Daily Livestock Report

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Vol. 19, No. 69 / April 12, 2021

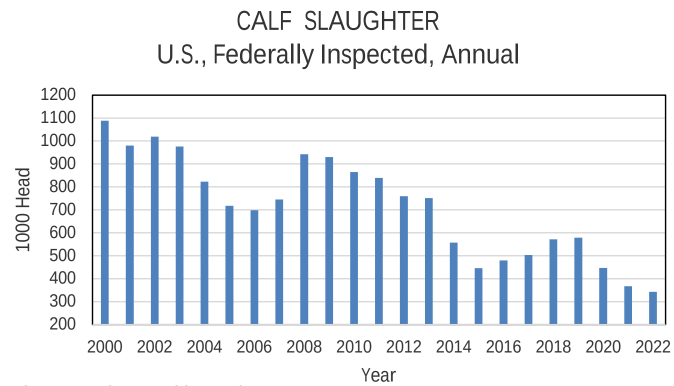
Optimism in the beef sector is being driven by the opportunity seen in the restaurant sector to re-open. However, that optimism has taken more time to extend to the veal market. Calf slaughter posted its lowest level on record in 2020 on an annual basis. The first two months of 2021 cumulatively were down more than 25% from 2020 and is putting 2021 on pace for another record low year.

Calf slaughter in the past has represented 2-3% of the calf crop in a given year. At the trough of the last cattle cycle calf slaughter fell below 2% of the calf crop, resulting in $200 + steer calf prices seen in 2014. The proportion of calf slaughter relative to the calf crop has not re-adjusted, even as the beef herd has increased. Steer calf prices have moved lower.

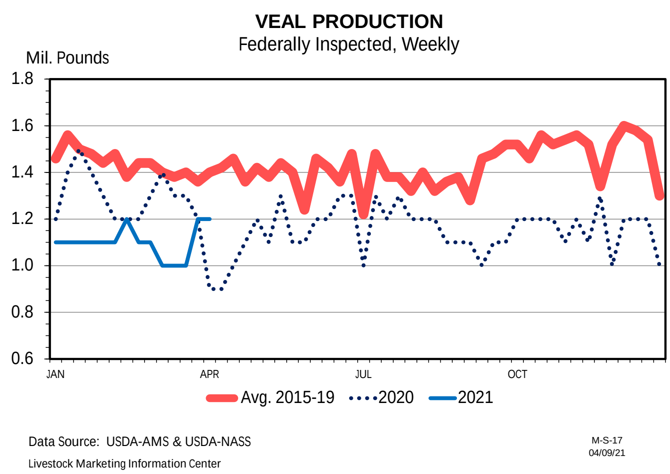
This is seen as a long term U.S. change in preferences away from veal, in part, due to high prices. The pandemic likely accelerated that rate of decline limiting the marketing channel options through fine dining. Cold storage inventories reflect that conclusion. Veal in cold storage is just under 9 million pounds, almost double the tally from the year before. Through 2020, veal in cold storage rose as high as 9.4 million pounds. The latest month of data (February) did see a month-over-month decline, but that may in part be due to the decline in slaughter levels.

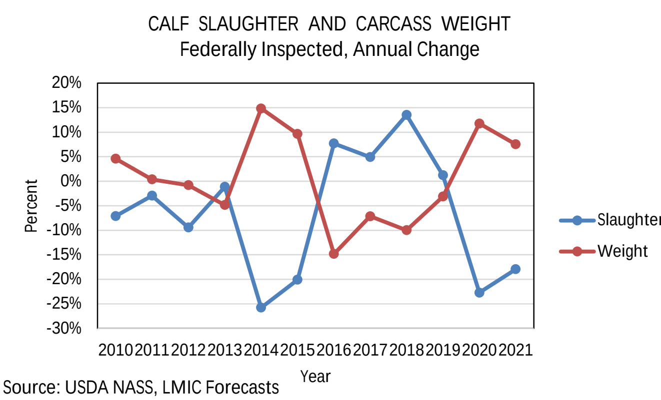
Livestock Marketing Information Center is forecasting calf slaughter to be under 400 thousand head in 2021, which would be a substantially smaller proportion of the calf crop, and could mean there were more than 200 thousand calves available for beef production instead of veal. The rise in the dairy herd suggests many of those animals could be dairy bred or crossbred.

Veal prices in March did show an uptick according the USDA AMS weekly veal summary. Specific cuts that gained were the Hotel Rack-7 Rib, and Square shoulder cuts. Single legs increased slightly. It appears interest is picking up but has not rallied the same way the boxed beef cutout has despite weekly production being well below a year ago for the majority of the weeks in 2021. In 2020 veal producers adjusted weights to accommodate smaller harvest levels, but cold storage continued to grow. Its anticipated that weights of calf slaughter will again make up the difference for the lower volumes of animals. Strong veal prices are not expected to incentivize strong growth in calf slaughter, as the U.S. consumer appears to have permanently shifted away from consuming larger amounts of veal.



Source: USDA NASS, LMIC Forecasts





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PRODUCTION & PRICE SUMMARY

Week Ending 4/10/2021

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY .

