Daily Livestock Report

Sponsored in part by CME Group

 Vol. 19, No. 88 / May 10, 2021

The report for last week is included in pages 2-3.

We just completed our most recent funding drive and already many of you have responded. **Thank you to all the individuals and companies that have decided to extend another year of support to the DLR**. Without you this effort would not be possible.

Most of our readers are from commercial establishments and can only pay against an invoice. **If you already have received and paid an invoice in the last 12 months, then you need do nothing**. But if you get this report from others, read it through other means and **have not supported us in the past, we hope you will do so**. It is only through a broad effort that we will keep the funding requests low and, more importantly, update you on what matters most for your business.

Please contact us at info@dailylivestockreport with any questions about supporting the DLR. We can also take your payment over the phone at 800.526.4612.

Thanks again,

Len Steiner

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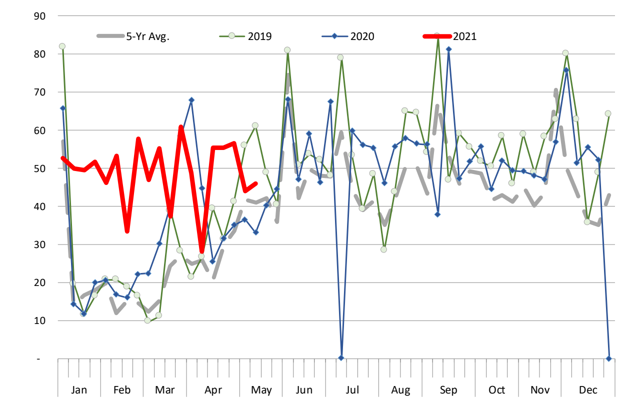
<u>Cattle slaughter last week was a bit disappointing but it confirmed what we have been pointing out for some time - despite strong demand, packers continue to have a difficult time ramping up production.</u> USDA estimated total cattle slaughter for the week at 638k head, down from 650k head the previous week and the lowest weekly slaughter since the first week of April (Easter). **<u>Cattle slaughter on Monday and Thursday was lower than one would have expected, with fed slaughter during those two days at 90k and 88k</u>**. In the past packers would ramp up Saturday slaughter in order to offset any shortfall in production during the week. However, they have relied on Saturday slaughter to fill in gaps for a lot time and it is clear that this is the most they are able to do at this time. The chart to the right shows that counting on a fixed slaughter level on Saturday is not appropriate. After all, there is a myriad of union agreements that packers have and practically bringing in people every single weekend is not sustainable. **<u>Labor is a challenge for packers on a good day and these days the problem has become even worse as all industries are clamoring for people</u>**. An article in Newsweek noted that experienced owner operator truck drivers for an energy company were making as much as $14,000 a week. While this is an extreme example, it speaks to the current tight labor market. High feed costs have impacted feedlots that already were carrying some long fed cattle on their books. Nearby corn futures are up 40% since early March putting pressure on fed cattle values in the near term. Going forward, much will depend on the ability of packers to maintain the slaughter pace but also the trend in feed costs.

As we noted last week, **<u>hog supplies are seasonally down, resulting in a significant reduction in Saturday slaughter</u>**. So far Saturday hog slaughter has followed the trend of 2019. Last week USDA estimated Saturday slaughter at 15k head compared to 72k head four weeks ago. In 2019, Saturday slaughter for the comparable week was 8k while in 2018 it was 41k. It is unlikely that we will see much of an increase in Saturday slaughter between now and the end of July. Total hog slaughter last week was 2.408 million head, 3.3% higher than in 2019 (comparisons to 2020 are skewed by COVID). **<u>Non-holiday weekly hog slaughter during June and July of 2019 averaged 2.388 million head per week. Using the March 'Hogs and Pigs' inventory numbers as a guide, we would expect hog slaughter during this period to be slightly under that level</u>**. That would imply Mon-Thu slaughter of around 480k, Fri slaughter of around 435k and Saturday slaughter of around 30k. Clearly these numbers are not exact numbers and in any given week there will be some variability but it should serve as a measuring stick for what to expect. Sow slaughter is a very small piece of overall slaughter but it is important when considering future hog/pork supplies. Slaughter is lower than last year when producers were aggressively liquidating but still at historically high levels. **<u>Non-holiday sow slaughter since early March has averaged about 66k head/week compared to an average of 59k head per week during the same period in 2019</u>**. It should be noted that the size of the breeding herd on March 1, 2021 was 2.1% lower than what it was on March 1, 2019, implying an even higher culling rate. **<u>Hog prices may be very strong for the summer but with corn for 2022 now priced near $6/bushel, the incentives for growth remain limited.</u>**

