

COVID-19 and Livestock Markets

May 6, 2021

Dr. Scott Brown

Agricultural Markets and Policy

Division of Applied Social Sciences

browns@missouri.edu

<http://amap.missouri.edu>

 College of Agriculture,
Food and Natural Resources

UNIVERSITY OF MISSOURI
 Extension

The Pandemic Has Affected Markets Many Ways

- Initial supply effects (processing) got the most attention
 - ▣ Prices at wholesale and retail soared, farm prices suffered
 - ▣ Processing returns to near normal, but supply effects linger
- Demand has been tough to sort out
 - ▣ Macro indicators/relationships in uncharted territory
 - ▣ Consumers have continued to pay up for meat
 - ▣ International markets have rebounded better than expected
- Concerns moving forward
 - ▣ If/when gov't stimulus disappears, will demand strength remain
 - ▣ Cost structure for wholesalers/retailers will pressure margins
- Feed costs/ASF continue to play major roles as well

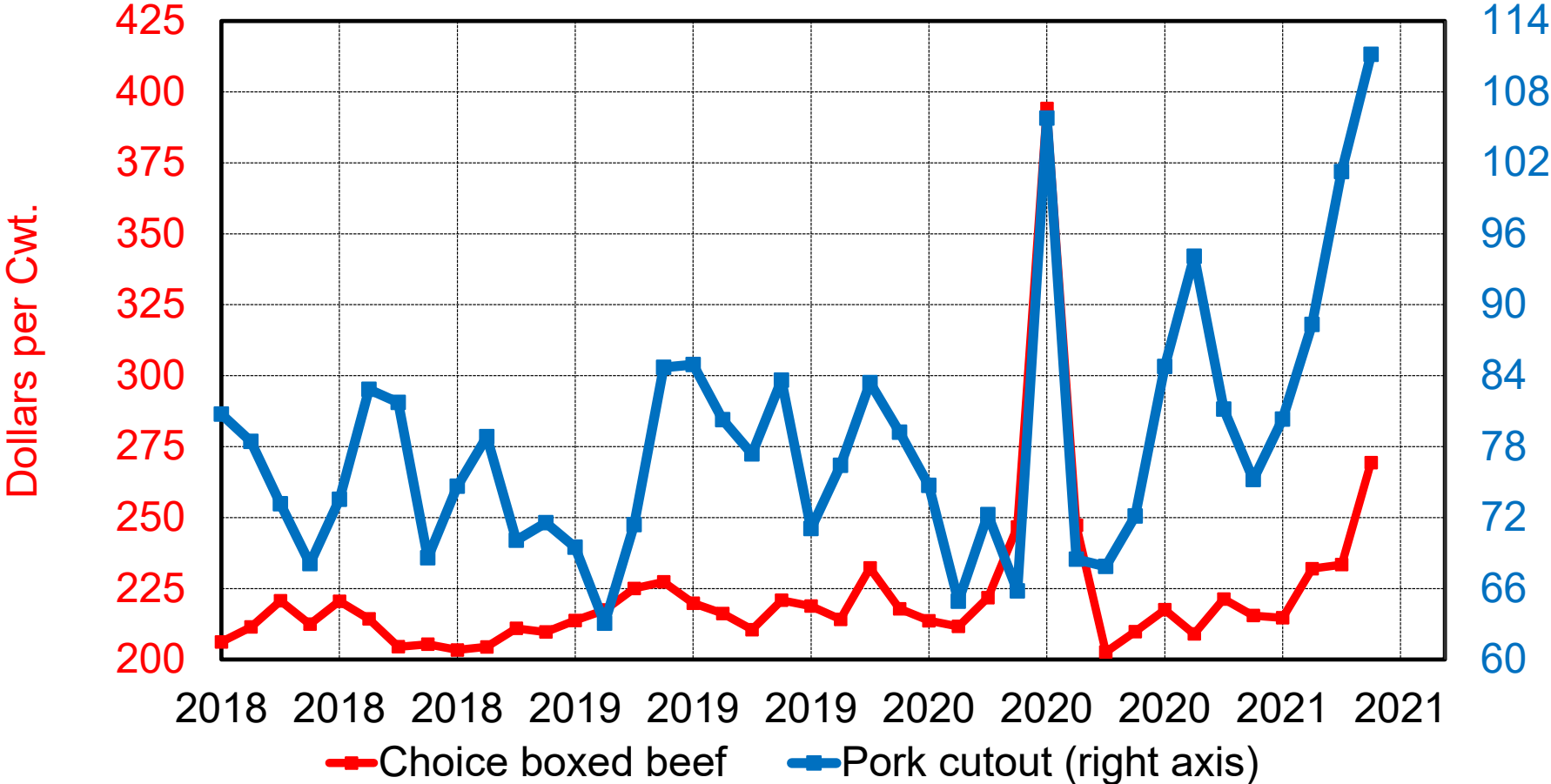


Market Overview Since COVID

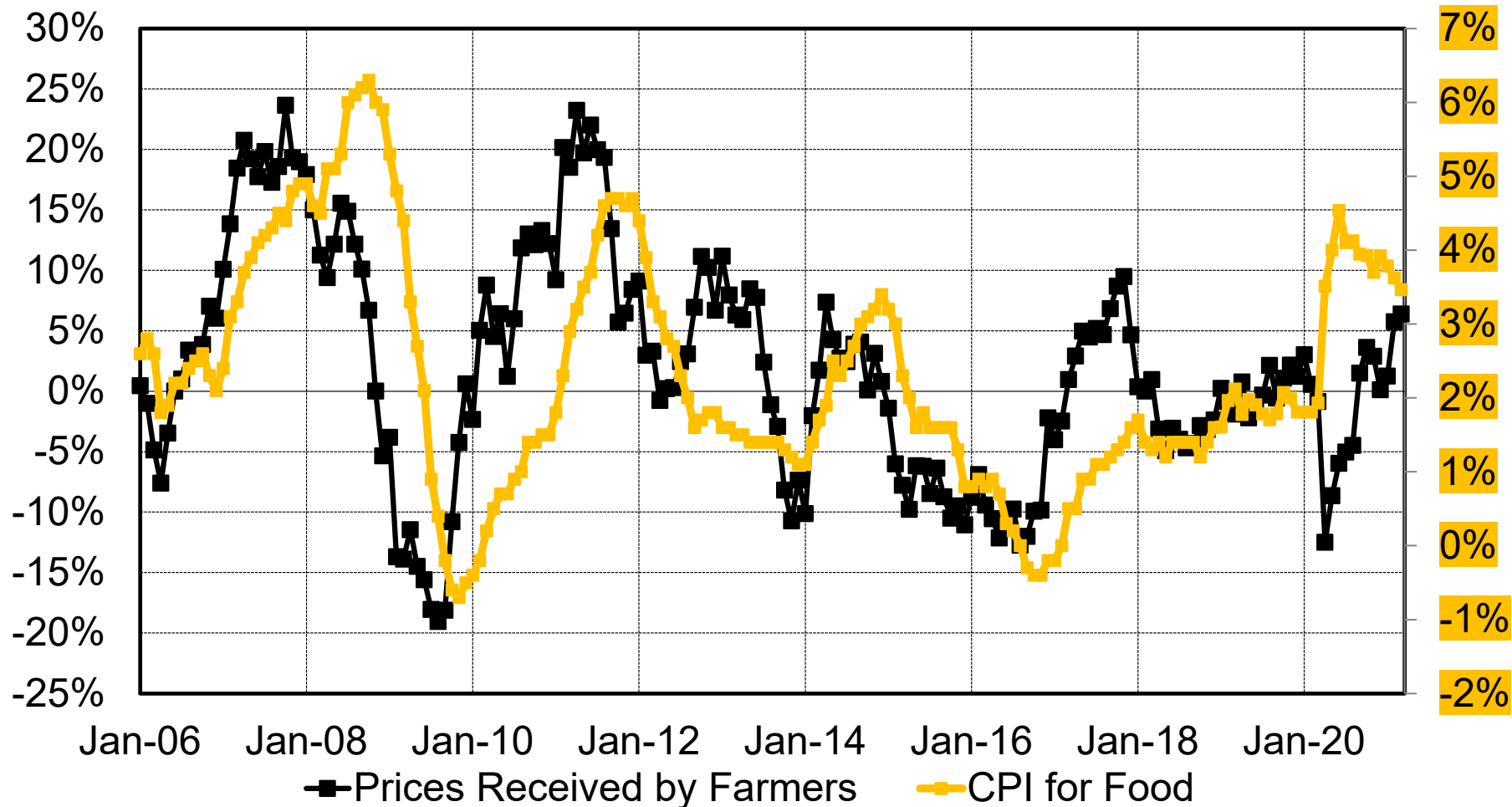
	Jan 1 20 – mid March	Mid-March –mid June	mid-June - end of '20	2021 YTD
Choice bf	209.49	310.27	215.83	240.95
Pk cutout	69.40	81.45	77.78	95.85
CK comp.	84.15	68.75	71.48	88.13
Bf prod.	+ 6.3%	- 10.5%	+ 1.3%	+ 7.4%
Pk prod.	+ 6.7%	- 4.2%	+ 2.7%	+ 3.7%
Ck prod.	+ 7.5%	+ 0.4%	- 2.1%	- 1.2%



