Daily Livestock Report

Sponsored in part by CME Group

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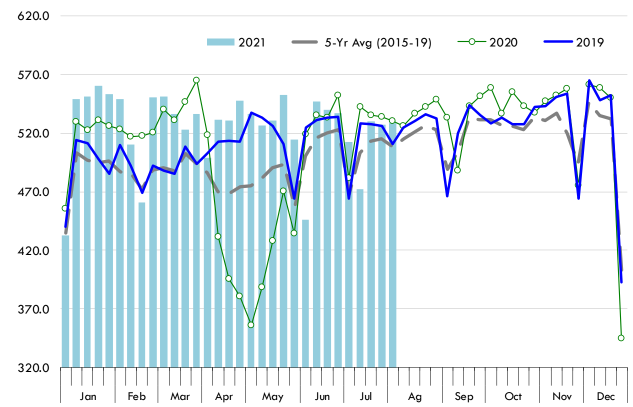
The top line in the summary table below shows puts **combined beef, pork and poultry production for last week at 1.940 billion pounds, about 0.2% less than a year ago**. The table does not show this but that number **represents a 1.4% increase from the comparable week in 2019**. The number is largely an indication since the poultry number is reported with a one week lag and all the numbers are subject to revision when actual slaughter data becomes available a couple of weeks from now. Beef production last week was estimated at 528.3 million pounds, 0.3% lower than last year but 3.4% higher than in 2019 and 3.7%higher than in 2018. Continued strong pace of cow liquidation is the biggest reason for the increase in production vs. 2019 and 2018. We estimate that cow/bull slaughter last week was around 135k head, about 7k head or 5.2% higher than in 2019. Fed slaughter, on the other hand, was estimated at 514k head, 9k head or 1.7% lower than in 2019. Pork production last week was 487.3 million pounds, 8.6% lower than the COVID distorted numbers last year and about the same as in 2019 and slightly higher than the same week in 2018. Comparisons to 2020 for pork production are not very helpful since the backlog created last April and May skewed June and July production. Broiler production (ready to cook basis) was estimated at 825.9 million pounds, up 7.6% from last year and up 2.5% from 2019.

The key takeaway from the production numbers in the attached charts is that red meat and poultry output is in line with previous years. **What does stand out in the last eight weeks is the disruption caused by the cyber attack on JBS and then the holiday shortened production in early July**. Those two events seem to have compounded some of the shortages that have affected the market since early spring, pressuring prices. Seasonally pork production declines in June and July and this year is no different. However, it makes a difference when weekly pork production goes from near 600 million pounds a week in January and early February to 485 million pounds in the last three weeks of January. Normally end users prepare for the seasonal decline by putting product away but this year was different and the shortfall in freezer inventories, continued strong export demand and limited seasonal supply has combined to keep wholesale prices at elevated levels.

The attached charts are also instructive in showing the trend expected in Q3. Beef, pork and poultry production should be higher from current levels in late August and September. At the same time, prices at retail and foodservice are trending up and processors have become more forceful in their efforts to pass along raw material price increases to their customers. Protein demand far exceeded expectations in Q2 and so far in Q3 demand has continued to perform well, both in domestic and export channels. For all the talk that demand will come back to earth, this is by far the biggest wild card for livestock and wholesale meat markets going forward.

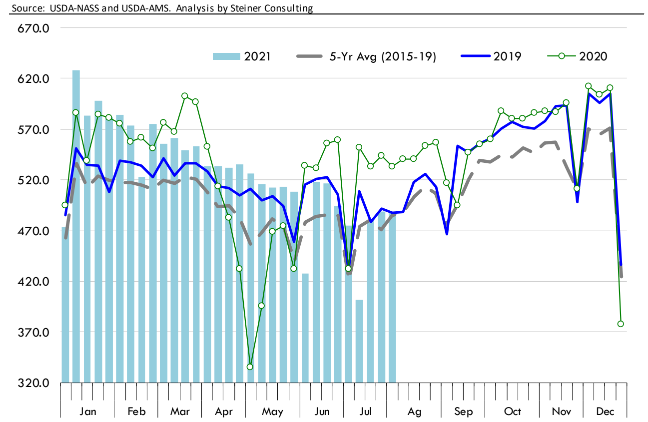
Weekly US Beef Production. Million Pounds. Carcass Wt. Basis

Source: USDA-NASS and USDA-AMS. Analysis by Steiner Consulting



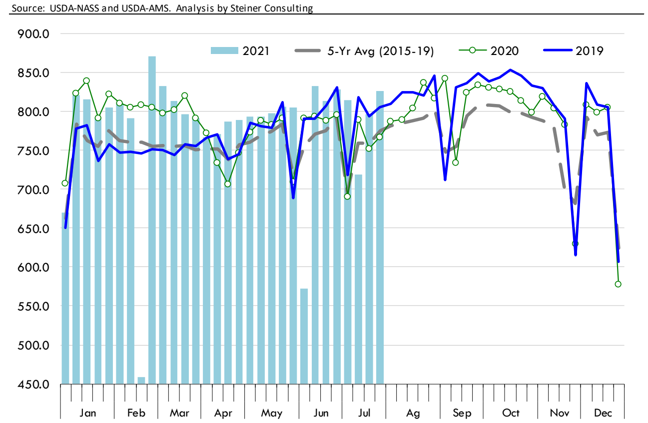
Weekly US Pork Production. Million Pounds. Carcass Wt. Basis

