Daily Livestock Report

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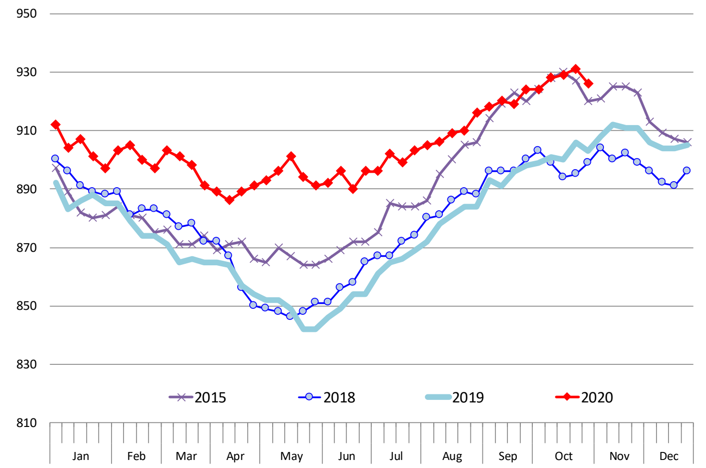
How current producers are in their marketings is always a point of discussion but it is usually a matter of conjecture, with market participants looking at weights, cash prices and meat/livestock spreads as a gauge. **Recent data on livestock weights suggest that cattle producers have become more current while hog producers seem to be heading in the opposite direction**. Below is a brief discussion of the trend in both.

Fed cattle weights: The most current official statistics on fed cattle weights is for the week ending October 31 and it was published by USDA yesterday. It showed that the average fed steer weight for that week was 926 pounds per carcass, **down 5 pounds from the previous week but still 23 pounds or 2.5% higher than the comparable week a year ago**. The average weight of fed heifers for the week was 848 pounds per carcass, 1 pound higher than the week before and 13 pounds or 1.6% higher than a year ago. Market participants usually look at steer weights as a quick gauge of currentness because it offers one standard benchmark to review over time. But heifers so far this year represent about 37% of the overall fed cattle slaughter and it makes sense to look at both steers and heifers if you want to understand the impact of weights on the fed supply. At the start we said that current trends suggest feedlots are becoming more current even though overall weights remain above year ago levels. The reason we say that is that we think weights have been trending lower in the first two weeks of November. We do not have official data to tell us that but some preliminary numbers suggest that's the case. Each Tuesday, USDA reports on the average weight of steers/heifers that came to slaughter the previous week. The second chart to the right shows how the weights reported in the Tuesday update track vs. the official data that USDA-NASS publish with a two week delay. The correlation is not always perfect but it is quite strong, especially when it comes to shifts in trend. Please note that these are combined steer/heifer weights not just steer weights. For the week ending November 7 the data showed weights declining 9 pounds from the week prior. **We would expect USDA official numbers to be published next Thursday to show a decline as well**. In the last three years the peak in fed weights has happened in mid November and it appears we may be at that point again this year. The marketing pace in October was good even though one less marketing day will mean marketings for the month were slightly lower than a year ago. For now, fed cattle data suggests incremental improvements in weights, with weather and COVID two main wild cards for Dec/Jan.

Hog weights: **USDA reported that for the week ending October 31 the average weight of barrows and gilts was 218 pounds, this was 1 pound higher than the previous week and 5 pounds or 2.3% higher than a year ago**. We think weights have been trending higher since then. For hogs we did a similar exercise as for cattle, finding higher frequency data that would allow us to get an idea of current conditions. In the case of hogs such data comes from the Mandatory Price Reporting system. Please note that we took the average weight of all barrows and gilts that came to market to compared to the official USDA-NASS statistics. In the case of hogs, however, we need to make a distinction that does not apply to cattle. The weight of producer owned hogs is now very different than the weight of packer owned hogs. In the five days ending November 12, the average weight of producer owned barrows and gilts was 215 pounds/carcass, 1.3 pounds heavier than the week before but still slightly below year ago. The weight increase of producer owned hogs has accelerated since mid-October. The average weight of packer owned hogs is currently hovering at 226 pounds, 1.5 pounds higher than the week before and 10 pounds or 4.5% higher than last year. Packers appear to be much more backed up than producers but the trend is negative for both.

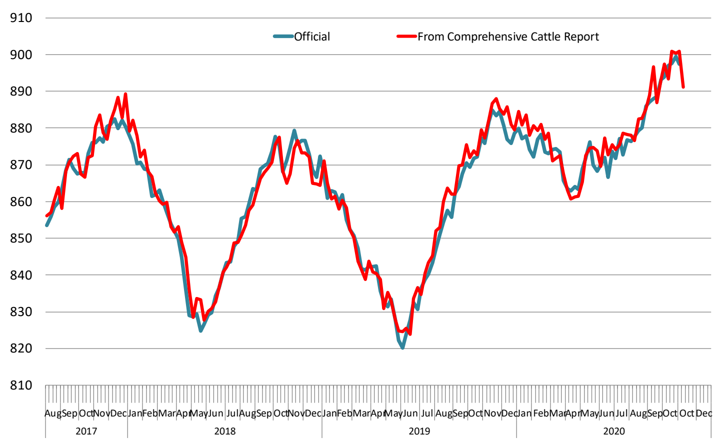
Fed Steer Dressed Carcass Weights - Weekly. Y/Y

Source: USDA-AMS based on NASS Data. Analysis by Steiner Consulting



S/H Weights Derived from USDA/NASS Data vs. S/H Weights from USDA Comprehensive Cattle Report

Data source: USDA-AMS. Calculations by Steiner Consulting



Comparison of Barrow/Gilt Weights from MPR Data and USDA-NASS Official Statistics

Data source: USDA-AMS and USDA-NASS. Analysis by Steiner Consulting