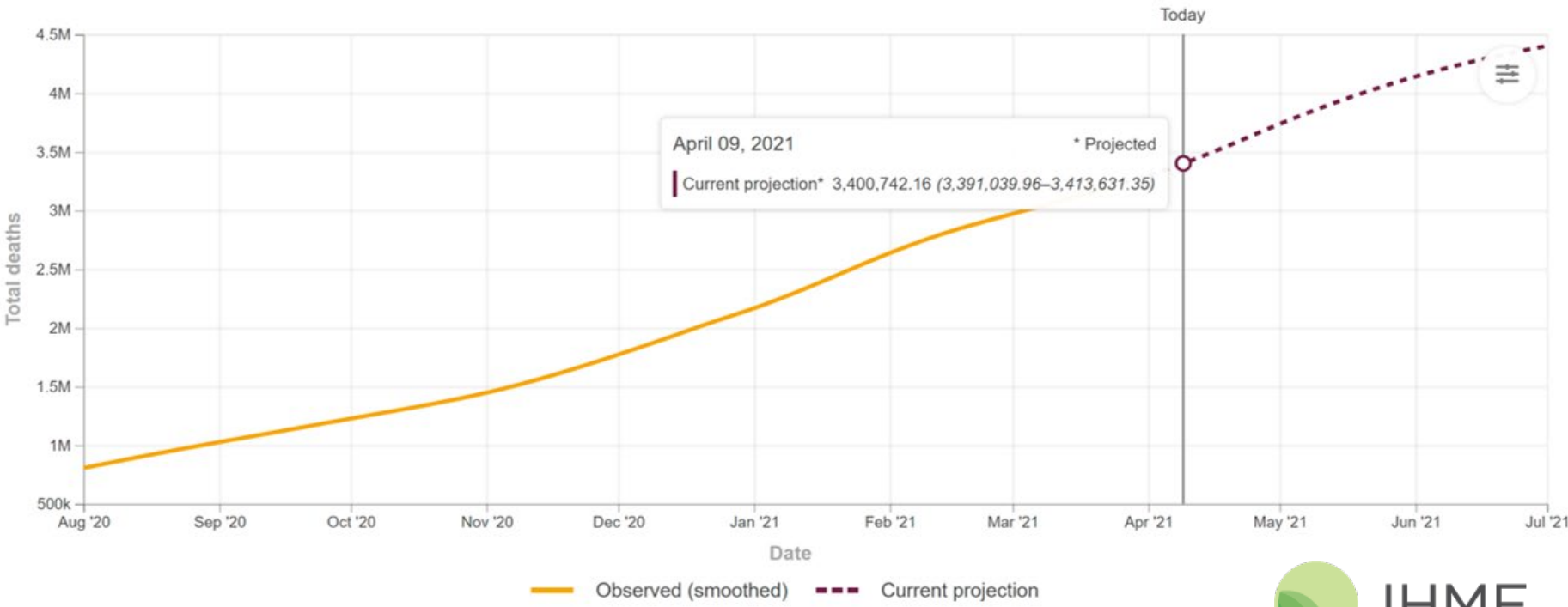
Wholesale Prices



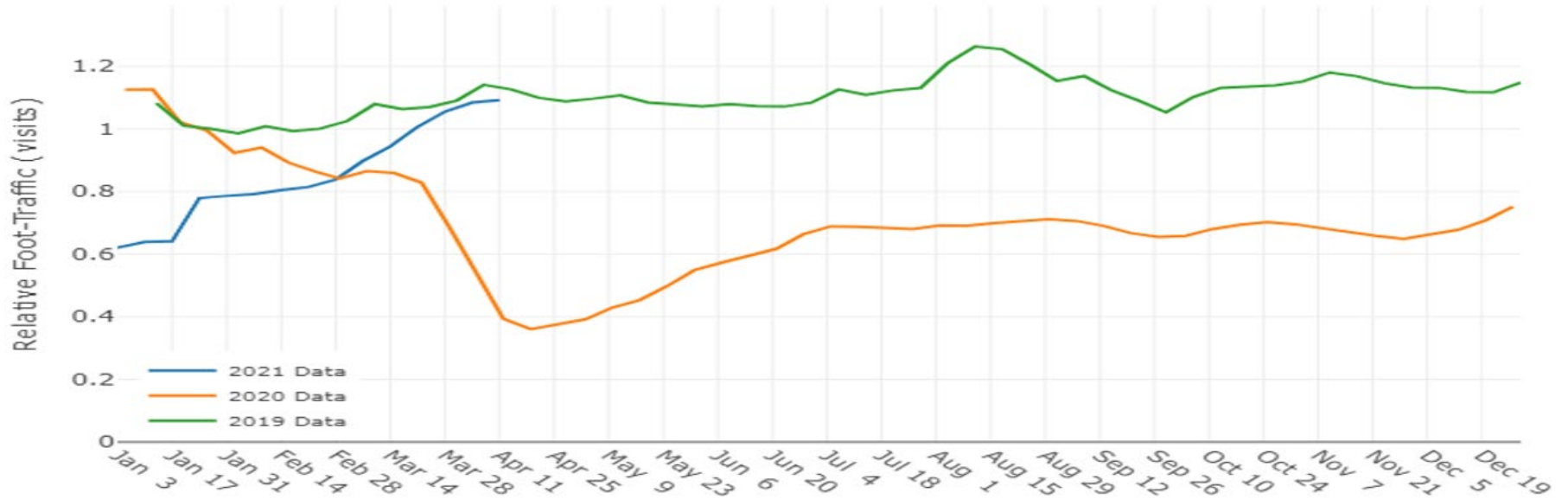
COVID-19 Driving Wedge Between Farm and Consumer Prices



