Daily Livestock Report

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Vol. 18, No. 30 / February 16, 2021

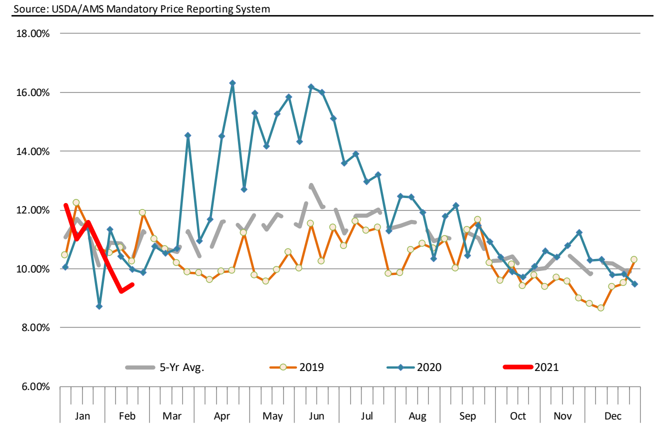
US pork and beef production was lower than expected last week as weather disrupted the flow of livestock from hog barns and feedlots to slaughter plants. USDA noted that hog slaughter last week was 2.654 million head, 2.5% higher than a year ago but about 30k head or so smaller than what we expected at the start of the week. The previous week there were also two days where hog slaughter was a combined 65k head smaller than where it should have been, a function of extreme cold conditions and transportation challenges. While packers have been able to increase Saturday slaughter in order to accommodate hogs cancelled from delivery slots during the week, this has created short term disruptions in the flow of pork products to retailers and processors. **Packers filled regular formula orders during the week and this limited the amount of product available in the spot market**. This helps explain why spot prices were up even as overall pork production last week was higher than a year ago.

But first things first, let's look at the USDA calculation of slaughter and pork production before we review spot trades. We think the pork production number that USDA published is too high. Even as we have repeatedly asked for an update in the methodology of estimating hog carcass weights, USDA-AMS continues to rely on the weekly average trend. For the week ending February 13 USDA-AMS estimates the average hog carcass weight at 220 pounds per carcass, 2.33% higher. And yet, for the week ending January 30, USDA-NASS actual average weight was 219 pounds and since then weights have continued to drop. We think actual weights are probably 217-218 pounds, or 0.8% higher than last year. Even with this adjustment to supply estimates, there was still about 3.3% more pork produced last week than a year ago. And yet, the amount of pork cuts traded in the spot market accounted for 9.6% of total production compared to 10% last year and 10.3% average in the last five years. The week before, the share of spot loads vs. production was 9.3% compared to 10.4% last year and 10.9% average. The point is that with fewer loads available in the spot market during the week and worries about spring price inflation, there has been increased competition and higher prices.

The situation in the beef market has been similar to pork. Fed beef production increased sharply in January due to a combination of more fed cattle coming to slaughter and heavier carcass weights. For instance, for the week ending January 30, US beef production was 457 million pounds, 5.4% higher than the comparable year. Indeed, **fed weekly beef production was higher year/year during all four weeks in January**. Before we look at spot supply availability, however, **we should note the discrepancy between what weekly numbers show vs. that year to date figure on page 2**. There were two fewer marketing days in January 2021 vs. January 2020. This meant that even though weekly production was up when we compare full weeks, for the month of January slaughter and production was likely lower. So please keep this in mind when you look at the table on page 2. **The year/year comparisons at the start of the year can be skewed significantly by differences in slaughter days**. Back to spot supply availability. We think that last week choice beef supply traded in the spot market accounted for just 2.9% of all fed beef produced compared to as much as 4.6% in early January and 3% for the comparable week a year ago.

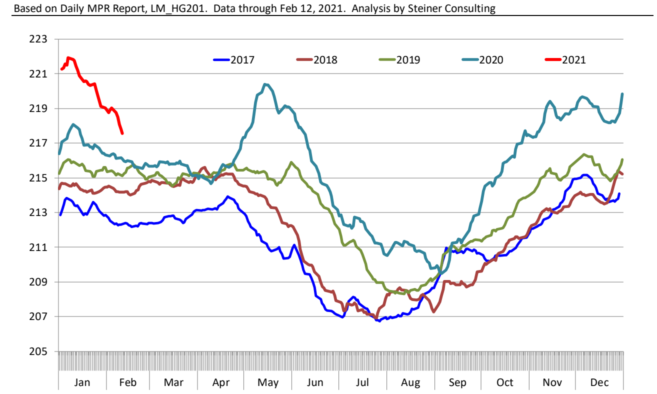
VOLUME OF PORK CUTS TRADED SPOT VS. PORK PRODUCTION. %

Source: USDA/AMS Mandatory Price Reporting System



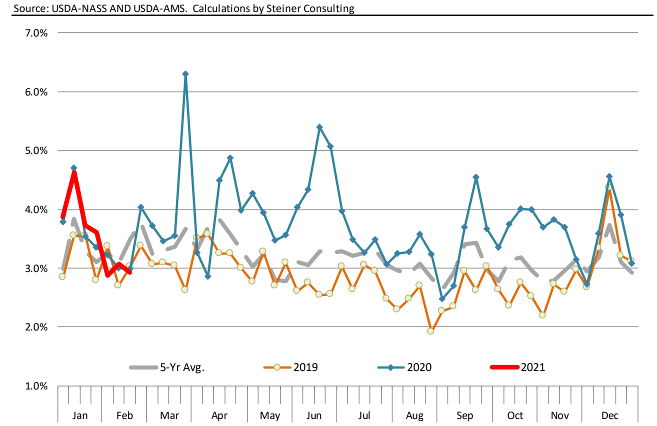
Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - All Hogs

