Daily Livestock Report

Sponsored in part by CME Group

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The results of the USDA 'Cold Storage' report were released yesterday afternoon, showing that the combined supply of red meat and poultry at the end of July was 2.015 billion pounds, 12.4% lower than last year and 17% lower than the five year average. Below is a recap of key numbers for the three main proteins.

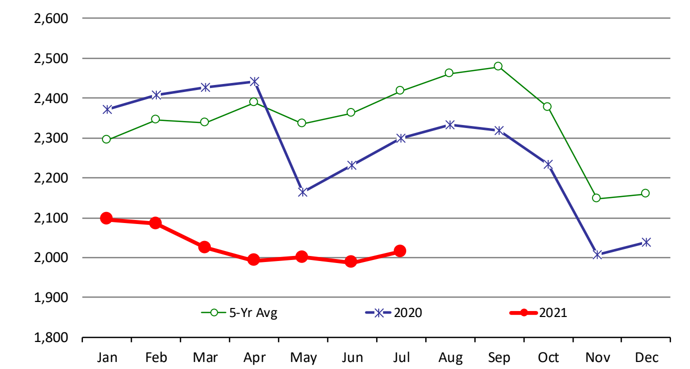
Beef: **The total supply of beef in cold storage at the end of July was estimated at 401.3 million pounds, 8.8% lower than a year ago and 12% lower than the five year average**. Usually beef inventories find a bottom in May as users liquidate inventory to support grilling day needs and then continue to trend higher. However, continued price inflation has forced end users to liquidate inventories while preventing any kind of inventory building. End users are coming into the fall with limited stock on hand and forced to buy more in the spot market. Beef imports are running well behind last year, which has also contributed to the decline in inventory.

Pork: While it is not a surprise that pork inventories did not change much last month, current supply underscores how tight freezer supplies remain and the need to continue to rely on spot market to fill needs. At the end of July **the inventory of all pork in cold storage was estimated at 443.1 million pounds, 3.8% lower than a year ago and 20.2% lower than they five year average**. In the last five years the average drawdown of pork inventories in July was 0.3% and this year inventories were just 0.3% higher. There is some hope/expectation that increase in pork production in the fall will start to put some pressure on prices. However, the lower inventory levels will help absorb some of the increase in production. Ham processors and other market participants were able to increase ham freezer stocks in July and combined with the increase in production this should help cap ham price inflation this fall. Inventory of all hams in the freezer at the end of July was 152.6 million pounds, 11.7% higher than last year but still 12.3% lower than the five year average. In the last five years ham inventories in July increased by 11% from the previous month. This year the inventory build was 17% higher. On the other hand belly inventories remain limited. They normally decline in July and that happened again this year. Total inventory of bellies in the freezer at the end of July was 34.5% lower than a year ago and 31% lower than the five year average. The drawdown in July was 24% compared to a 19% average decline in the last five years. We saw a big spike in bellies in August and one could argue that this was due to end users depleting inventories early in anticipation of lower prices and then forced to get additional production the spot market in August to cover their shorts. Inventory of other pork products was also down. Inventory of pork loins declined 8% from the previous month, suggesting good demand at retail as high prices for other proteins shifted some of the consumer focus to pork.

Poultry: **Chicken inventory at the end of July was 734.1 million pounds, 16.3% lower than a year ago and 13.1% lower than the five year average**. Inventories declined 0.6% from June, not unusual from a historical perspective. Chicken breast inventory drawdown was better than normal, down 7% compared to an average 4% for the last five years. See page 2 for full details.

