Daily Livestock Report

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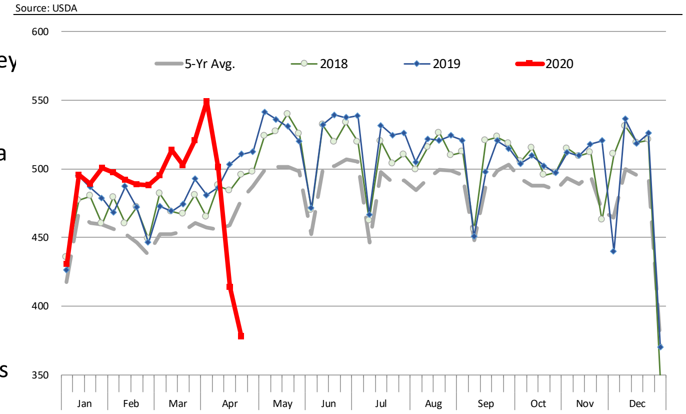
<u>Livestock and meat markets were in turmoil last week as major cattle and hog processing plants were either idled or reduced shifts due to cases of COVID-19 in their workforce</u>. The table on page 2 recaps some of the key production and price data from the previous week. Total cattle slaughter was estimated at 502k head, down 21.8% from the same week a year ago. In the last two weeks cattle slaughter is down 19% or 241k head from the same period a year ago. Fed cattle slaughter has been impacted more than non-fed slaughter, in part because of the closure of the JBS Greeley plant and the Cargill plant in Fort Morgan going to one shift. We think fed cattle slaughter last week was 378k head, 26% lower than a year ago. Please keep in mind that these are estimates at this point. Actual slaughter data for last week will be released on Thursday, April 30. That update will better capture the effect of reduced shift capacity that some plants are reportedly struggling with. Hog slaughter last week was estimated at 2.236 million head, 148k head or 6.2% lower than a year ago. The decline reflects the loss of processing capacity at Smithfield Sioux Falls and Tyson Columbus Junction.

<u>There are media reports of other major hog, cattle and poultry processing plants dealing with positive cases of COVID-19 among their workforce</u>. Whether they can continue to stay open, albeit with reduced capacity, will depend on the scale of the outbreak, local government responses and the ability to implement a comprehensive testing regime. Any way you look at this it appears the issue will continue to impact livestock markets this week. There are also reports of manufacturing plants closed for two weeks. While key livestock and poultry plants are seen as key bottlenecks given the sheer number of animals they process a day, it is important to remember that the disease is impacting the entire supply chain. Often the animals that are processed will then go to further processing plants where they are either converted into case ready products or prepared for sale at grocery stores at foodservice operators. As such plants work at reduced capacity or are closed altogether, this could result in less product available at the grocery store. Further compounding the issue is that the supply chains to service retailers and foodservice operators are not always interchangeable. That 20 pound bag of beef that the distributor normally would send to the local restaurant cannot simply be put in the retail meat case. Faced with labor constraints, we think packers will be forced to adjust how they process livestock, limiting the number of cuts they harvest. Labor intensive cuts may be reduced and more beef will probably go into ground beef packages. Over time this will tend to reduce the overall value of the carcass although, in the near term, strong retail demand continues to underpin the beef cutout.

It was positive that at the end of last week USDA announced a $19 billion Coronavirus Food Assistance Program. According to the [press release from Senator Hoeven (ND)](), producers will get $16 billion in direct payments, with cattle producers getting $5.1 billion, dairy producers $2.9 billion and hog producers $1.6 billion. We plan to discuss this more at length this week as more details become available.

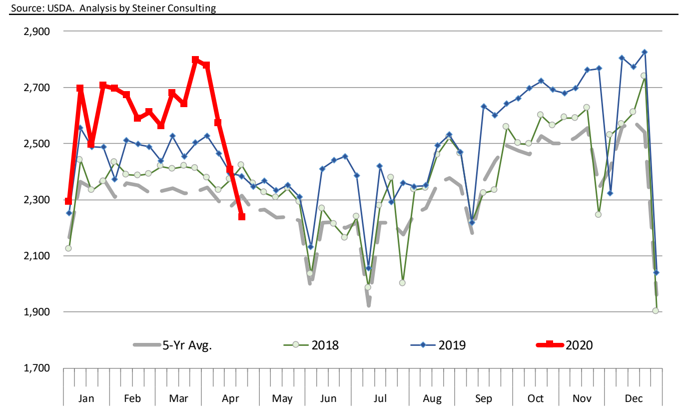
WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA

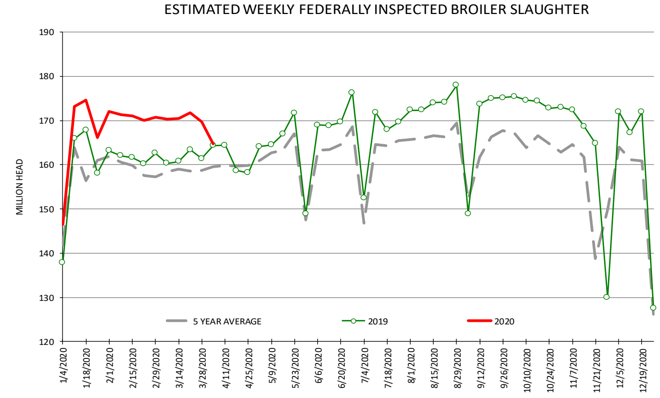


WEEKLY HOG SLAUGHTER. '000 HEAD

Source: USDA. Analysis by Steiner Consulting



ESTIMATED WEEKLY FEDERALLY INSPECTED BROILER SLAUGHTER



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PRODUCTION & WKLY AVG. PRICE SUMMARY   Week Ending 4/18/2020

