

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

July 10, 2020

Production			Prices		
Week Ending 7/11/2020	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago Year Ago
FI Cattle Slaughter (Thou Hd)	664	658	Live Steer	95.97	94.87 113.37
FI Hog Slaughter (Thou Hd)	2606	2419	Dressed Steer	157.67	153.84 182.87
FI Sheep Slaughter (Thou Hd)	37	37	Choice Beef Cutout	204.54	206.54 214.64
Live Y. Chicken Sl. (Mil Hd)	147.8	152.4	USDA Hide/Offal	6.84	6.94 8.53
			OK City Fdr. Str. (6-7 Cwt.)	146.11	142.86 149.63
Slaughter Cattle Live Weight	1368	1322			
Slaughter Hog Live Weight	287	281	Natl. Negotiated Purchase	29.40	28.62 67.22
Slaughter Lamb/Sheep Live Wt.	134	132	Natl. Net Hog Carcass	51.39	52.00 73.19
			Feeder Pigs (40 Lbs) (\$/Head)	13.64	14.52 50.79
Beef Production (Mil Pounds)	550.3	528.0	Pork Cutout	66.03	64.60 72.21
Pork Production (Mil Pounds)	558.7	509.1			
Lamb, Mutton Prod. (Mil Lbs.)	2.5	2.4	Lamb Cutout	351.69	351.05 347.92
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	2.59	2.53 1.82
Total Beef (Mil Lbs)	530.0	519.1			
Total Pork (Mil Lbs)	530.2	500.8	Corn, Omaha (\$/Bu)	3.31	3.27 4.52
Total Lamb, Mutton (Mil Lbs)	2.5	2.4	Soybeans, Cntrl IL (\$/Bu)	9.00	8.96 9.09

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

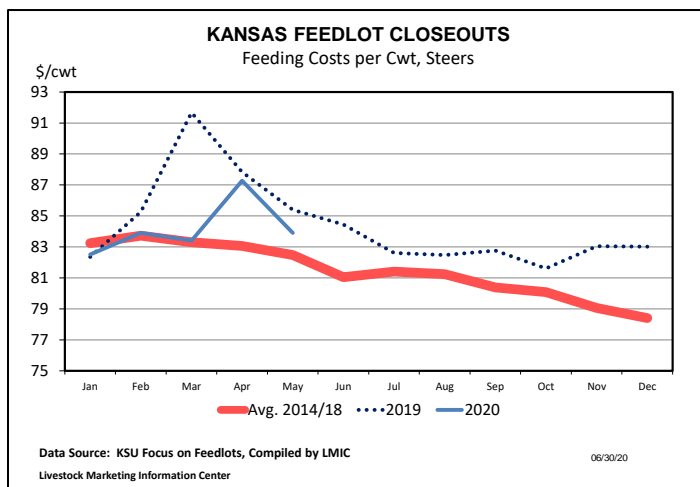
Trends. . . KANSAS STATE UNIVERSITY FOCUS ON FEEDLOTS

Kansas State University's Focus on Feedlots updated feedlot performance data for steers and heifers through May of this year. In the data set the year-to-date average final steer weight through May this year was 1,432 pounds, 4.5% or 61.4 pounds above last year. A similar trend occurred in year-to-date average heifer final weights which were 4.1% (51.4 pounds) higher to 1,296 pounds. Interestingly, average days on feed for both steers and heifers through May has averaged 182.8 and 175.8 days, respectively which are up 0.1% and down 1.7%. Average days on feed for steers jumped 13 days to 203 which is the highest recorded for May and a single month in the data series.

Average daily gains for both steers and heifers have been tracking above the same time last year with year-to-date averages of 3.6 pounds per day and 3.2 pounds per day, respectively, each 8.0% and 6.8% higher. Average daily gains have been improving as the

average cost of gain for steers and heifers has been declining. In May, the average cost of gain for steers was \$83.90 per cwt., down 1.8% while heifers have declined 2.3% to \$88.40 per cwt compared to last year.

The higher than normal final weights in the KSU feedlot data is also occurring in national weekly live slaughter weights. Typically, weights trend lower going into the summer months then rise over the fall time frame. This year weights have taken a counter-seasonal move and remained



elevated through the summer months. Year-to-date, weekly Federally Inspected live weights have averaged 1,371 pounds compared to 1,337 for the same time last year, a 34 pound or 2.5% increase. As the cattle sector is rebounding from the COVID-19 disruptions and working through the backlog of market ready cattle, slaughter weights are expected to remain elevated.

PRIME PREMIUMS

This year, more carcasses are grading prime, but the pinch in the supply chain has raised all carcass grade premiums to reflect the tighter supply of beef. June's weekly average of National steer and heifer carcasses grading prime was 10.62% compared to 7.04% last year. This year has not had a single week where the national percentage of Prime has dipped below 9%. Over the 26 weeks of data, the average has been over 10%, compared to 2019's 8.55%. The large increase in available Prime and the lack of traffic through white table cloth restaurants has greatly effected the premium of Prime product relative to other grades.

Rib and loin primal values are where Prime graded beef receives the most value. For June, the premium for Prime loin values is 2% above last year. Branded, Choice, Select premiums soared 20% higher or more, and are outpacing last year by more than \$60 per cwt each. Rib values show a similar trend. Prime rib value premiums are about \$10 larger this June, compared to 2019. Branded premiums are 17% higher or \$63 per cwt. Choice premiums are 19% greater, or \$67 per cwt higher, and Select is 21% larger or \$66 per cwt above last year.

The monthly average spread between Prime and Branded cutout values has fallen to the lowest value in this dataset, back to 2003, showing only a \$1.10 per cwt spread in May. June rose to \$2.83 per cwt, still below the last record of \$3.60 back in March 2018. Similarly, the price spread between Choice and Prime has narrowed as well falling to \$7.25 per cwt in June, the lowest on record.

Prime cuts historically have been reserved for white table cloth restaurants, and are still a feature at those establishments. In more recent years several large retailers have also been offering extended Prime offerings with some success. However, the extreme retail focus that has been caused by the pandemic, and the reluctance of consumers to spend money on luxury cuts could provide a significant headwind to move the larger volume of Prime off the market and may limit the Prime premium's separation from other grades.

U.S. DAIRY TRADE MIXED

The LMIC tracks the six Harmonized Tariff Codes (HTS) for dairy products grouped as Milk and Cream neither Concentrated or Sweetened; Milk and Cream Concentrated nor Sweetened; Buttermilk, Cream Yogurt, etc; Whey, Natural Milk Products, NES; Butter and Other Fats and Oils Derived From Milk; and Cheese and Curd. May import and export quantities were up and down across the six categories. The most dramatic changes occurred in the fluid milk category. Milk and Cream neither Concentrated nor Sweetened exports were down 7% in May compared to a year ago, and imports more than doubled last year's figure. Mexico and Canada were the primary drivers of U.S. import increases. Mexico shipped 70% more product by volume in this category, while Canada shipped 138% more or 1.6 million liters more than last year in May.

Other import categories that increased year-over-year were Buttermilk, Cream, Yogurt, etc, and Butter and Other Fats and Oils Derived from milk. Those were up 23% and 8% respectively. Imports of concentrated milk and cream were down 12% while Whey and Natural milk products and Cheese and Curd categories declined more than 20% each. Changes compared to a year ago for exports saw an increase in concentrated/sweetened milk products, up 25%; Whey and Natural products, up 17% and Cheese and Curds, up 7%. Exports of buttermilk, cream, yogurt, etc, were down 33%, and Butter and Other Fats Derived from milk were down 7% compared to May 2019.