Based on Daily MPR Report, LM_HG201. Data through Feb 12, 2021. Analysis by Steiner Consulting



CHOICE BEEF VOLUME TRADED SPOT VS. FED BEEF PRODUCTION. %

Source: USDA-NASS AND USDA-AMS. Calculations by Steiner Consulting



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PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 2/13/2021

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
			13-Feb-21	6-Feb-21		15-Feb-20			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**2,019**	**2,053**	-1.65%	**1,992**	1.33%	**12,272**	-2.5%
	FI Slaughter	Thou. Head	611	653	-6.43%	621	-1.66%	3,954	-4.5%
C	FI Cow Slaughter **	Thou. Head	136	137	-1.11%	131	3.72%	653	0.4%
T	Avg. Dressed Weight	Lbs.	847	846	0.12%	834	1.56%	848	2.6%
T	Beef Production	Million Lbs.	516.3	551.3	-6.35%	516.7	-0.08%	3,353	-2.0%
L	Live Fed Steer Price	$ per cwt	113.78	113.63	0.13%	118.90	-4.31%		
E	Dressed Fed Steer Price	$ per cwt	180.07	179.26	0.45%	190.27	-5.36%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	141.81	144.64	-1.96%	150.30	-5.65%		
&	Choice Beef Cutout	$ per cwt	233.77	235.31	-0.65%	207.52	12.65%		
	Hide/Offal	$ per cwt, live wt	9.61	9.56	0.52%	9.07	5.95%		
B	Rib Primal, Choice	$ per cwt	388.85	382.51	1.66%	329.60	17.98%		
E	Round Primal, Choice	$ per cwt	189.45	192.49	-1.58%	180.14	5.17%		
E	Chuck Primal, Choice	$ per cwt	198.93	202.57	-1.80%	167.76	18.58%		
F	Trimmings, 50%	$ per cwt	43.74	50.52	-13.42%	57.98	-24.56%		
	Trimmings, 90%	$ per cwt	223.78	223.34	0.20%	237.10	-5.62%		
	FI Slaughter	Thou. Head	2,664	2,675	-0.41%	2,589	2.89%	16,517	-4.3%
	FI Sow Slaughter **	Thou. Head	66.8	65.4	2.16%	62.3	7.25%	315	4.1%
H	Avg. Dressed Weight	Lbs.	220.0	221.0	-0.45%	215.0	2.33%	221	2.4%
O	Pork Production	Million Lbs.	585.3	590.7	-0.91%	557.2	5.04%	3,653	-2.0%
G	Iowa-S. Minn. Base	Wtd. Avg.	64.09	59.97	6.87%	49.06	30.64%		
S	Natl. Base Carcass Price	Wtd. Avg.	71.56	69.28	3.29%	57.40	24.67%		
	Natl. Net Carcass Price	Wtd. Avg.	73.46	71.04	3.41%	59.57	23.32%		
	Natl. Early Wean Feeder	Wtd. Avg.	53.87	55.47	-2.88%	44.89	20.00%		
	Pork Cutout	205 Lbs.	86.87	82.80	4.92%	63.70	36.37%		
	Ham Primal	$ per cwt	76.93	71.79	7.16%	54.71	40.61%		
	Loin Primal	$ per cwt	79.03	79.73	-0.88%	65.37	20.90%		
	Belly Primal	$ per cwt	144.28	126.56	14.00%	73.60	96.03%		
	Trimmings, 72%, Fresh	$ per cwt	82.62	77.64	6.41%	53.87	53.37%		
	Hog By-Product Value	$ per cwt, live wt	4.52	4.51	0.22%	3.64	24.18%		
C	Young Chicken Slaughter *	Million Head	167.9	166.6	0.78%	171.3	-1.95%	975	-2.8%
H	Avg. Weight (RTC)	Lbs.	4.83	4.83	-0.16%	4.73	1.93%	6.36	1.1%
I	Young Chicken Production (RTC)	Million Lbs.	810.4	805.4	0.62%	811.0	-0.07%	9	-0.8%
C	Eggs Set (19-state)	Million	235.4	235.3	0.01%	238.8	-1.45%	1,415	-1.2%
K	Chicks Placed (19-state)	Million Head	186.0	187.9	-1.04%	191.5	-2.86%	1,123	-1.6%
E	National Composite Whole Bird	Composite	82.74	82.93	-0.23%	81.62	1.37%		
	Northeast Breast, B/S	$/cwt	130.38	127.27	2.44%	88.84	46.76%		
	Northeast Leg Quarters	$/cwt	33.9	30.39	11.55%	40.1	-15.46%		
T	Total Turkey Slaughter *	Million Head	3.992	3.967	0.63%	4.027	-0.87%	10.321	-30.3%
U	Avg. Weight (RTC)	Lbs.	26.75	26.52	0.87%	26.71	0.15%	33.48	-0.8%
R	Turkey Production (RTC)	Million Lbs.	106.8	105.2	1.51%	107.6	-0.72%	5,258	-3.3%
K	National Hen (8-12 lb)	8-16 Lbs.	110.00	106.29	3.49%	98.00	12.24%		
G	Corn, Omaha	$ per Bushel	5.23	5.29	-1.13%	3.81	37.27%		
R	Soybeans, Cntrl IL	$ per Bushel	13.80	13.84	-0.29%	9.05	52.49%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	427.40	431.60	-0.97%	292.90	45.92%		
I	Distillers Grain, IL	$ per Bushel	242.50	242.50	0.00%	163.00	48.77%		

* 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