

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 21, 2020

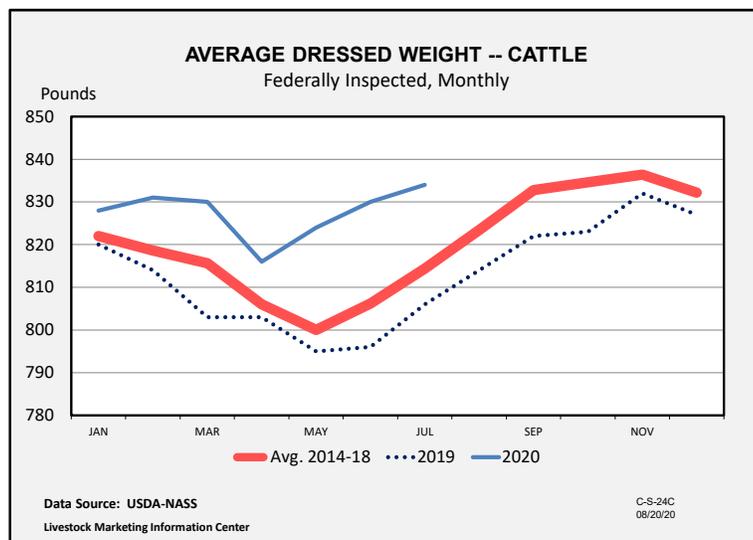
Production			Prices			
Week Ending 8/22/2020	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	652	657	Live Steer	106.62	105.06	107.12
FI Hog Slaughter (Thou Hd)	2618	2531	Dressed Steer	169.11	168.04	175.34
FI Sheep Slaughter (Thou Hd)	32	38	Choice Beef Cutout	222.50	209.91	239.87
Live Y. Chicken Sl. (Mil Hd)	168.1	174.0	USDA Hide/Offal	7.81	7.59	9.25
			OK City Fdr. Str. (6-7 Cwt.)	159.00	148.35	140.71
Slaughter Cattle Live Weight	1365	1345	Natl. Negotiated Purchase	38.26	37.67	67.41
Slaughter Hog Live Weight	283	279	Natl. Net Hog Carcass	58.27	57.04	76.14
Slaughter Lamb/Sheep Live Wt.	129	131	Feeder Pigs (40 Lbs) (\$/Head)	20.42	18.04	31.41
Beef Production (Mil Pounds)	542.9	535.9	Pork Cutout	74.64	72.32	81.94
Pork Production (Mil Pounds)	551.8	526.1	Lamb Cutout	357.54	361.50	339.87
Lamb, Mutton Prod. (Mil Lbs.)	2.1	2.5	Cheddar, 40 lb Block(\$/lb)	2.30	2.65	1.86
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.12	3.13	3.64
Total Beef (Mil Lbs)	533.5	525.8	Soybeans, Cntrl IL (\$/Bu)	9.08	8.99	8.55
Total Pork (Mil Lbs)	540.4	498.4				
Total Lamb, Mutton (Mil Lbs)	2.3	2.5				

Source: Various USDA-AMS reports. Data are preliminary.

Trends . . . RED MEAT PRODUCTION

Commercial cattle slaughter was 2.918 million head for the month of July, a 0.7% decrease from last year but the second largest monthly slaughter for 2020 behind March (2.922 million head). Although cattle slaughter declined marginally from last year, commercial beef production reached its highest level for the year at over 2.4 billion pounds produced in July, a 2.6% increase over 2019. The growth in beef production is attributable to cattle dressed weights. In July, federally inspected dressed weights were 834 pounds, a 3.5% (28 pound) increase from a year ago. The backlog of cattle created by the pandemic has led to higher than normal dressed weights which has bolstered beef production.

