

**Weekly production data reported by USDA last week suggest no shortage of meat protein supplies, at least not in the near term.**

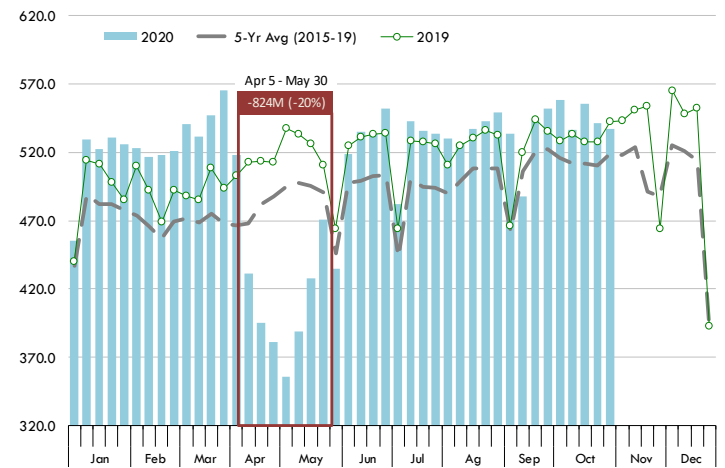
The numbers reported on Friday are estimates and we think it is more likely that the actual production data will be revised higher, not lower. Wholesale price inflation remains in check even though the year/year comparisons vary greatly. Below is a brief recap of the supply data from last week and current price trends:

**Beef:** Total production for the week was estimated at 537.3 million pounds, down 0.8% from the previous week and also 0.9% lower than a year ago. However, **USDA has been consistently revising up its beef production estimates in recent weeks.** The latest actual production data is for the week ending October 17 and the beef production number reported for that week was 5.6 million pounds or 1% higher than the initial estimate. This was not a fluke. If we take the last six reported weeks (9/12 - 10/17) beef production has been revised up from the initial estimate by an average of 0.75% each week. The upward revision has been due to higher slaughter than earlier thought (+0.46% upward revision) and upward revision in weights (+0.28%). Overall cattle weights continue to run well ahead of last year (see page 2) and last week that offset a large part of the 3% decline in slaughter. The increase in weights has negatively impacted the value of fat beef trimmings. **The average price of 50CL boneless beef trim last week was \$35.67/cwt, 51% lower than the previous year.** Higher supplies are not the only reason why fat trimmings remain weak. Demand appears to be an issue as well due to weaker foodservice demand and significant shifts in purchases for the school lunch program. Evidence of this is the fact that lean 90CL boneless beef prices are down 14% from a year ago even as cow slaughter continues to run below year ago levels.

**Pork:** **Production last week was estimated at 577.8 million pounds, 0.9% higher than the previous week and also slightly ahead of a year ago.** As with cattle, there are some concerns that rising COVID cases in northern states may negatively impact the ability of packers to harvest animals in the coming weeks. But for now pork supplies remain plentiful and in recent weeks we have seen a consistent upward revision in USDA's pork production estimates. In the six weeks ending October 17, pork production has been revised up by an average of 1.1% per week. The higher than expected production has been entirely due to heavier weights than earlier expected. Even as USDA has estimated higher weights for the last two weeks, we think those estimates remain behind reality. USDA is currently pegging average hog carcass weights for the week ending October 31 at 215 pounds, almost 1% higher than last year. Our expectation is that the real number likely is 1.5% or higher than last year. According to USDA Mandatory Price Reporting, the average weight of packer owned hogs (which account for over a third of all hogs coming to market) currently is running 4.8% higher than a year ago. So far we have not seen the trajectory in packer owned hog weights start to bend. As some packers appear to have become backed up, this appears to have impacted regional hog values. For the week ending October 24, negotiated hog carcass prices in the Western Corn belt were 10% higher than in the Eastern Corn belt, the highest premium since at least 2007.0