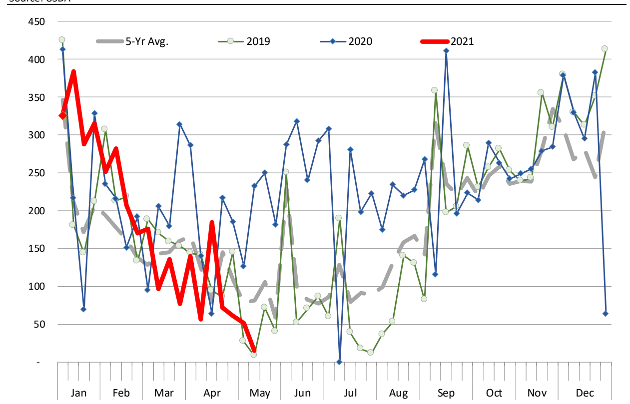
SATURDAY FED CATTLE SLAUGHTER. '000 HEAD

Source: USDA



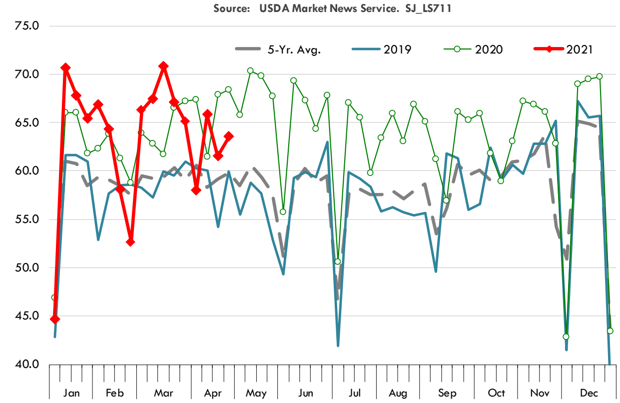
SATURDAY HOG SLAUGHTER. '000 HEAD

Source: USDA



US TOTAL SOW SLAUGHTER, 000 HEAD

Source: USDA Market News Service. SJ_LS711



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PRODUCTION & WKLY AVG. PRICE SUMMARY Week Ending 5/8/2021