Global COVID-19 deaths – the pandemic is not over



U.S. sit down restaurant foot traffic

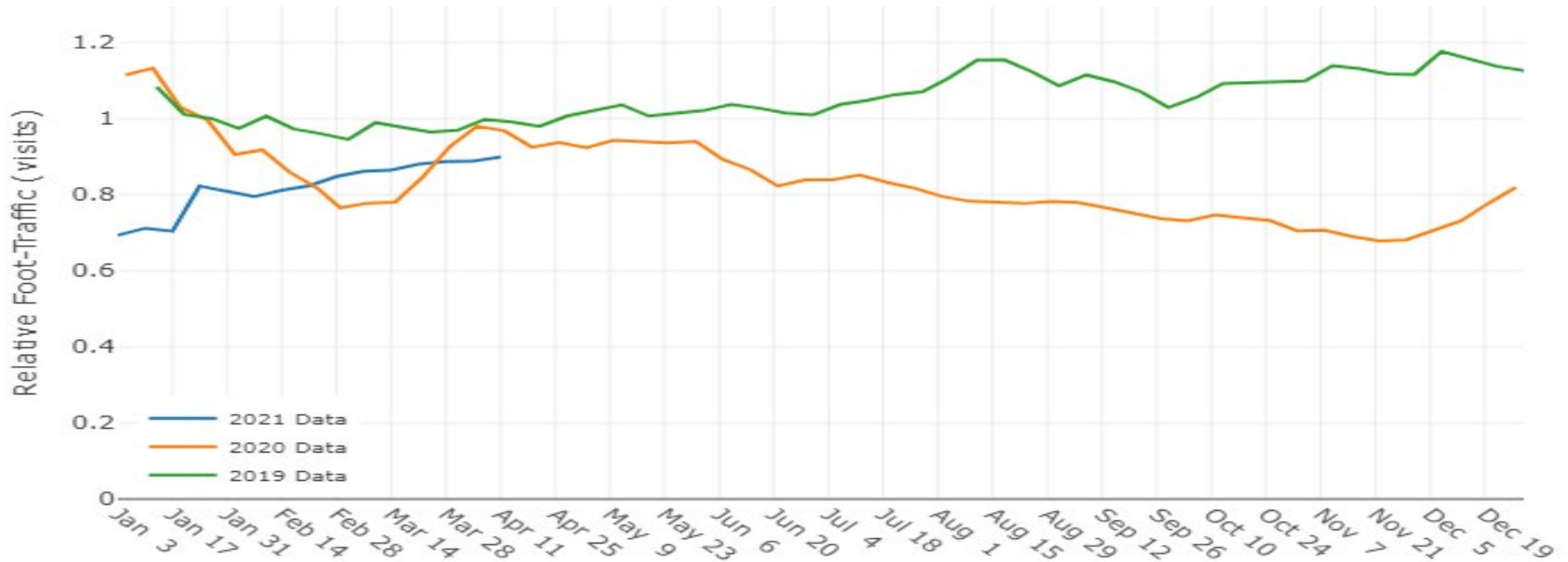


SAFE GRAPH



College of Agriculture,
Food and Natural Resources

U.S. supermarket foot traffic



SAFEGRAPH



College of Agriculture,
Food and Natural Resources

U.S. Corn Supply and Use, Mar. 2021

	2018/19	Projected	
		2019/20	2020/21
Planted area (mil. ac.)	88.9	89.7	90.8
Harvested area (mil. ac.)	81.3	81.3	82.5
Yield (bu./ac.)	176.4	167.5	172.0
Beginning stocks (mil.bu.)	2,140	2,221	1,919
Production	14,340	13,620	14,182
Imports	28	42	25
Total supply	16,509	15,883	16,127
Feed	5,429	5,899	5,650
Ethanol	5,378	4,857	4,950
Food, seed, other	1,415	1,429	1,425
Exports	2,066	1,778	2,600
Total use	14,288	13,963	14,625
Ending stocks	2,221	1,919	1,502
Stocks/use ratio	15.5%	13.7%	10.3%
Farm price	\$3.61	\$3.56	\$4.30