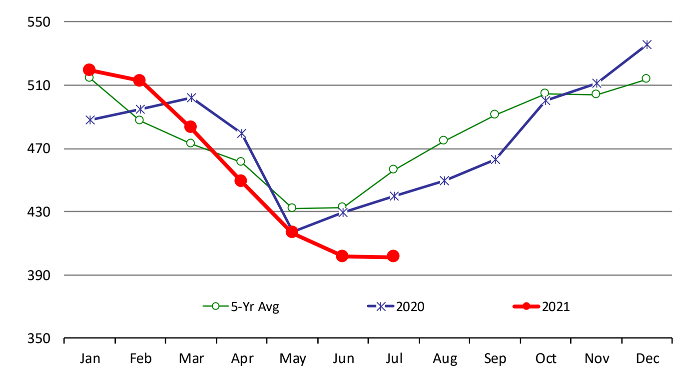
Combined Beef, Pork, Chicken and Turkey in Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



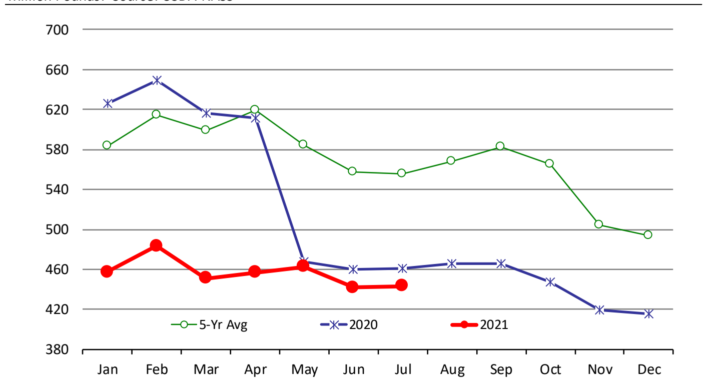
All Beef In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



All Pork In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



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USDA STOCKS IN COLD STORAGE REPORT

COMMODITY	Stocks in All Warehouses			Percent Of	
	31-Jul-20	30-Jun-21	31-Jul-21	Jul-20	Jun-21
		1,000 Pounds			
Frozen Pork					
Picnics, Bone-In	7,089	4,717	4,623	65	98
Hams, Total	136,621	130,550	152,614	112	117
Bone-in	53,366	60,255	73,926	139	123
Boneless	83,255	70,295	78,688	95	112
Bellies	42,374	36,385	27,738	65	76
Loins, Total	37,189	33,871	31,252	84	92
Bone-in	14,935	13,157	11,602	78	88
Boneless	22,254	20,714	19,650	88	95
Ribs	63,169	69,276	61,319	97	89
Butts	13,557	9,944	11,188	83	113
Trimmings	41,020	41,280	36,490	89	88
Other	48,069	50,032	52,834	110	106
Variety Meats	23,937	20,590	22,057	92	107
Unclassified	47,610	45,271	43,013	90	95
Total	**460,635**	**441,916**	**443,128**	**96**	**100**
Frozen Beef					
Boneless	406,548	371,969	371,610	91	100
Beef Cuts	33,628	29,546	29,649	88	100
Total	**440,176**	**401,515**	**401,259**	**91**	**100**
Other					
Veal	5,328	5,818	5,403	101	93
Lamb & Mutton	44,712	21,489	21,011	47	98
Total	**50,040**	**27,307**	**26,414**	**53**	**97**
Total Red Meat	**950,851**	**870,738**	**870,801**	**92**	**100**
Chicken					
Broilers, Fryers, Roasters	26,670	12,975	11,991	45	92
Breasts and Breast Meat	203,487	195,128	181,629	89	93
Leg Quarters	79,798	68,361	76,200	95	111
Wings	50,239	44,555	48,846	97	110
Other Chicken	516,659	417,237	415,419	80	100
Total	**876,853**	**738,256**	**734,085**	**84**	**99**
Turkey					
Whole Turkeys	285,191	228,316	263,114	92	115
Turkey Breast	88,499	59,558	57,818	65	97
Other	148,635	118,122	115,467	78	98
Total	**522,325**	**405,996**	**436,399**	**84**	**107**
Ducks	7,795	2,680	2,923	37	109
Total Poultry	**1,406,973**	**1,146,932**	**1,173,407**	**83**	**102**