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
			8-May-21	1-May-21		9-May-20			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,931**	**1,949**	-0.95%	**1,660**	16.31%	**35,548**	1.4%
	FI Slaughter	Thou. Head	638	649	-1.69%	476	34.09%	11,592	4.8%
C	FI Cow Slaughter **	Thou. Head	131	128	2.10%	112	16.74%	2,186	2.5%
T	Avg. Dressed Weight	Lbs.	828	830	-0.24%	820	0.98%	835	1.3%
T	Beef Production	Million Lbs.	527.3	537.3	-1.86%	388.9	35.59%	9,676	6.2%
L	Live Fed Steer Price	$ per cwt	118.35	118.89	-0.45%	104.50	13.25%		
E	Dressed Fed Steer Price	$ per cwt	188.47	190.44	-1.03%	159.85	17.90%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	144.37	146.27	-1.30%	138.06	4.57%		
&	Choice Beef Cutout	$ per cwt	303.51	291.79	4.02%	441.53	-31.26%		
	Hide/Offal	$ per cwt, live wt	11.99	11.55	3.81%	6.87	74.53%		
B	Rib Primal, Choice	$ per cwt	518.34	504.32	2.78%	525.38	-1.34%		
E	Round Primal, Choice	$ per cwt	209.27	203.37	2.90%	457.00	-54.21%		
E	Chuck Primal, Choice	$ per cwt	223.65	215.07	3.99%	421.58	-46.95%		
F	Trimmings, 50%	$ per cwt	87.48	85.85	1.90%	275.28	-68.22%		
	Trimmings, 90%	$ per cwt	245.84	242.48	1.39%	272.28	-9.71%		
	FI Slaughter	Thou. Head	2,408	2,454	-1.87%	1,804	33.50%	46,467	1.3%
	FI Sow Slaughter **	Thou. Head	63.6	61.5	3.32%	68.4	-7.08%	1,076	0.2%
H	Avg. Dressed Weight	Lbs.	217.0	217.0	0.00%	219.0	-0.91%	218	1.2%
O	Pork Production	Million Lbs.	522.5	532.6	-1.90%	395.8	32.01%	10,140	2.5%
G	Iowa-S. Minn. Base	Wtd. Avg.	115.31	111.64	3.29%	36.76	213.68%		
S	Natl. Base Carcass Price	Wtd. Avg.	102.41	102.22	0.19%	70.09	46.11%		
	Natl. Net Carcass Price	Wtd. Avg.	104.53	104.20	0.32%	70.74	47.77%		
	Natl. Early Wean Feeder	Wtd. Avg.	48.94	48.93	0.02%	18.53	164.11%		
	Pork Cutout	205 Lbs.	112.48	109.24	2.97%	113.94	-1.28%		
	Ham Primal	$ per cwt	94.76	97.50	-2.81%	57.97	63.46%		
	Loin Primal	$ per cwt	102.27	97.98	4.38%	135.57	-24.56%		
	Belly Primal	$ per cwt	162.26	157.47	3.04%	191.48	-15.26%		
	Trimmings, 72%, Fresh	$ per cwt	120.87	115.21	4.91%	117.68	2.71%		
	Hog By-Product Value	$ per cwt, live wt	4.88	4.89	-0.20%	3.77	29.44%		
C	Young Chicken Slaughter *	Million Head	163.6	164.3	-0.41%	162.0	1.00%	2,901	-2.8%
H	Avg. Weight (RTC)	Lbs.	4.85	4.80	0.95%	4.77	1.59%	6.34	1.5%
I	Young Chicken Production (RTC)	Million Lbs.	793.5	789.2	0.53%	773.3	2.61%	13,978	-1.3%
C	Eggs Set (19-state)	Million	238.8	238.1	0.27%	214.7	11.20%	4,268	0.9%
K	Chicks Placed (19-state)	Million Head	188.4	187.6	0.43%	171.2	10.02%	3,360	-0.6%
E	National Composite Whole Bird	Composite	104.49	105.03	-0.51%	68.42	52.72%		
	Northeast Breast, B/S	$/cwt	199.63	191.57	4.21%	118.14	68.98%		
	Northeast Leg Quarters	$/cwt	43.53	42.57	2.26%	32.2	35.19%		
T	Total Turkey Slaughter *	Million Head	3.502	3.506	-0.11%	4.03	-13.10%	65.930	-7.8%
U	Avg. Weight (RTC)	Lbs.	24.99	25.73	-2.86%	25.33	-1.32%	33.13	0.9%
R	Turkey Production (RTC)	Million Lbs.	87.5	90.2	-2.97%	102.1	-14.25%	1,755	-7.1%
K	National Hen (8-12 lb)	8-16 Lbs.	119.00	114.00	4.39%	105.00	13.33%		
G	Corn, Omaha	$ per Bushel	7.45	6.68	11.53%	2.97	150.84%		
R	Soybeans, Cntrl IL	$ per Bushel	16.29	15.56	4.69%	8.51	91.42%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	428.00	434.15	-1.42%	289.60	47.79%		
I	Distillers Grain, IL	$ per Bushel	252.00	217.50	15.86%	175.00	44.00%		

* 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