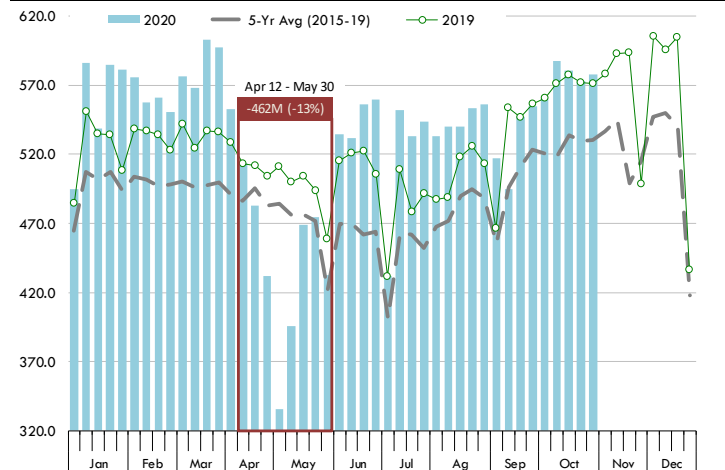
Weekly US Beef Production. Million Pounds. Carcass Wt. Basis

Source: USDA-NASS and USDA-AMS. Analysis by Steiner Consulting



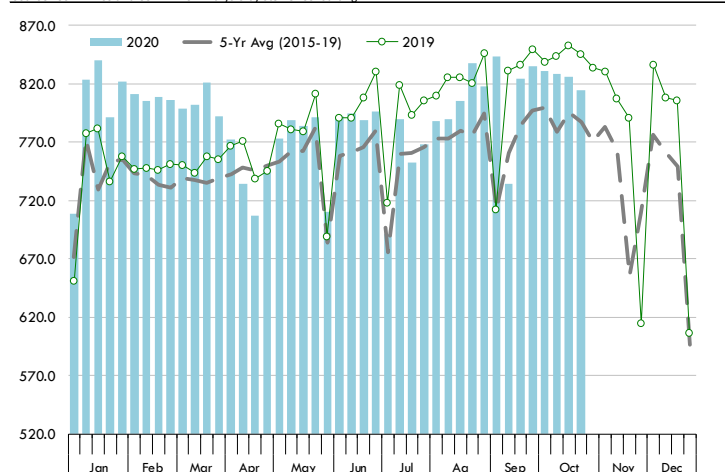
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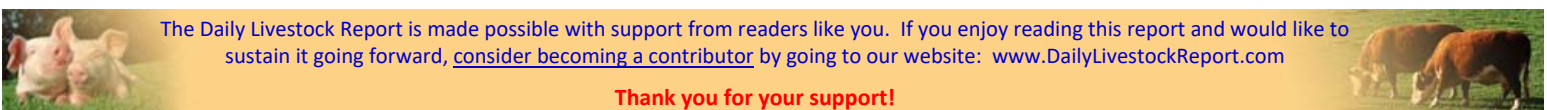
Weekly US Broiler Production. Million Pounds. Carcass Wt. Basis

Source: USDA-NASS and USDA-AMS. Analysis by Steiner Consulting



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## PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **10/31/2020**

