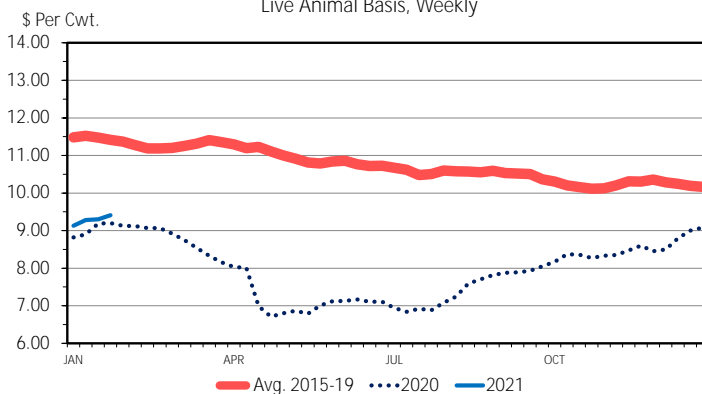


By-product values for beef and pork have gotten off to a strong start for 2021. USDA AMS releases weekly reports on cow (NW_LS444) and hog (NW_LS446) by-product values while the steer (NW_LS441) by-product report is released daily. This DLR will discuss weekly by-product values for the three categories: steer, cow, and hog.

At the start of 2021, the weekly steer by-product value has been above the same week as a year ago with an average gain of about 2.0%, but the value remains about 17% below the five-year average. The most recent weeks value of \$9.41 per cwt was the highest value since August 2018 when the value was \$9.50 per cwt. In recent weeks, on average, nearly 30% of the by-product value comes from steer hide, a product that is typically exported. COVID-19 related disruptions interrupted trade flows in 2020 (down 3.5% through November 2020), which depressed hide values and the by-product

STEER HIDE AND OFFAL VALUE Live Animal Basis, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

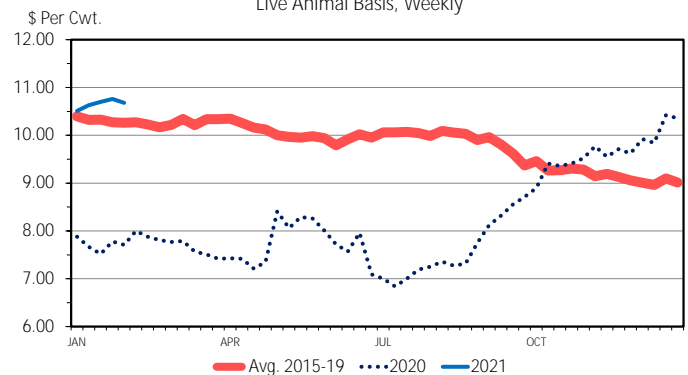
C-P-39
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value. Hide values have recovered to pre-pandemic levels but remain well below historical values.

The cow by-product value has been on an upward trend since the fourth quarter of 2020. During the last week of January, the cow by-product value peaked at \$10.76 per cwt and has averaged over \$10.60 since the start of the year. The last time the cow by-product value reached similar levels was July 2017. In recent weeks, nearly two-thirds of the cow by-product value has come primarily from five items: meat bone meal, tongues, tallow, oxtail, and cow hide.

The hog by-product value reach \$4.46 per cwt last week which is the highest value in over five years. Typically, about half of the value

COW BY-PRODUCT VALUE Live Animal Basis, Weekly



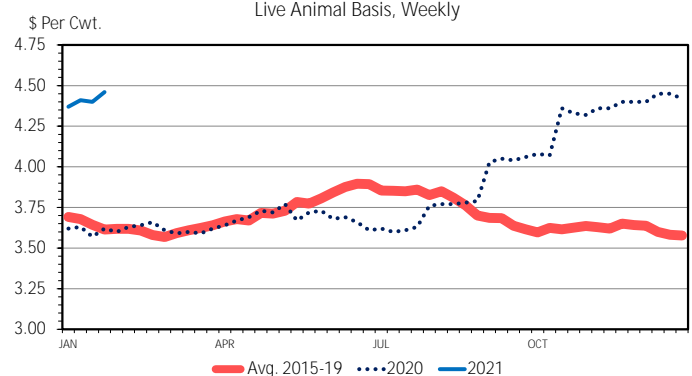
Data Source: USDA-AMS
Livestock Marketing Information Center

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comes from lard, blood plasma, chitterlings, snouts, and stomachs. Often, these items are destined for foreign markets, but year-to-date (Jan-Nov 2020 vs Jan-Nov 2019) exports of pork variety meats are down 5.7% largely due to a drop in shipments during COVID-19. Shipments of pork variety meats to China show exports have grown 43.9% to over 200,000 metric tons through eleven months in 2020. The volume of product sent to China has offset declines to other major destinations, such as Mexico (-22.7%), Canada (-4.8%), and Hong Kong (-71.0%).

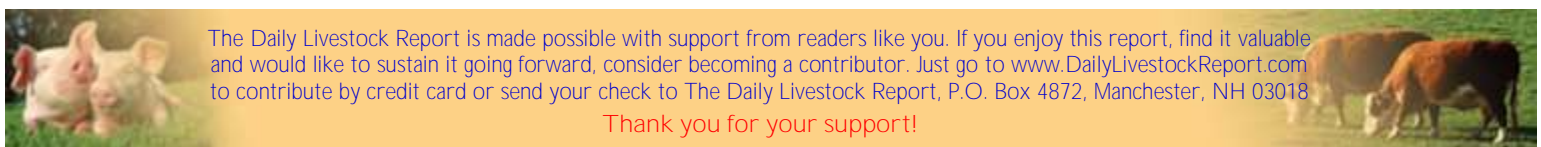
By-product values can be an importance component to the value of market livestock as the products often have little value in domestic channels but can have a higher value in foreign markets.

HOG BY-PRODUCT VALUE Live Animal Basis, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

02/01/21



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