Daily Livestock Report

Vol. 18, No. 91 / May 11, 2020

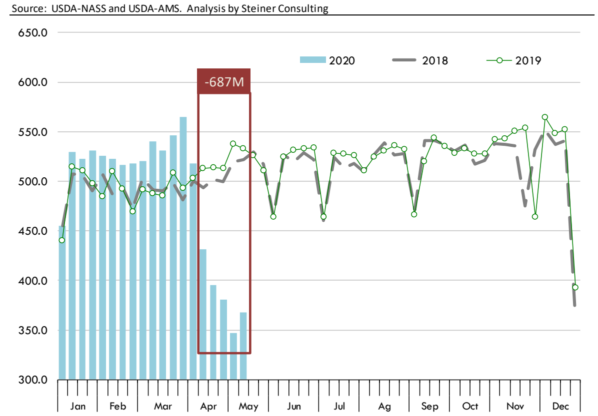
__Supply rationing at the grocery store level is the topic of the day in news reports across the country but the situation varies greatly species by species and even subprimal by subprimal__. There is no question that output is down across the board but the biggest declines have come in the beef complex, which helps explain some of the record prices currently getting paid for product. Last week beef production was estimated at 367.7 million pounds. Resumption of production at some previously closed plants helped increase production by about 21 million pounds compares to the previous week but supplies were still 165 million pounds or 31% lower than the previous year. **__In the last five weeks, beef production in the US is down 687 million pounds (carcass wt. basis) than the same period a year ago__**. On a retail weight basis the decline in output is the equivalent of 481 million pounds of beef or **__12,000 full truckloads of product__**. The choice cutout last week was $441.53/cwt, 98% higher than a year ago. By the end of the week, the cutout had climbed over $460. How's the consumer dealing with beef prices that are double year ago levels? We do not know yet since **__most consumers have not seen that type of inflation in the retail meat case__**. Consumer meat price inflation data for April will be published this week but it will miss the price escalation of the last two weeks. The weekly USDA retail feature survey offers a glimpse, albeit partial, of what's going on at retail. For instance, the price of 80-89% ground beef at retail last week was pegged at $4.09 per pound. This is about 14% higher than the price two weeks ago but still well below the almost $5 per pound in early April when panic buying emptied meat cases across the US. This ground beef price is only 6% higher than the same period a year ago. The price of wholesale 81% ground beef last week was an average of $4.77, implying **__deeply negative retail margins__**. Prior to the COVID state of emergency, the retail price of **__80-89% ground beef was sold at a 80% premium to the wholesale value of 81CL, now it is at a 14% discount__**.

The price of chuck/shoulder/arm roast, one of the more featured chuck cut items in the retail case last week was priced at $5.16 per pound, also about 14% higher than two weeks ago and 26% higher than a year ago. The average price of trimmed clods last week was $6.71 per pound, an almost 200% increase from a year ago. Last year the retail price for chuck roast had a 78% premium to wholesale clod values, a markup that covers the retail margin and the cost of shipping and marketing product through the retail chain. This year, the retail price is about 30% under the wholesale value. So while the retail customer is seeing some price inflation for beef products, the increase is far, far lower than what the retailer is facing. In the short term this is coming out of distributor, retailer and processor margins. There is some lag due to existing contracts on the books. But clearly the situation is not sustainable and higher retail prices are coming down the pike.

Pork production last week increased by 52 million pounds from the previous week but it is still down 119 million pounds or 24% from last year. Remember this is production on a carcass weight basis. Lack of labor in fabrication lines means that the value of pork items that are labor intensive, e.g. ham muscles or loin and boneless shoulder cuts, has increased dramatically. Similar to beef, retail prices are lagging. The price of boneless center cut pork chops at retail last week was pegged at $3.21/lb., 20% higher than two weeks ago and 24% higher than last year. The wholesale price of CC Bnls Strap off loins last week was $2.59, up 84% vs. year ago.

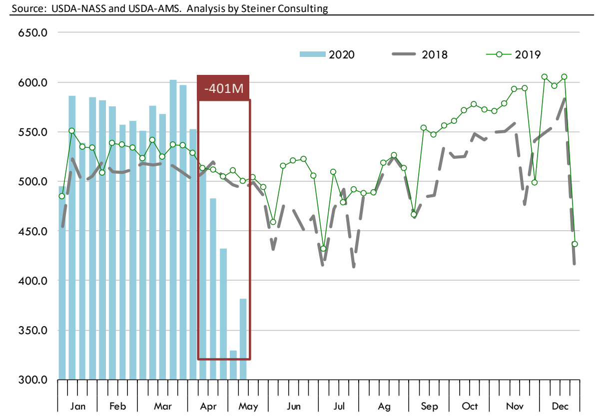
Weekly US Beef Production. Million Pounds. Carcass wt. Basis

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



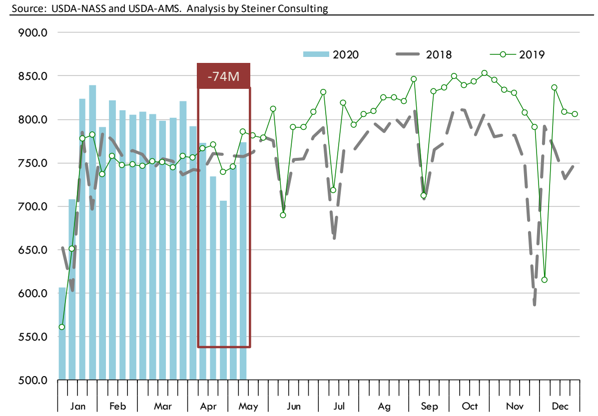
Weekly US Pork Production. Million Pounds. Carcass wt. Basis