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
		31-Oct-20	24-Oct-20		2-Nov-19			
<b>Total Beef, Pork, Chicken, Turkey</b>	<b>mil lbs., cwe</b>	<b>2,042</b>	<b>2,048</b>	-0.29%	<b>2,079</b>	-1.80%	<b>83,865</b>	0.4%
<b>C</b> FI Slaughter	Thou. Head	638	643	-0.78%	659	-3.17%	26,752	-3.8%
<b>T</b> FI Cow Slaughter **	Thou. Head	126	123	2.20%	130	-2.99%	5,031	-1.4%
<b>T</b> Avg. Dressed Weight	Lbs.	844	844	0.00%	824	2.43%	830	2.8%
<b>T</b> Beef Production	Million Lbs.	537.3	541.4	-0.76%	542.0	-0.87%	22,208	-1.1%
<b>L</b> Live Fed Steer Price	\$ per cwt	104.16	105.07	-0.87%	113.03	-7.85%		
<b>E</b> Dressed Fed Steer Price	\$ per cwt	159.70	163.95	-2.59%	179.39	-10.98%		
<b>&amp;</b> Oklahoma Steer (600-700 lbs)	\$ per cwt	131.33	133.99	-1.99%	145.94	-10.01%		
<b>&amp;</b> Choice Beef Cutout	\$ per cwt	207.15	209.03	-0.90%	230.78	-10.24%		
<b>H</b> Hide/Offal	\$ per cwt, live wt	8.33	8.27	0.73%	8.84	-5.77%		
<b>B</b> Rib Primal, Choice	\$ per cwt	382.90	385.61	-0.70%	419.18	-8.65%		
<b>E</b> Round Primal, Choice	\$ per cwt	168.08	166.47	0.97%	184.07	-8.69%		
<b>E</b> Chuck Primal, Choice	\$ per cwt	167.20	170.60	-1.99%	181.64	-7.95%		
<b>F</b> Trimmings, 50%	\$ per cwt	35.67	43.59	-18.17%	75.59	-52.81%		
<b>F</b> Trimmings, 90%	\$ per cwt	194.58	195.33	-0.38%	227.26	-14.38%		
<b>H</b> FI Slaughter	Thou. Head	2,683	2,672	0.41%	2,678	0.17%	108,324	0.9%
<b>H</b> FI Sow Slaughter **	Thou. Head	58.9	61.8	-4.61%	59.1	-0.23%	2,675	11.2%
<b>O</b> Avg. Dressed Weight	Lbs.	215.0	214.0	0.47%	213.0	0.94%	214	0.9%
<b>O</b> Pork Production	Million Lbs.	577.8	572.6	0.91%	570.9	1.21%	23,227	1.8%
<b>S</b> Iowa-S. Minn. Base	Wtd. Avg.	61.73	61.67	0.10%	50.17	23.04%		
<b>S</b> Natl. Base Carcass Price	Wtd. Avg.	72.46	74.86	-3.21%	63.05	14.92%		
<b>S</b> Natl. Net Carcass Price	Wtd. Avg.	74.13	76.64	-3.28%	64.99	14.06%		
<b>S</b> Natl. Early Wean Feeder	Wtd. Avg.	38.82	37.75	2.83%	36.70	5.78%		
<b>S</b> Pork Cutout	205 Lbs.	87.32	97.05	-10.03%	75.98	14.92%		
<b>S</b> Ham Primal	\$ per cwt	87.37	88.28	-1.03%	68.21	28.09%		
<b>S</b> Loin Primal	\$ per cwt	77.20	84.24	-8.36%	68.57	12.59%		
<b>S</b> Belly Primal	\$ per cwt	130.24	171.24	-23.94%	109.80	18.62%		
<b>S</b> Trimmings, 72%, Fresh	\$ per cwt	84.35	86.01	-1.93%	45.38	85.87%		
<b>S</b> Hog By-Product Value	\$ per cwt, live wt	NQ	4.33	N/A	3.59	N/A		
<b>C</b> Young Chicken Slaughter *	Million Head	167.4	168.4	-0.64%	172.8	-3.12%	7,084	-0.7%
<b>H</b> Avg. Weight (RTC)	Lbs.	4.86	4.90	-0.78%	4.89	-0.62%	6.31	1.6%
<b>I</b> Young Chicken Production (RTC)	Million Lbs.	814.0	825.6	-1.41%	845.5	-3.72%	33,982	0.9%
<b>C</b> Eggs Set (19-state)	Million	219.5	223.6	-1.82%	223.2	-1.67%	9,955	0.5%
<b>K</b> Chicks Placed (19-state)	Million Head	181.7	177.2	2.49%	182.5	-0.44%	7,979	-0.3%
<b>E</b> National Composite Whole Bird	Composite	69.09	68.75	0.49%	78.92	-12.46%		
<b>E</b> Northeast Breast, B/S	\$/cwt	83.62	91.76	-8.87%	86.96	-3.84%		
<b>E</b> Northeast Leg Quarters	\$/cwt	24.84	24.65	0.77%	33.92	-26.77%		
<b>T</b> Total Turkey Slaughter *	Million Head	4.930	4.63	6.48%	4.939	-0.18%	173,032	-1.5%
<b>U</b> Avg. Weight (RTC)	Lbs.	22.82	23.33	-2.19%	24.45	-6.64%	31.99	-1.4%
<b>R</b> Turkey Production (RTC)	Million Lbs.	112.5	108.0	4.15%	120.7	-6.81%	4,448	-2.7%
<b>K</b> National Hen (8-12 lb)	8-16 Lbs.	117.40	115.91	1.29%	98.00	19.80%		
<b>G</b> Corn, Omaha	\$ per Bushel	3.86	3.98	-3.02%	3.76	2.66%		
<b>R</b> Soybeans, Cntrl IL	\$ per Bushel	10.60	10.75	-1.40%	9.09	16.61%		
<b>A</b> Soybn Meal 48%, Cntrl IL	\$ per Bushel	375.90	381.40	-1.44%	305.90	22.88%		
<b>I</b> Distillers Grain, IL	\$ per Bushel	178.50	172.50	3.48%	145.00	23.10%		

\* 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.

