

# Daily Livestock Report

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## [JBS hit by cyber attack, adding to woes for US cattle producers and beef buyers.](#)

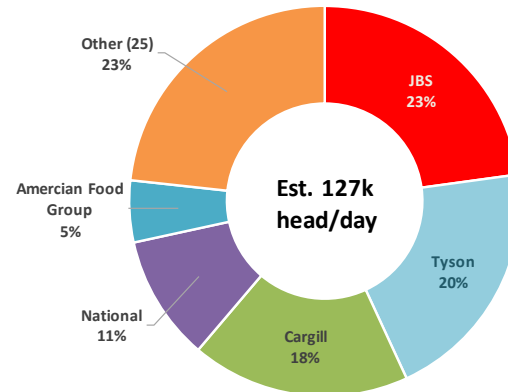
Over the weekend, **JBS, the largest beef packer and the second largest pork packer in the US, was hit by a cyber attack that forced it to suspend operations in some plants.** A company statement quoted by news wires confirmed that some of the servers supporting North American and Australian IT systems were affected by this attack. Because Monday was a holiday in the US, the Australian and Canadian plants were the first ones to suspend operations and it is our understanding that today a number of US plants may not be operating. We will wait for confirmation around 2PM today when USDA will publish the daily estimate of cattle and hog slaughter.

One of the questions that probably some will have is **the scope of this problem for the industry.** We think this is a major issue but much will depend on how long the disruption persists. We created the attached two charts to visualize the size of JBS operations relative to the industry as a whole. Steve Kay of Cattle Buyers Weekly has been collecting and reporting beef company capacity information for over three decades and we used some of his data to compile the top chart. According to his analysis, **JBS accounts for about 23% of total cattle capacity in the US and the share is a bit larger if we look at fed beef cattle plants only.** Beef packing is not running at full capacity at this time, as evidenced by daily slaughter of only around 120-121k head recently. Fed cattle futures opened limit down but they have recovered some of the losses since then. Still, June and August cattle are down by more than 200 points as of this writing. Much is unknown at this time and makes no sense to speculate on the material impact this will have on cattle. **But even one day of disruption will significantly impact the beef market and wholesale beef prices.** Retailers and beef processors are coming from a long weekend and need to catch up with orders and make sure to fill the meat case. If they suddenly get a call saying that product may not deliver tomorrow or this week, it will create very significant challenges in keeping plants in operation and the retail case stocked up. The attack on the Colonial pipeline resulted in significant gasoline shortages in some parts of the country and we fear that stores that normally get deliveries from JBS may face a similar situation. But **we cannot stress enough that at this time we are talking about potential, we have no idea how long this will last and that is key here.** Beef wholesale market has been extremely tight in recent weeks as both foodservice and retail customers are looking to refill the pipeline and support. A sign at a small restaurant in Southern Utah said they would charge an extra \$4 for their carne asada dishes. The disruption caused by this cyber attack could add gasoline to an already large flame.

In JBS is also a major pork packer. Steve Meyer has been collecting and reporting annual estimates of industry capacity and

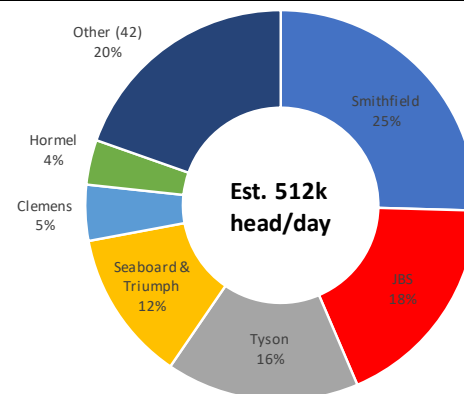
## Calculated Capacity Share of Top 30 Beef Packers in the US

Data calculated and reported by Steve Kay, Cattle Buyers Weekly. Includes Fed and Non Fed Cattle



## Calculated Capacity Share of Top Pork Packers in the US

Data calculated and reported by Steve Meyer for National Hog Farmer and Pork Board



capacity by company for many years. According to his analysis, JBS accounts for 18% of barrow and gilt slaughter capacity in the US. Different from cattle, hog prices were higher at the open today. We have yet to hear of any impacts of the disruption on cash hog trading. What we do know is that hog producers are far more current than cattle producers, evidenced in the fact that fed cattle weights are as much as 5% higher than pre-COVID levels (May 2019) while barrow and gilt weights are 1.3% lower than at the end of May 2019. The other issue concerns the linkages between pork and hog markets, something that we have discussed at length in the past. **Disruptions in the hog slaughter may limit pork supply availability and push up pork prices in the near term as processors and retailers struggle to cover needs.**

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## PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending **5/29/2021**