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



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 5/9/2020

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
			9-May-20	2-May-20		11-May-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,624**	**1,525**	6.52%	**1,930**	-15.85%	**35,009**	0.8%
	FI Slaughter	Thou. Head	452	425	6.35%	667	-32.19%	11,021	-5.8%
C	FI Cow Slaughter **	Thou. Head	112	116	-3.41%	119	-6.06%	2,133	0.6%
T	Avg. Dressed Weight	Lbs.	816	819	-0.37%	801	1.87%	824	2.1%
T	Beef Production	Million Lbs.	367.7	347.1	5.93%	533.1	-31.03%	9,084	-3.8%
L	Live Fed Steer Price	$ per cwt	100.04	98.18	1.89%	120.34	-16.87%		
E	Dressed Fed Steer Price	$ per cwt	159.40	154.36	3.27%	192.14	-17.04%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	138.06	138.19	-0.09%	160.88	-14.19%		
&	Choice Beef Cutout	$ per cwt	441.53	349.01	26.51%	223.49	97.56%		
	Hide/Offal	$ per cwt, live wt	6.87	6.80	1.03%	8.47	-18.89%		
B	Rib Primal, Choice	$ per cwt	525.38	451.50	16.36%	372.18	41.16%		
E	Round Primal, Choice	$ per cwt	457.00	364.42	25.40%	162.80	180.71%		
E	Chuck Primal, Choice	$ per cwt	421.58	320.26	31.64%	171.77	145.43%		
F	Trimmings, 50%	$ per cwt	275.28	210.03	31.07%	81.83	236.40%		
	Trimmings, 90%	$ per cwt	272.28	255.73	6.47%	222.67	22.28%		
	FI Slaughter	Thou. Head	1,768	1,533	15.33%	2,332	-24.18%	45,819	-0.4%
	FI Sow Slaughter **	Thou. Head	68.4	67.9	0.68%	59.9	14.20%	1,074	9.1%
H	Avg. Dressed Weight	Lbs.	216.0	215.0	0.47%	215.0	0.47%	215	0.4%
O	Pork Production	Million Lbs.	381.4	329.7	15.68%	500.1	-23.74%	9,874	0.0%
G	Iowa-S. Minn. Base	Wtd. Avg.	36.51	36.62	-0.30%	79.64	-54.16%		
S	Natl. Base Carcass Price	Wtd. Avg.	70.07	60.89	15.08%	80.37	-12.82%		
	Natl. Net Carcass Price	Wtd. Avg.	70.69	61.70	14.57%	82.41	-14.22%		
	Natl. Early Wean Feeder	Wtd. Avg.	18.53	17.67	4.87%	54.87	-66.23%		
	Pork Cutout	205 Lbs.	113.94	94.05	21.15%	85.30	33.58%		
	Ham Primal	$ per cwt	57.97	62.88	-7.81%	70.44	-17.70%		
	Loin Primal	$ per cwt	135.57	116.28	16.59%	78.38	72.97%		
	Belly Primal	$ per cwt	191.48	128.78	48.69%	122.89	55.81%		
	Trimmings, 72%, Fresh	$ per cwt	117.68	77.45	51.94%	83.77	40.48%		
	Hog By-Product Value	$ per cwt, live wt	3.77	3.72	1.34%	3.71	1.62%		
C	Young Chicken Slaughter *	Million Head	162.0	156.0	3.85%	164.1	-1.26%	2,985	3.1%
H	Avg. Weight (RTC)	Lbs.	4.77	4.79	-0.32%	4.79	-0.32%	6.24	1.5%
I	Young Chicken Production (RTC)	Million Lbs.	773.3	747.0	3.52%	785.6	-1.57%	14,163	4.8%
C	Eggs Set (19-state)	Million	217.3	221.5	-1.93%	234.1	-7.19%	4,232	1.9%
K	Chicks Placed (19-state)	Million Head	173.5	178.1	-2.61%	186.3	-6.87%	3,383	2.1%
E	National Composite Whole Bird	Composite	68.42	60.63	12.85%	101.54	-32.62%		
	Northeast Breast, B/S	$/cwt	118.14	95.78	23.35%	121.72	-2.94%		
	Northeast Leg Quarters	$/cwt	32.2	32.33	-0.40%	43.54	-26.05%		
T	Total Turkey Slaughter *	Million Head	4.030	3.975	1.38%	4.229	-4.71%	71.499	0.6%
U	Avg. Weight (RTC)	Lbs.	25.33	25.47	-0.54%	26.39	-4.02%	32.82	-1.5%
R	Turkey Production (RTC)	Million Lbs.	102.1	101.2	0.83%	111.6	-8.54%	1,889	-0.8%
K	National Hen (8-12 lb)	8-16 Lbs.	105.00	102.50	2.44%	83.02	26.48%		
G	Corn, Omaha	$ per Bushel	2.97	2.97	0.00%	3.50	-15.14%		
R	Soybeans, Cntrl IL	$ per Bushel	8.51	8.63	-1.39%	7.83	8.68%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	289.60	296.60	-2.36%	286.10	1.22%		
I	Distillers Grain, IL	$ per Bushel	175.00	182.50	-4.11%	139.00	25.90%		

* 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.