Commercial pork production was nearly 2.4 billion pounds in July, an increase of 7.3% from last year. Commercial hog slaughter was over 11.2 million head for the month rising 6.1% from



last year. Both pork production and hog slaughter were record levels for the month of July. Federally inspected hog weights remained above the prior year's level with July at 211 pounds, up two pounds from last year. Sow slaughter continues to climb in 2020 with July at 279,000 head (up 9.8%) and year-to-date slaughter up 11.6%. The June Hogs & Pigs report indicated farrowing intentions were expected to decline 5% for the June-August and September-November quarters. The continued strong pace of sow slaughter

would be supportive of the expected decline in sow farrowings for the next two quarters.

Commercial lamb and mutton production was 12.1 million pounds for July increasing 0.8% from a year ago. Commercial sheep slaughter was just over 195,000 head for the month, up 3.4% from 2019. The increase in slaughter was offset by a 1.5% decline in federally inspected dressed weights of 65 pounds compared to 66 pounds last year.. Although slaughter numbers were higher for the month, lower dressed weights have led to a slowing in lamb and mutton production.

CALF SLAUGHTER

Year-to-date calf slaughter is down 19%. In the last week of actual data, slaughter was down 25% from 2019 figures. Veal weights have increased, though, making up for some of the decrease in slaughter. During the height of slaughter problems calf dressed weights were averaging over 160lbs a week, the highest since May 2017. Weights have since moderated over the last few weeks, weighing in the 140's. Veal production in the first half of 2020 was down 3.5 million pounds, about 10% lower than 2019's.

Veal demand has decreased due to COVID restaurant closures and the propensity to consume veal and veal dishes outside the home. In addition, veal consumption has been declining for several decades, falling on average 4% per year since 1960 on a per person carcass weight basis. In the most recent decade, changes per annum have been large, declining 6% per year from 2010-2019. In 2020 veal per capita per person is estimated to be below a quarter of a pound per person per year.

COVID-19 will likely put more pressure on falling veal consumption, limiting upward mobility of the demand profile. On the supply side, the demand for veal calves has also decreased with restaurant market's stalled in foot traffic. Dairy producers, starting a couple of years ago, have bred a larger and larger proportions of non-replacement calf decisions have opted to breed dairy cows with beef semen to increase the value of the offspring from what a typical dairy bull calf would bring. Calf slaughter is one our best indicators of how many dairy or dairy type cross calves are entering the beef supply chain as opposed to veal. COVID 19 may be confounding those impacts but longer term, veal slaughter is expected to decline.

TURKEY HATCHERY DATA FALLS IN JULY

Hatchery output during July was down 7% from a year earlier. Eggs in incubators at the beginning of the month were down 4%, with poults placed in grow-out farms in July also down 7% from July 2019. These poults represent the turkeys expected to be harvested in September and October to be moved into the distribution system for Thanksgiving. This decline is in spite of whole bird prices posting large gains all year, even in the chaotic pandemic market. Whole-bird turkey prices at the wholesale level are running about 20% higher than a year ago. These are the highest prices since 2016. In 2016, high prices were the consequence of reduced turkey production in 2015 due to Avian Influenza that also resulted in very low inventories of frozen turkey at the start of 2016.

In the spring quarter, frozen turkey inventories were increasing in a normal seasonal manner in May, but June frozen inventories jumped by a bigger-than-expected volume due to disappointing consumer demand. Food service and drinking place sales during the spring quarter were down 37% from a year earlier, which is where the majority of turkey gets merchandised during that season, so the decline in turkey consumption was modest, in that light. Food service and drinking place sales improved in July, down 17% from a year earlier. It also dictates some caution relative to how much turkey to produce to prevent an abundance of turkey accumulating in freezers by the end of the year.

The turkey industry has had a rough couple of years in terms of profitability. The hatchery data seems to point a very cautious approach to the upcoming Thanksgiving holiday. Fourth quarter consumption is the largest consumption period of the year and large group gatherings are pertinent. It remains to be seen if consumers will feel safe or travel for the holiday meals this year.