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			10-Apr-21	3-Apr-21		11-Apr-20			
	Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	1,913	1,939	-1.3%	1,823	5.0%	27,780	-2.7%
C	FI Slaughter	Thou. Head	641	609	5.3%	529	21.2%	9,004	-2.0%
A	FI Cow Slaughter **	Thou. Head	132	123	6.8%	128	2.8%	7,967	-1.1%
T	Avg. Dressed Weight	Lbs.	830	831	-0.1%	818	1.5%	837	1.3%
T	Beef Production	Million Lbs.	530.9	504.7	5.2%	431.6	23.0%	7,538	-0.7%
L	Live Fed Steer Price, 5-Mkt	$ per cwt	121.87	118.08	3.2%	105.00	16.1%		
E	Dressed Steer Price, 5-Mkt	$ per cwt	195.21	189.36	3.1%	168.00	16.2%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	NQ	154.30	N/A	134.32	N/A		
&	Choice Beef Cutout	$ per cwt	266.08	246.86	7.8%	225.37	18.1%		
	Hide/Offal	$ per cwt, live wt	10.70	10.46	2.3%	8.01	33.6%		
B	Rib, Primal, Choice	$ per cwt	452.66	412.28	9.8%	282.77	60.1%		
E	Round, Primal, Choice	$ per cwt	196.52	190.69	3.1%	248.30	-20.9%		
E	Chuck, Primal, Choice	$ per cwt	202.44	191.94	5.5%	221.54	-8.6%		
F	Trimmings, 50%, Fresh	$ per cwt	83.25	67.60	23.2%	33.57	148.0%		
	Trimmings, 90%, Fresh	$ per cwt	233.86	231.54	1.0%	240.32	-2.7%		
	FI Slaughter	Thou. Head	2,487	2,463	1.0%	2,393	3.9%	36,717	-4.1%
H	FI Sow Slaughter **	Thou. Head	65.1	67.1	-3.0%	67.2	-3.1%	4,123	8.4%
O	Avg. Dressed Weight	Lbs.	217.0	217.0	0.0%	215.0	0.9%	219	1.5%
G	Pork Production	Million Lbs.	540.5	535.4	1.0%	513.5	5.3%	8,027	-2.7%
S	Natl. Negotiated Purchase	Wtd. Avg.	98.72	96.29	2.5%	40.54	143.5%		
	Natl. Base Carcass Price	Wtd. Avg.	96.04	94.18	2.0%	52.55	82.8%		
&	Natl. Net Carcass Price	Wtd. Avg.	98.17	96.27	2.0%	54.69	79.5%		
	Natl. Early Wean Feeder	10-12 Lbs.	49.18	48.18	2.1%	20.56	139.2%		
P	Pork Cutout	$ per cwt	110.71	108.41	2.1%	53.55	106.7%		
O	By-product Value	$ per cwt, live wt	0.00	4.85	N/A	3.67	-100.0%		
R	Ham, Primal	$ per cwt	86.80	86.69	0.1%	35.05	147.7%		
K	Loin, Primal	$ per cwt	93.27	94.66	-1.5%	90.30	3.3%		
	Belly, Primal	$ per cwt	200.71	193.99	3.5%	34.54	481.0%		
	Trimmings, 72%, Fresh	$ per cwt	133.93	131.98	1.5%	37.46	257.5%		
C	Young Chicken Slaughter *	Million Head	161.9	166.0	-2.5%	164.73	-1.7%	2,249	-4.8%
H	Avg. Weight (RTC)	Lbs.	4.73	4.77	-0.6%	4.69	1.0%	4.82	1.6%
I	Young Chicken Production (RTC)	Million Lbs.	766.7	791.2	-3.1%	772.5	-0.7%	10,837	-3.3%
C	Eggs Set (US)	Million	240.3	238.3	0.8%	228.2	5.3%	15,349	0.0%
K	Chicks Placed (US)	Million Head	187.5	187.7	-0.1%	187.3	0.1%	12,217	-0.9%
E	National Composite Whole Bird	Composite	98.84	92.36	7.0%	50.51	95.7%		
N	Northeast Breast, B/S	$ per cwt	159.56	146.57	8.9%	88.72	79.8%		
	Northeast Leg Quarters	$ per cwt	42.59	40.12	6.2%	31.89	33.6%		
T	Total Turkey Slaughter *	Million Head	2.85	4.03	-29.4%	4.05	-29.7%	51.3	-9.4%
U	Avg. Weight (RTC)	Lbs.	26.36	26.68	-1.2%	25.98	1.5%	26.85	0.8%
R	Turkey Production (RTC)	Million Lbs.	75.0	107.5	-30.2%	105.1	-28.6%	1,378	-8.7%
K	National Hen (8-12 Lbs)	$ per cwt	115.39	117.00	-1.4%	101.30	13.9%		
G	Corn, Omaha	$ per Bushel	5.79	5.59	3.6%	3.13	85.1%		
R	Distillers Grain, IA	$ per Ton	197.50	205.00	-3.7%	192.50	2.6%		
A	Soybean, Cntrl IL	$ per Bushel	14.51	14.29	1.5%	8.74	66.1%		
I	Soybn Meal 48%, Cntrl IL	$ per Ton	407.40	398.70	2.2%	294.00	38.6%		
N									

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of 'actual" rather than "preliminary" weekly slaughter report).