Daily Livestock Report

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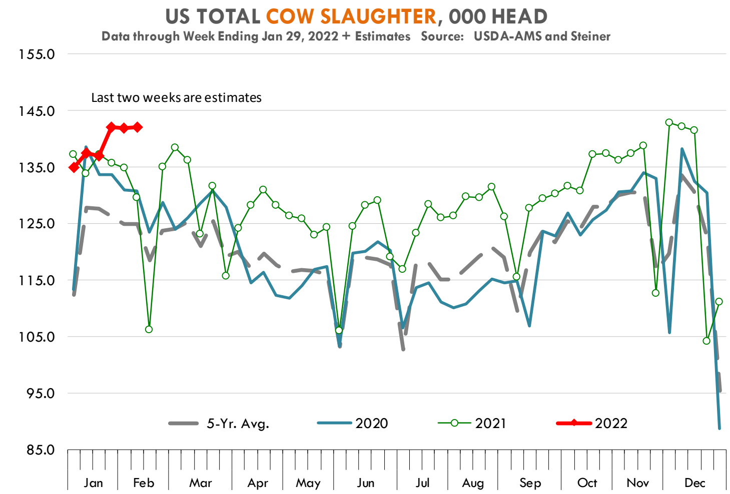
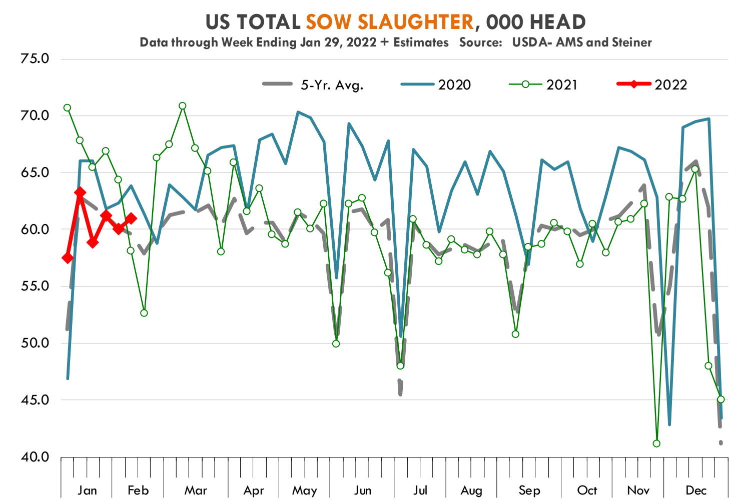
<u>Cattle slaughter has recovered following COVID disruptions in early January and this has helped bolster beef supplies and pressure beef prices lower</u>. USDA estimated total cattle slaughter last week at 659,000 head, up 41,000 head or 6.6% compared to where it was in mid January. The increase has been a result of more fed cattle and cows coming to market. The increase in fed cattle numbers is not a surprised as feedlots were not able to market cattle in a timely fashion in January. The increase in cow slaughter is. On January 1, 2022 USDA said there were 786,000 fewer cows (-2%) than the previous year and 1.5 million cows less than on January 1, 2019. Dairy prices have been trending higher and beef prices are also on the high end of the 10-year range. And yet the number of cows that went to market in the last three weeks are as high as what we usually see during the fall cow run. USDA has not published cow slaughter statistics for the two February weeks but we can easily project this using the daily cow/bull slaughter estimates released each day. We think last week US cow/bull slaughter was 152,000 head, 10% higher than the previous year and 9.3% higher than in 2020. Cow slaughter at this time of year is usually 94% of the total cow/bull numbers and based on that cow slaughter was around 142,100 head, 9.9% higher than the same week in 2019. In the last three weeks cow slaughter has averaged 6.6% higher than a year ago and 16% higher than in 2019. So **<u>we have a situation where the cow herd has declined 1.5 million head from three years ago and yet in the last three weeks we are sending 16% more cows to market than in 2019</u>**. In the near term this is bolstering grinding beef supplies but the ongoing liquidation sets the stage for even tighter cattle/beef supplies 3 years down the road.

Hog producers have limited the number of sows going to market in the last few weeks. This does not necessarily imply herd rebuilding, however. Sow slaughter declined during the four January weeks and we think they were down in early February as well. Part of the reason for the lower sow slaughter is due to the fact that the breeding herd is smaller, which implies few cull animals available. A ratio of the weekly sow slaughter vs. the breeding herd at the start of the quarter shows that the cull rate has indeed declined from 2020 and first half of 2021 but it is not far from where it was prior to the pandemic. Slaughter in January may have also been down due to the inability of sow processing plants to run full slaughter as COVID cases spiked in January. The decline in sow slaughter was accompanied by a sharp decline in sow prices, evidence that sow processors did not have the labor to handle slaughter at the required level. Sow prices in the second half of January were down as much as 12% compared to the previous year. Things have quickly turned and last week sow prices increased by 40-60% from two weeks prior and they were also 9-15% higher than last year (depending on live animal weight). As for hog slaughter, the numbers coming to market last week were more in line with what the December inventory survey implied but we still do not know what happened to all the hogs that the USDA survey told us should have come to market in Dec/Jan but came up short.