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
		29-May-21	22-May-21		30-May-20			
<b>Total Beef, Pork, Chicken, Turkey</b>	<b>mil lbs., cwe</b>	<b>1,932</b>	<b>1,962</b>	<b>-1.54%</b>	<b>1,749</b>	<b>10.43%</b>	<b>41,364</b>	<b>2.3%</b>
<b>C</b> FI Slaughter	Thou. Head	629	669	-5.98%	527	19.33%	13,539	6.8%
<b>C</b> FI Cow Slaughter **	Thou. Head	126	126	-0.45%	117	7.57%	2,567	3.6%
<b>T</b> Avg. Dressed Weight	Lbs.	825	825	0.00%	826	-0.12%	833	1.0%
<b>T</b> Beef Production	Million Lbs.	518.0	550.7	-5.94%	434.5	19.22%	11,274	7.9%
<b>L</b> Live Fed Steer Price	\$ per cwt	119.64	119.72	-0.07%	115.71	3.40%		
<b>E</b> Dressed Fed Steer Price	\$ per cwt	190.66	190.58	0.04%	183.83	3.72%		
<b>O</b> Oklahoma Steer (600-700 lbs)	\$ per cwt	151.57	148.91	1.78%	N/A	N/A		
<b>&amp;</b> Choice Beef Cutout	\$ per cwt	329.64	323.14	2.01%	374.04	-11.87%		
<b>H</b> Hide/Offal	\$ per cwt, live wt	12.23	12.07	1.33%	7.12	71.77%		
<b>B</b> Rib Primal, Choice	\$ per cwt	535.12	528.80	1.20%	506.05	5.74%		
<b>E</b> Round Primal, Choice	\$ per cwt	250.37	238.60	4.93%	339.43	-26.24%		
<b>E</b> Chuck Primal, Choice	\$ per cwt	242.39	240.96	0.59%	326.38	-25.73%		
<b>F</b> Trimmings, 50%	\$ per cwt	71.92	72.60	-0.94%	103.16	-30.28%		
<b>F</b> Trimmings, 90%	\$ per cwt	257.21	254.99	0.87%	306.23	-16.01%		
<b>H</b> FI Slaughter	Thou. Head	2,378	2,393	-0.63%	1,989	19.59%	53,598	2.8%
<b>H</b> FI Sow Slaughter **	Thou. Head	61.5	58.7	4.82%	69.8	-11.91%	1,256	-1.9%
<b>H</b> Avg. Dressed Weight	Lbs.	215.0	216.0	-0.46%	218.0	-1.38%	218	0.7%
<b>O</b> Pork Production	Million Lbs.	511.8	516.3	-0.87%	432.3	18.39%	11,668	3.5%
<b>G</b> Iowa-S. Minn. Base	Wtd. Avg.	107.20	109.75	-2.32%	37.83	183.37%		
<b>S</b> Natl. Base Carcass Price	Wtd. Avg.	107.03	104.86	2.07%	64.73	65.35%		
<b>S</b> Natl. Net Carcass Price	Wtd. Avg.	109.13	106.96	2.03%	66.02	65.30%		
<b>S</b> Natl. Early Wean Feeder	Wtd. Avg.	44.93	46.15	-2.64%	15.47	190.43%		
<b>S</b> Pork Cutout	205 Lbs.	124.73	118.14	5.58%	90.98	37.10%		
<b>S</b> Ham Primal	\$ per cwt	88.66	80.30	10.41%	51.04	73.71%		
<b>S</b> Loin Primal	\$ per cwt	118.05	114.92	2.72%	131.60	-10.30%		
<b>S</b> Belly Primal	\$ per cwt	179.56	168.24	6.73%	83.75	114.40%		
<b>S</b> Trimmings, 72%, Fresh	\$ per cwt	124.96	130.85	-4.50%	135.11	-7.51%		
<b>S</b> Hog By-Product Value	\$ per cwt, live wt	4.98	4.95	0.61%	3.73	33.51%		
<b>C</b> Young Chicken Slaughter *	Million Head	168.6	163.8	2.98%	162.2	3.96%	3,397	-2.1%
<b>H</b> Avg. Weight (RTC)	Lbs.	4.78	4.87	-1.87%	4.88	-2.02%	6.34	1.2%
<b>I</b> Young Chicken Production (RTC)	Million Lbs.	806.1	797.8	1.05%	791.5	1.85%	16,375	-0.9%
<b>C</b> Eggs Set (19-state)	Million	239.4	240.7	-0.52%	229.4	4.39%	4,989	1.5%
<b>K</b> Chicks Placed (19-state)	Million Head	188.0	187.9	0.03%	173.6	8.29%	3,922	0.7%
<b>E</b> National Composite Whole Bird	Composite	105.39	106.23	-0.79%	74.00	42.42%		
<b>E</b> Northeast Breast, B/S	\$/cwt	220.65	223.3	-1.19%	151.37	45.77%		
<b>E</b> Northeast Leg Quarters	\$/cwt	45.09	44.04	2.38%	32.54	38.57%		
<b>T</b> Total Turkey Slaughter *	Million Head	3.890	3.716	4.68%	3.464	12.30%	77,389	-6.5%
<b>U</b> Avg. Weight (RTC)	Lbs.	24.62	26.13	-5.80%	26.25	-6.22%	32.94	0.6%
<b>R</b> Turkey Production (RTC)	Million Lbs.	95.8	97.1	-1.38%	90.9	5.31%	2,048	-6.1%
<b>K</b> National Hen (8-12 lb)	8-16 Lbs.	121.36	122.70	-1.09%	105.00	15.58%		
<b>G</b> Corn, Omaha	\$ per Bushel	6.97	7.01	-0.57%	3.16	120.57%		
<b>R</b> Soybeans, Cntrl IL	\$ per Bushel	15.60	15.65	-0.32%	8.53	82.88%		
<b>A</b> Soybn Meal 48%, Cntrl IL	\$ per Bushel	390.30	414.80	-5.91%	285.80	36.56%		
<b>I</b> Distillers Grain, IL	\$ per Bushel	247.50	265.00	-6.60%	152.50	62.30%		

\* 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