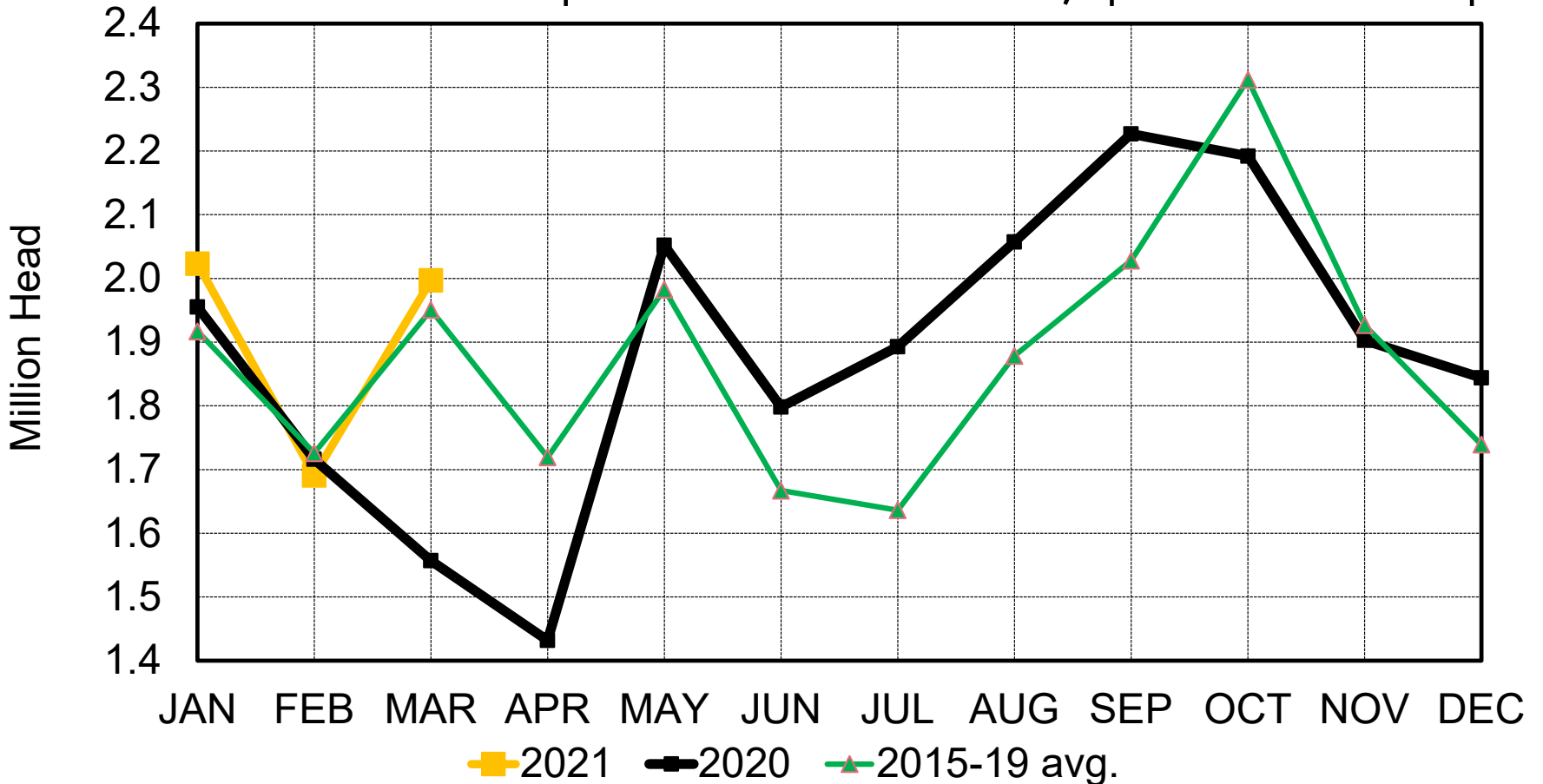


Calculated Hog Death Loss

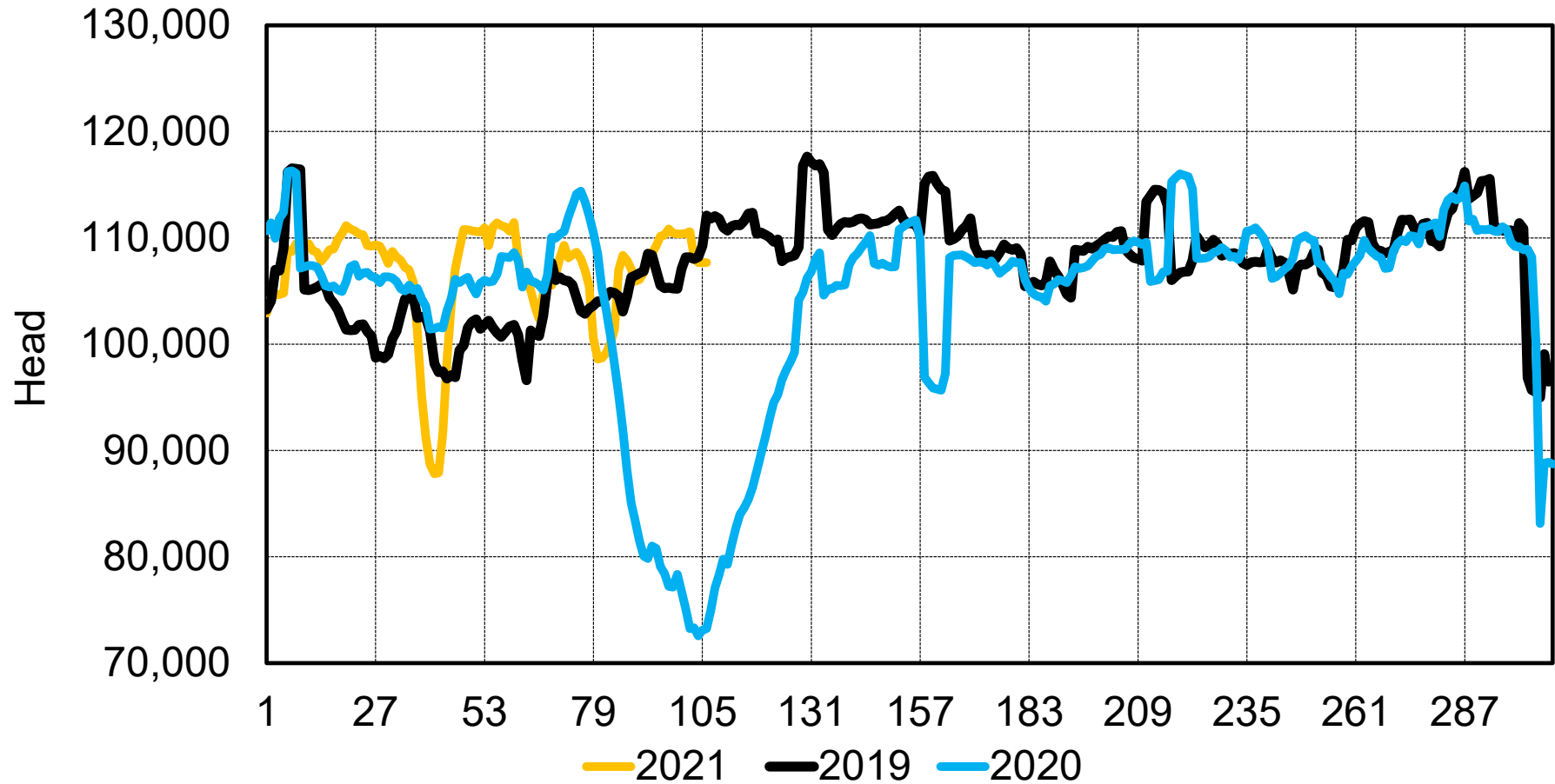


Cattle Placed on Feed