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PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 2/12/2022

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
			12-Feb-22	5-Feb-22		13-Feb-21			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,948**	**2,003**	-2.75%	**2,001**	-2.65%		
	FI Slaughter	Thou. Head	659	639	3.13%	606	8.71%	3,828	-3.0%
C	FI Cow Slaughter **	Thou. Head	142	137	3.67%	136	4.64%		
T	Avg. Dressed Weight	Lbs.	843	842	0.12%	843	0.00%	839	-0.5%
T	Beef Production	Million Lbs.	554.3	537.0	3.22%	510.1	8.66%	3,213	-3.5%
L	Live Fed Steer Price	$ per cwt	140.35	139.76	0.42%	113.83	23.30%		
E	Dressed Fed Steer Price	$ per cwt	224.04	221.79	1.01%	180.10	24.40%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	178.41	164.16	8.68%	141.81	25.81%		
&	Choice Beef Cutout	$ per cwt	276.31	284.05	-2.72%	233.77	18.20%		
	Hide/Offal	$ per cwt, live wt	13.99	13.76	1.67%	9.61	45.58%		
B	Rib Primal, Choice	$ per cwt	390.47	397.64	-1.80%	388.85	0.42%		
E	Round Primal, Choice	$ per cwt	233.04	238.09	-2.12%	189.45	23.01%		
E	Chuck Primal, Choice	$ per cwt	246.63	251.37	-1.89%	198.93	23.98%		
F	Trimmings, 50%	$ per cwt	113.73	112.96	0.68%	43.74	160.01%		
	Trimmings, 90%	$ per cwt	282.60	280.01	0.92%	223.78	26.28%		
	FI Slaughter	Thou. Head	2,516	2,445	2.90%	2,643	-4.81%	14,846	-10.0%
	FI Sow Slaughter **	Thou. Head	61.2	58.8	4.05%	66.8	-8.45%		
H	Avg. Dressed Weight	Lbs.	219.0	219.0	0.00%	217.0	0.92%	219	-0.3%
O	Pork Production	Million Lbs.	551.6	536.1	2.89%	573.6	-3.84%	3,250	-10.2%
G	Iowa-S. Minn. Base	Wtd. Avg.	82.75	81.63	1.37%	64.59	28.12%		
S	Natl. Base Carcass Price	Wtd. Avg.	86.36	83.53	3.39%	72.07	19.83%		
	Natl. Net Carcass Price	Wtd. Avg.	88.06	85.17	3.39%	74.00	19.00%		
	Natl. Early Wean Feeder	Wtd. Avg.	74.08	66.39	11.58%	53.87	37.52%		
	Pork Cutout	205 Lbs.	102.35	95.71	6.94%	86.87	17.82%		
	Ham Primal	$ per cwt	72.69	59.93	21.29%	76.93	-5.51%		
	Loin Primal	$ per cwt	103.75	103.94	-0.18%	79.03	31.28%		
	Belly Primal	$ per cwt	181.39	164.52	10.25%	144.28	25.72%		
	Trimmings, 72%, Fresh	$ per cwt	94.27	114.29	-17.52%	82.62	14.10%		
	Hog By-Product Value	$ per cwt, live wt	5.53	5.39	2.60%	4.52	22.35%		
C	Young Chicken Slaughter *	Million Head	154.7	168.9	-8.37%	167.9	-7.86%	958	-1.8%
H	Avg. Weight (RTC)	Lbs.	4.83	4.92	-1.85%	4.83	0.16%	6.37	0.2%
I	Young Chicken Production (RTC)	Million Lbs.	747.9	831.6	-10.07%	810.4	-7.71%		
C	Eggs Set (19-state)	Million	241.0	238.5	1.02%	233.3	3.26%		
K	Chicks Placed (19-state)	Million Head	186.0	184.2	0.95%	185.9	0.04%		
E	National Composite Whole Bird	Composite	124.88	124.88	0.00%	82.74	50.93%		
	Northeast Breast, B/S	$/cwt	259.71	253.03	2.64%	130.38	99.19%		
	Northeast Leg Quarters	$/cwt	38.09	36.43	4.56%	33.9	12.36%		
T	Total Turkey Slaughter *	Million Head	3.275	3.685	-11.13%	3.992	-17.96%		
U	Avg. Weight (RTC)	Lbs.	28.72	26.64	7.77%	26.75	7.34%	33.61	0.4%
R	Turkey Production (RTC)	Million Lbs.	94.0	98.2	-4.22%	106.8	-11.94%		
K	National Hen (8-12 lb)	8-16 Lbs.	129.66	127.68	1.55%	110.00	17.87%		
G	Corn, Omaha	$ per Bushel	6.35	6.12	3.76%	5.23	21.41%		
R	Soybeans, Cntrl IL	$ per Bushel	15.81	15.49	2.07%	13.80	14.57%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	471.10	451.00	4.46%	427.40	10.22%		
I	Distillers Grain, IL	$ per Bushel	217.50	200.00	8.75%	242.50	-10.31%		

* 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.

*** Please note that the number of business days is different from one year to the next, which affects the YTD calculation