 head or 46% from a year ago**. California has more dairy cows than beef cows, however and dairy cow slaughter in the region is more a function of dairy prices than drought. On January 1, the beef cow inventory in California was 665,000 head while the number of dairy cows was estimated at 1.725 million. In the last four weeks, dairy cow slaughter in region 9 was a total of 46,000 head, down 5,600 head or 11% from a year ago. Indeed, **dairy cow slaughter is down across most regions as excellent milk/cheese prices have once gain brought a margin back in the business**. Milk prices are now about double what they were in late April and early May. US cheddar prices have also jumped 170% during this period and they now command a 58% over New Zealand cheddar and an even bigger premium over EU product. Milk production cuts implemented in May and, more importantly, the US government food box program have resulted in tight spot cheese supplies and higher prices. The food box program was especially important given the sheer size and compressed time frame of the food purchases. Some $3 billion were allocated to purchase boxes of food that would be distributed to low income families. Boxes had to be small enough so they could go from a truck directly into a consumer trunk, reducing distribution costs. Phase III of the program was just announced and all the money allocated will be spend by October 31. Will this result in a demand slump at the end of the year? Will foodservice demand improve enough by then to offset the expected demand slowdown? Will the government allocate more money to go towards food for families in need? These are hard to answer questions that could impact dairy prices and cow meat availability later in the fall and early winter. A slump in dairy demand later in the year would result in a higher dairy cull rate at a time when beef cow slaughter also tends to be seasonally higher, pressuring grinding beef values.

Increase/Decrease in Cow Slaughter Numbers by Region. '000 Head. Jun 22 - July 18.

Data source: USDA-NASS. Analysis by Steiner Consulting



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 8/1/2020

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
			1-Aug-20	25-Jul-20		3-Aug-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,951**	**1,946**	0.27%	**1,912**	2.02%	**57,778**	0.5%
	FI Slaughter	Thou. Head	638	646	-1.24%	633	0.82%	18,420	-5.3%
C	FI Cow Slaughter **	Thou. Head	115	114	0.84%	119	-3.35%	3,513	-0.1%
T	Avg. Dressed Weight	Lbs.	833	834	-0.12%	809	2.97%	826	2.8%
T	Beef Production	Million Lbs.	530.3	537.3	-1.30%	510.7	3.84%	15,213	-2.6%
L	Live Fed Steer Price	$ per cwt	98.49	97.24	1.29%	113.82	-13.47%		
E	Dressed Fed Steer Price	$ per cwt	160.02	158.10	1.21%	184.30	-13.17%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	152.66	148.86	2.56%	154.28	-1.05%		
&	Choice Beef Cutout	$ per cwt	202.34	201.56	0.39%	213.96	-5.43%		
	Hide/Offal	$ per cwt, live wt	7.08	6.88	2.91%	8.89	-20.36%		
B	Rib Primal, Choice	$ per cwt	334.46	329.51	1.50%	356.90	-6.29%		
E	Round Primal, Choice	$ per cwt	166.40	166.81	-0.25%	166.96	-0.34%		
E	Chuck Primal, Choice	$ per cwt	160.53	162.07	-0.95%	168.74	-4.87%		
F	Trimmings, 50%	$ per cwt	60.13	54.07	11.21%	76.91	-21.82%		
	Trimmings, 90%	$ per cwt	235.89	238.15	-0.95%	221.53	6.48%		
	FI Slaughter	Thou. Head	2,543	2,583	-1.55%	2,347	8.37%	74,565	0.8%
	FI Sow Slaughter **	Thou. Head	65.5	67.0	-2.19%	59.2	10.71%	1,855	11.6%
H	Avg. Dressed Weight	Lbs.	212.0	213.0	-0.47%	208.0	1.92%	215	0.8%
O	Pork Production	Million Lbs.	539.3	548.8	-1.73%	487.4	10.65%	16,056	1.7%
G	Iowa-S. Minn. Base	Wtd. Avg.	42.32	34.75	21.78%	80.11	-47.17%		
S	Natl. Base Carcass Price	Wtd. Avg.	55.05	53.77	2.38%	81.33	-32.31%		
	Natl. Net Carcass Price	Wtd. Avg.	57.16	55.81	2.42%	83.70	-31.71%		
	Natl. Early Wean Feeder	Wtd. Avg.	16.25	17.04	-4.64%	40.58	-59.96%		
	Pork Cutout	205 Lbs.	68.30	70.04	-2.48%	86.62	-21.15%		
	Ham Primal	$ per cwt	59.55	67.88	-12.27%	82.05	-27.42%		
	Loin Primal	$ per cwt	68.20	68.77	-0.83%	75.63	-9.82%		
	Belly Primal	$ per cwt	96.12	98.35	-2.27%	149.11	-35.54%		
	Trimmings, 72%, Fresh	$ per cwt	91.21	89.01	2.47%	82.58	10.45%		
	Hog By-Product Value	$ per cwt, live wt	3.76	3.63	3.58%	3.60	4.44%		
C	Young Chicken Slaughter *	Million Head	164.0	162.1	1.18%	169.6	-3.33%	4,907	0.3%
H	Avg. Weight (RTC)	Lbs.	4.68	4.64	0.82%	4.75	-1.44%	6.28	1.8%
I	Young Chicken Production (RTC)	Million Lbs.	767.8	752.6	2.01%	805.8	-4.72%	23,409	2.1%
C	Eggs Set (19-state)	Million	231.9	234.0	-0.89%	232.9	-0.42%	7,021	1.0%
K	Chicks Placed (19-state)	Million Head	189.2	189.7	-0.28%	185.2	2.16%	5,587	0.1%
E	National Composite Whole Bird	Composite	64.89	66.10	-1.83%	82.97	-21.79%		
	Northeast Breast, B/S	$/cwt	113.9	114.3	-0.35%	105.79	7.67%		
	Northeast Leg Quarters	$/cwt	26.39	27.69	-4.69%	46.28	-42.98%		
T	Total Turkey Slaughter *	Million Head	4.421	3.993	10.72%	4.327	2.17%	118.415	-0.9%
U	Avg. Weight (RTC)	Lbs.	25.70	26.79	-4.07%	25.09	2.44%	32.53	-1.1%
R	Turkey Production (RTC)	Million Lbs.	113.6	107.0	6.22%	108.6	4.66%	3,100	-1.8%
K	National Hen (8-12 lb)	8-16 Lbs.	111.00	108.21	2.58%	93.00	19.35%		
G	Corn, Omaha	$ per Bushel	2.99	3.11	-3.86%	3.98	-24.87%		
R	Soybeans, Cntrl IL	$ per Bushel	8.90	9.02	-1.33%	8.42	5.70%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	292.00	290.90	0.38%	297.60	-1.88%		
I	Distillers Grain, IL	$ per Bushel	140.00	140.00	0.00%	138.50	1.08%		

* 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.