Placements in Mar-Apr 867K head below 2019; up 485K from Jul-Sep

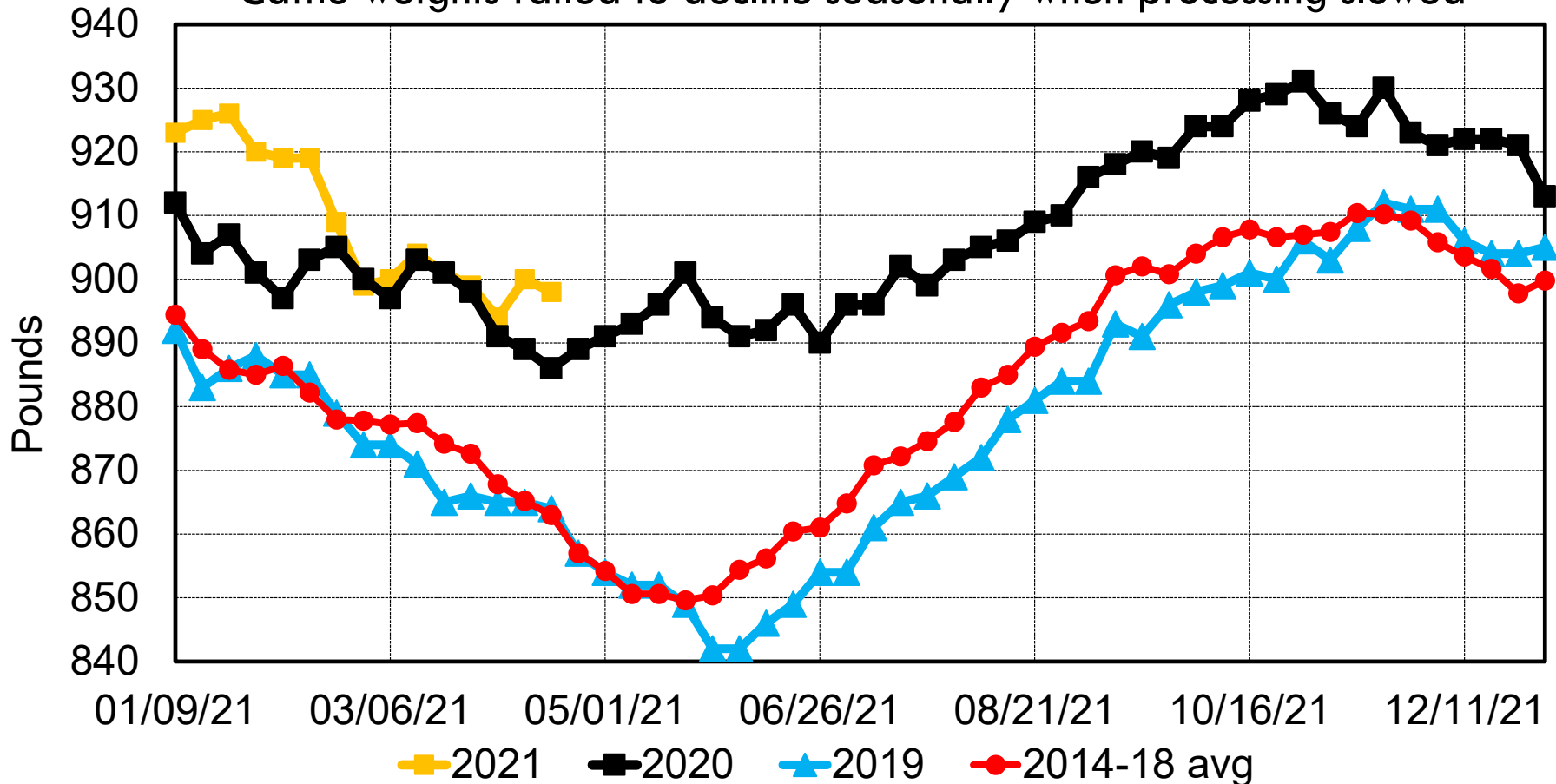


Cattle Slaughter, 6 day rolling avg.

