

July production data for cattle, hogs and broilers was released in the last few days and, when coupled with the prices observed, it offers some interesting insights about demand. Still, it is important to keep in mind that even though overall tonnage may be near or even above 2020 and 2019 levels, getting products boned and trimmed remains challenging and it is part of the reason why end users are forced to pay up. Below are some of the highlights:

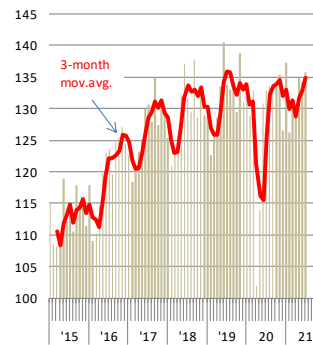
Cattle/Beef: Total cattle slaughter in July was estimated at 2.850 million head, 2.4% less than a year ago. **There was one less marketing day this year than a year ago and when adjusting for that daily cattle slaughter in July was 2.2% higher.** Steer slaughter last month was estimated at 1.416 million head, down 4.4% from a year ago but about unchanged when adjusted for the difference in marketing days. Heifer slaughter was 769.9k head, down 4.8% from a year ago and slightly lower on a marketing day basis. Fed cattle weights have been lower than last year's inflated numbers but they are still heavy from a historical perspective. Average steer carcass weight in July was 890 pounds, 1.3% lower than last year but 2.8% higher than in July 2019. Average heifer weights were 814 pounds, 1.8% lower than last year but 2.3% higher than in 2019. The decline in weights combined with the decline in monthly slaughter limited overall beef production in July. USDA-NASS estimate that total commercial beef production in July was 2.318 billion pounds, 4.3% lower than a year ago. However, when adjusted for the difference in marketing days production was slightly higher than a year ago and 2.9% higher than in July 2019. Despite the increase in daily production from 2019, the choice beef cutout in July averaged \$274.2/cwt, 35.3% higher than in July 2019. Beef demand has been extraordinary this summer, bolstered by strong pull from retail, foodservice and exports.

Hogs/Pork: Hog slaughter in July was 9.971 million head, down 12.8% compared to a year ago. But as we have mentioned before, **it makes zero sense to compare hog slaughter to last year since the numbers a year ago were inflated** by the slaughter disruptions in April and May. July slaughter was 7.4% lower than in 2019 and **when adjusted for the difference in marketing days, daily slaughter was 3% lower than in 2019.** The number of hogs coming to market this year is lower than the June USDA survey suggested, reflecting the production decisions made last year and the smaller breeding herd. Disease pressures last winter seem to have impacted supply availability. It appears like a sure bet that USDA will revise lower the Dec-Feb pig crop based on slaughter in late spring and summer. Sow slaughter in July was 246.8k head, 11.4% lower than a year ago but only 2.6% lower than in 2019. When adjusted for the difference in marketing days, sow slaughter was actually 2% higher than in 2019. Commercial pork production in July was 2.050 billion pounds, 13.6% lower than in 2020 and 7.3% lower than in July 2019. After adjusting for the marketing days, production was 2.9% lower than in July 2019 while the pork cutout was 54.9% higher than in July 2019. As with beef, lack of labor to bone/trim product has contributed to the increase in the value of the pork cutout. However, there is no escaping the fact that pork demand has far outpaced expectations and pork producers have benefited more than their counterparts in cattle country.

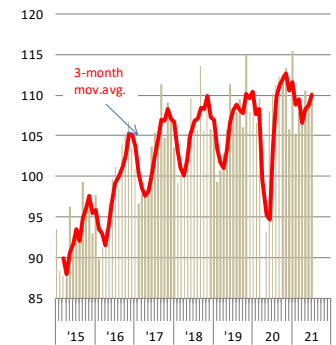
Cattle Slaughter & Beef Production Per Slaughter Day: '000 Head & Mil. Lb.

Data Source USDA/NASS. Calculations by Steiner Consulting

Slaughter, Head/Slaughter Day



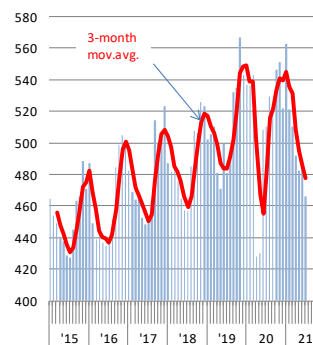
Production, Mil. Lb./Slaughter Day



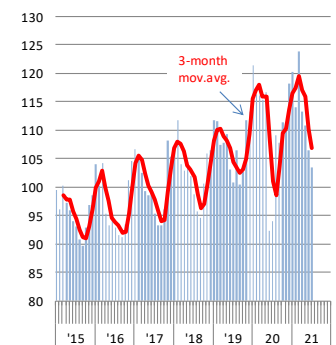
Hog Slaughter & Pork Production Per Slaughter Day: '000 Head & Mil. Lb.

Data Source USDA/NASS. Calculations by Steiner Consulting

'000 Head/Slaughter Day



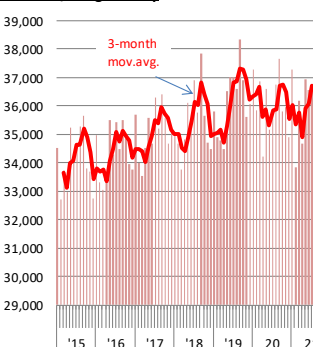
Mil. Lb./Slaughter Day



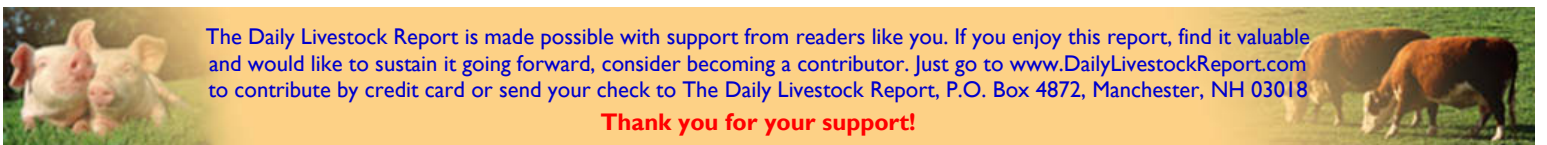
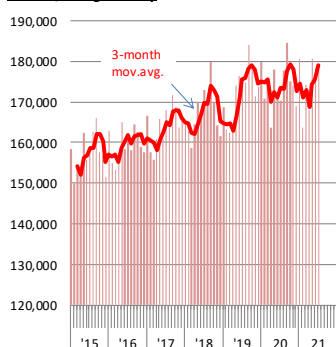
Broiler Slaughter & Chicken Production Per Slaughter Day: '000 Head & Mil. Lb.

Data Source USDA/NASS. Calculations by Steiner Consulting

'000 Head/Slaughter Day



Mil Lb. / Slaughter Day



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