Engaging 4 MO

A research-based discussion for leaders in our food and agriculture system, hospitality sector and communities

“Making Sense of the Economic Turmoil in Livestock Markets”

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Livestock Markets Will Remain Volatile

• General economy contracting – income, jobs, strong $, etc.
• Foodservice contraction versus grocery store expansion
• Meat plant closures and capacity given COVID-19
• Global meat consumption down substantially given African Swine Fever
• What unfolds once US comes out of the COVID-19 shutdown?
• US meat production expanding
• Reports of livestock being euthanized
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
BASE SLAUGHTER HOG PRICES
National, Weighted Average Carcass Price, Weekly

Data Source: USDA-AMS
Livestock Marketing Information Center
Cattle Slaughter - Average Daily Rate

Graph showing the average daily rate of cattle slaughter from 2015 to 2020.
Weekly Cash Feeder Pig Prices

Dollars per pig

01/03/20 01/24/20 02/14/20 03/06/20 03/27/20 4/18/2020
US Pork Production Has Been On Expansionary Phase

Farrowing intentions - June-August -4%
Large Shifts in Pork Primal Prices Over the Past 45 Days

Foodservice Use versus Grocery Store Use changing demand

Cutout, Loin, Butt, Picnic, Rib, Ham, Belly

Cents per pound

Beef Primal Prices Over the Past 45 Days Have Generally Moved Lower

Foodservice Use versus Grocery Store Use changing demand
Weekly Fresh 50% Lean Trimmings

Dollars per cwt

01/18/20 02/08/20 02/29/20 03/21/20 04/11/20
US Weekly Exports, Fresh, Chilled, or Frozen Muscle Cuts of Pork 2020 as of 03/26/2020

Monthly US Pork Exports
Jan 2020 +38.8%
Feb 2020 +45.5%

USDA/FAS/Export Sales Reporting
CME Lean Hog Futures

Dollars per cwt

May
Dec

Summary

• The short term looks tough (2-4 weeks)
  • Domestic processing capacity remains critical

• The 6 to 12-week outlook begins to look better
  • Slow demand recovery? Or big demand boost?
  • More processing capacity available

• By late 2020
  • Domestic meat supply growth wanes
  • Global meat demand accelerates
  • Domestic pork demand recovery continues

• Feed costs remain low except for DDGs

• Difficult to predict without knowing the COVID-19 outcome
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