Source: USDA-NASS and USDA-AMS. Analysis by Steiner Consulting



Weekly US Broiler Production. Million Pounds. Carcass Wt. Basis

Source: USDA-NASS and USDA-AMS. Analysis by Steiner Consulting



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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 7/31/2021

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
			31-Jul-21	24-Jul-21		1-Aug-20			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,940**	**1,916**	1.27%	**1,945**	-0.24%	**58,124**	0.6%
	FI Slaughter	Thou. Head	649	652	-0.46%	636	1.98%	19,238	4.5%
C	FI Cow Slaughter **	Thou. Head	123	117	5.54%	115	7.64%	3,661	4.2%
T	Avg. Dressed Weight	Lbs.	816	815	0.12%	835	-2.28%	827	0.1%
T	Beef Production	Million Lbs.	528.3	527.2	0.21%	530.0	-0.32%	15,911	4.6%
L	Live Fed Steer Price	$ per cwt	121.05	120.77	0.23%	98.66	22.69%		
E	Dressed Fed Steer Price	$ per cwt	197.49	196.78	0.36%	160.03	23.41%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	165.64	168.10	-1.46%	152.66	8.50%		
&	Choice Beef Cutout	$ per cwt	272.90	265.88	2.64%	202.34	34.87%		
	Hide/Offal	$ per cwt, live wt	14.14	13.83	2.24%	7.08	99.72%		
B	Rib Primal, Choice	$ per cwt	430.03	399.54	7.63%	334.46	28.57%		
E	Round Primal, Choice	$ per cwt	224.76	222.29	1.11%	166.40	35.07%		
E	Chuck Primal, Choice	$ per cwt	224.30	218.16	2.81%	160.53	39.72%		
F	Trimmings, 50%	$ per cwt	140.41	134.75	4.20%	60.13	133.51%		
	Trimmings, 90%	$ per cwt	276.05	278.69	-0.95%	235.89	17.02%		
	FI Slaughter	Thou. Head	2,327	2,332	-0.21%	2,537	-8.27%	73,947	-0.8%
	FI Sow Slaughter **	Thou. Head	60.9	48.0	26.81%	65.5	-7.08%	1,778	-4.2%
H	Avg. Dressed Weight	Lbs.	210.0	210.0	0.00%	210.0	0.00%	216	0.2%
O	Pork Production	Million Lbs.	487.3	488.7	-0.29%	533.2	-8.61%	15,950	-0.6%
G	Iowa-S. Minn. Base	Wtd. Avg.	104.72	107.19	-2.30%	42.20	148.15%		
S	Natl. Base Carcass Price	Wtd. Avg.	105.71	105.13	0.55%	54.91	92.52%		
	Natl. Net Carcass Price	Wtd. Avg.	108.05	107.45	0.56%	57.06	89.36%		
	Natl. Early Wean Feeder	Wtd. Avg.	43.43	41.15	5.54%	16.25	167.26%		
	Pork Cutout	205 Lbs.	123.83	121.79	1.68%	68.30	81.30%		
	Ham Primal	$ per cwt	107.37	105.65	1.63%	59.55	80.30%		
	Loin Primal	$ per cwt	112.74	110.20	2.30%	68.20	65.31%		
	Belly Primal	$ per cwt	224.22	221.31	1.31%	96.12	133.27%		
	Trimmings, 72%, Fresh	$ per cwt	162.45	148.43	9.45%	91.21	78.11%		
	Hog By-Product Value	$ per cwt, live wt	5.06	5.04	0.40%	3.76	34.57%		
C	Young Chicken Slaughter *	Million Head	170.1	163.1	4.29%	164.0	3.70%	4,839	-1.4%
H	Avg. Weight (RTC)	Lbs.	4.86	4.89	-0.62%	4.68	3.73%	6.36	1.3%
I	Young Chicken Production (RTC)	Million Lbs.	825.9	796.9	3.64%	767.8	7.57%	23,384	-0.1%
C	Eggs Set (19-state)	Million	237.5	238.8	-0.55%	227.8	4.27%	7,141	1.8%
K	Chicks Placed (19-state)	Million Head	186.4	186.1	0.15%	188.1	-0.92%	5,609	0.4%
E	National Composite Whole Bird	Composite	104.96	105.84	-0.83%	64.89	61.75%		
	Northeast Breast, B/S	$/cwt	182.08	180.57	0.84%	113.9	59.86%		
	Northeast Leg Quarters	$/cwt	45.25	46.13	-1.91%	26.39	71.47%		
T	Total Turkey Slaughter *	Million Head	3.907	4.085	-4.36%	4.421	-11.63%	110.399	-6.8%
U	Avg. Weight (RTC)	Lbs.	25.18	25.16	0.05%	25.70	-2.05%	32.46	-0.2%
R	Turkey Production (RTC)	Million Lbs.	98.4	102.8	-4.31%	113.6	-13.44%	2,880	-7.1%
K	National Hen (8-12 lb)	8-16 Lbs.	130.00	123.00	5.69%	111.00	17.12%		
G	Corn, Omaha	$ per Bushel	6.36	6.39	-0.47%	2.99	112.71%		
R	Soybeans, Cntrl IL	$ per Bushel	14.91	14.59	2.19%	8.90	67.53%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	364.80	371.50	-1.80%	292.00	24.93%		
I	Distillers Grain, IL	$ per Bushel	192.00	175.00	9.71%	140.00	37.14%		

* 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