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
			18-Apr-20	11-Apr-20		20-Apr-19			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**1,714**	**1,839**	-6.77%	**1,901**	-9.81%	**30,121**	3.1%
	FI Slaughter	Thou. Head	502	536	-6.34%	642	-21.76%	9,715	0.2%
C	FI Cow Slaughter **	Thou. Head	120	128	-6.06%	129	-6.89%	1,790	2.0%
T	Avg. Dressed Weight	Lbs.	826	829	-0.36%	802	2.99%	809	-2.2%
T	Beef Production	Million Lbs.	413.9	443.5	-6.67%	513.6	-19.41%	7,857	-2.0%
L	Live Fed Steer Price	$ per cwt	96.77	105.00	-7.84%	128.42	-24.65%		
E	Dressed Fed Steer Price	$ per cwt	154.33	168.00	-8.14%	207.76	-25.72%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	133.36	134.57	-0.90%	141.00	-5.42%		
&	Choice Beef Cutout	$ per cwt	231.58	225.37	2.76%	232.50	-0.40%		
	Hide/Offal	$ per cwt, live wt	6.99	8.01	-12.73%	9.12	-23.36%		
B	Rib Primal, Choice	$ per cwt	282.10	282.77	-0.24%	393.83	-28.37%		
E	Round Primal, Choice	$ per cwt	259.59	248.30	4.55%	173.41	49.70%		
E	Chuck Primal, Choice	$ per cwt	232.51	221.54	4.95%	179.26	29.71%		
F	Trimmings, 50%	$ per cwt	70.75	33.57	110.75%	89.99	-21.38%		
	Trimmings, 90%	$ per cwt	240.64	240.32	0.13%	219.58	9.59%		
	FI Slaughter	Thou. Head	2,236	2,407	-7.10%	2,384	-6.20%	40,538	4.1%
	FI Sow Slaughter **	Thou. Head	67.4	67.2	0.31%	60.3	11.75%	876	8.1%
H	Avg. Dressed Weight	Lbs.	215.0	215.0	0.00%	215.0	0.00%	215	0.4%
O	Pork Production	Million Lbs.	480.9	517.8	-7.13%	511.6	-6.00%	8,733	4.5%
G	Iowa-S. Minn. Base	Wtd. Avg.	34.96	40.54	-13.76%	77.79	-55.06%		
S	Natl. Base Carcass Price	Wtd. Avg.	35.58	52.55	-32.29%	78.63	-54.75%		
	Natl. Net Carcass Price	Wtd. Avg.	37.13	54.69	-32.11%	80.64	-53.96%		
	Natl. Early Wean Feeder	Wtd. Avg.	13.45	20.56	-34.58%	59.20	-77.28%		
	Pork Cutout	205 Lbs.	54.81	53.55	2.35%	87.13	-37.09%		
	Ham Primal	$ per cwt	34.95	35.05	-0.29%	64.75	-46.02%		
	Loin Primal	$ per cwt	86.63	90.30	-4.06%	76.17	13.73%		
	Belly Primal	$ per cwt	49.14	34.54	42.27%	161.39	-69.55%		
	Trimmings, 72%, Fresh	$ per cwt	34.47	37.46	-7.98%	94.57	-63.55%		
	Hog By-Product Value	$ per cwt, live wt	3.69	3.67	0.54%	3.62	1.93%		
C	Young Chicken Slaughter *	Million Head	155.1	164.7	-5.84%	164.4	-5.66%	2,517	4.3%
H	Avg. Weight (RTC)	Lbs.	4.73	4.69	0.97%	4.69	0.97%	6.24	1.7%
I	Young Chicken Production (RTC)	Million Lbs.	734.4	772.5	-4.92%	771.0	-4.74%	11,936	6.2%
C	Eggs Set (19-state)	Million	229.8	237.8	-3.36%	230.9	-0.50%	3,574	3.5%
K	Chicks Placed (19-state)	Million Head	185.1	189.1	-2.14%	187.4	-1.22%	2,846	3.3%
E	National Composite Whole Bird	Composite	50.00	50.51	-1.01%	97.11	-48.51%		
	Northeast Breast, B/S	$/cwt	87.34	88.72	-1.56%	129.83	-32.73%		
	Northeast Leg Quarters	$/cwt	35.47	31.89	11.23%	41.36	-14.24%		
T	Total Turkey Slaughter *	Million Head	3.346	4.047	-17.32%	3.92	-14.64%	60.027	1.4%
U	Avg. Weight (RTC)	Lbs.	25.43	25.98	-2.09%	26.68	-4.67%	33.01	-1.2%
R	Turkey Production (RTC)	Million Lbs.	85.1	105.1	-19.05%	104.6	-18.63%	1,595	0.3%
K	National Hen (8-12 lb)	8-16 Lbs.	104.00	101.30	2.67%	85.00	22.35%		
G	Corn, Omaha	$ per Bushel	3.02	3.13	-3.51%	3.58	-15.64%		
R	Soybeans, Cntrl IL	$ per Bushel	8.48	8.74	-2.97%	8.53	-0.59%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	295.60	294.00	0.54%	301.70	-2.02%		
I	Distillers Grain, IL	$ per Bushel	207.50	252.50	-17.82%	152.00	36.51%		

* 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.