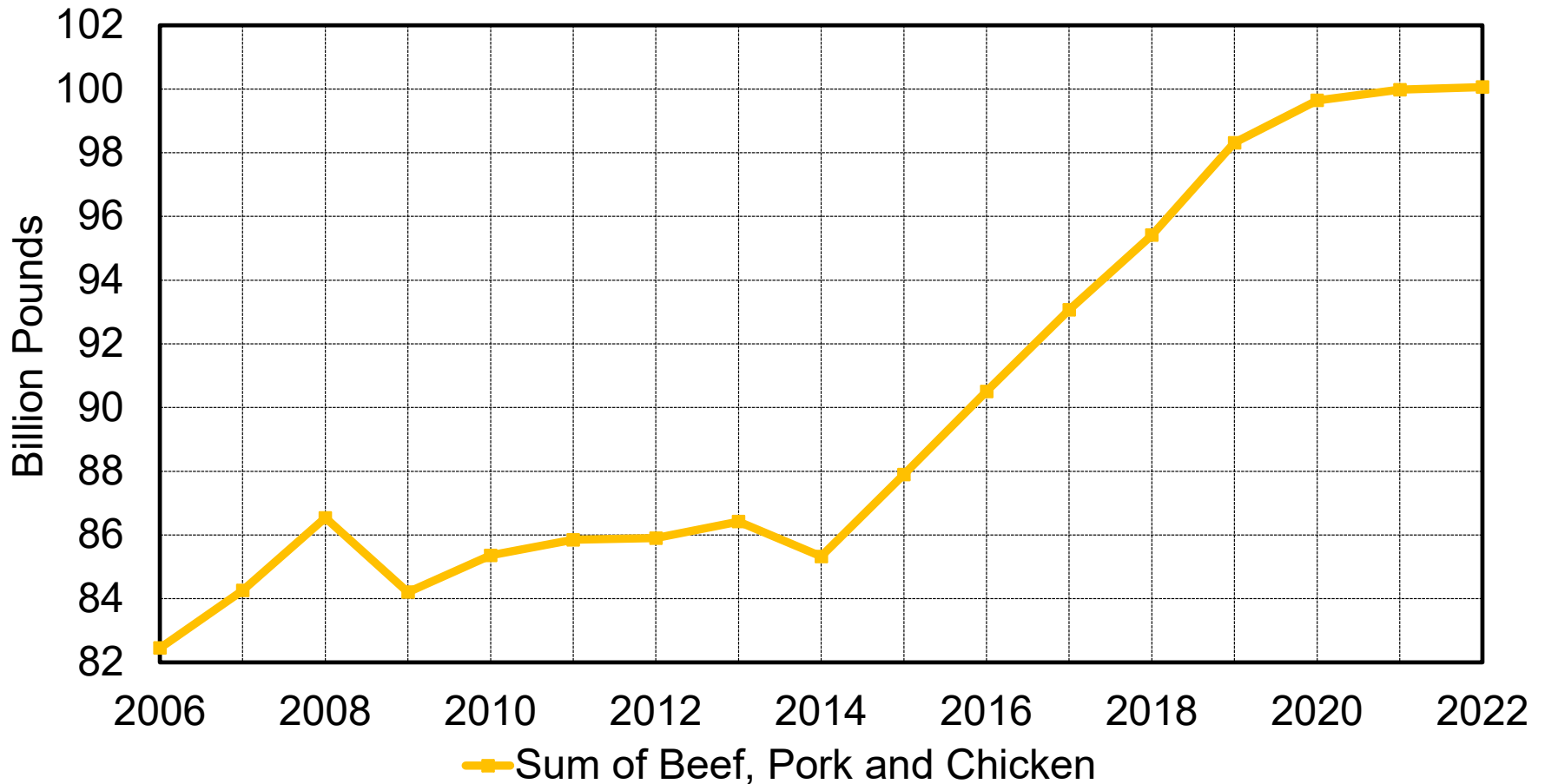


Dressed Steer Weights

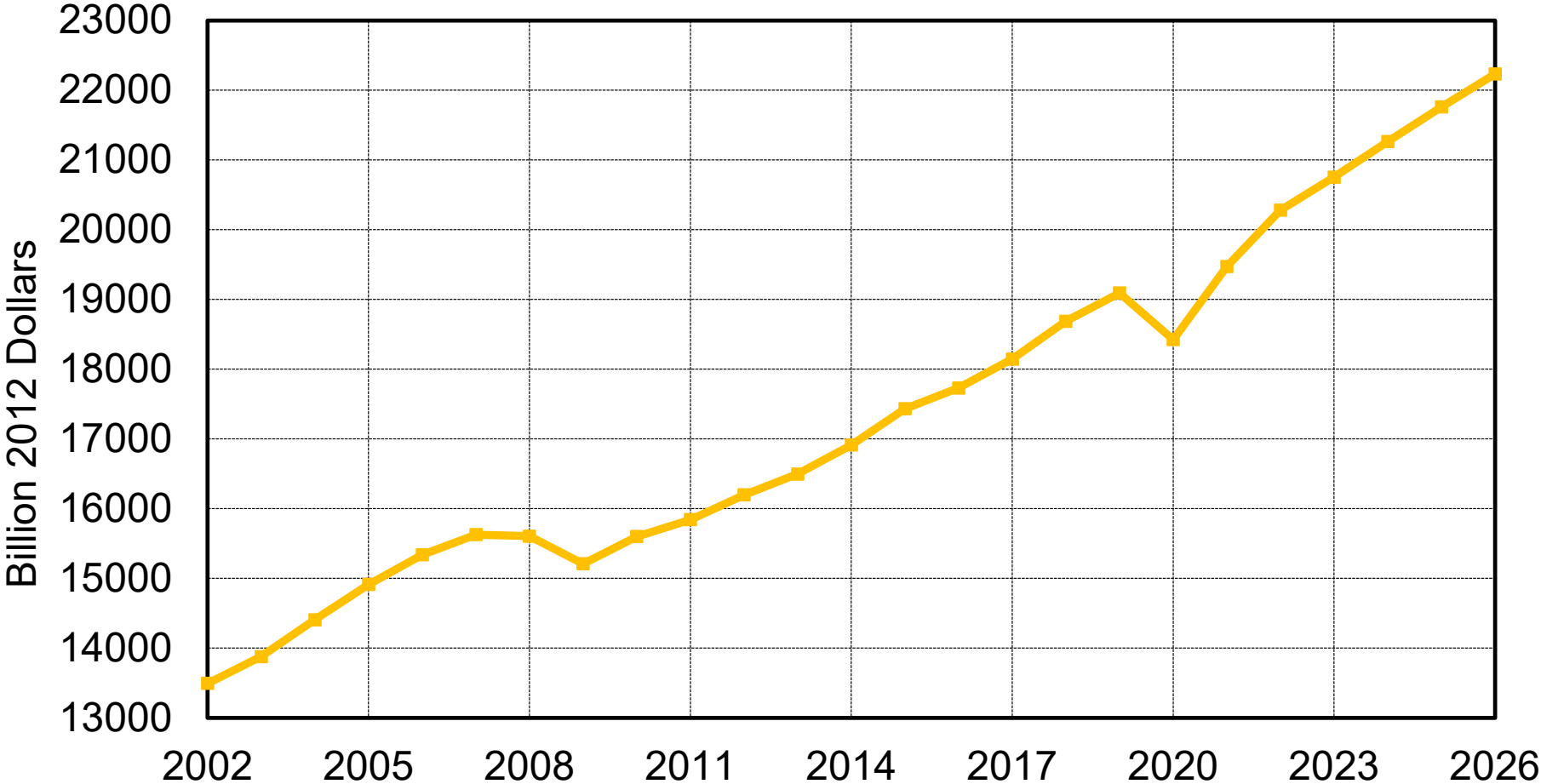
Cattle weights failed to decline seasonally when processing slowed



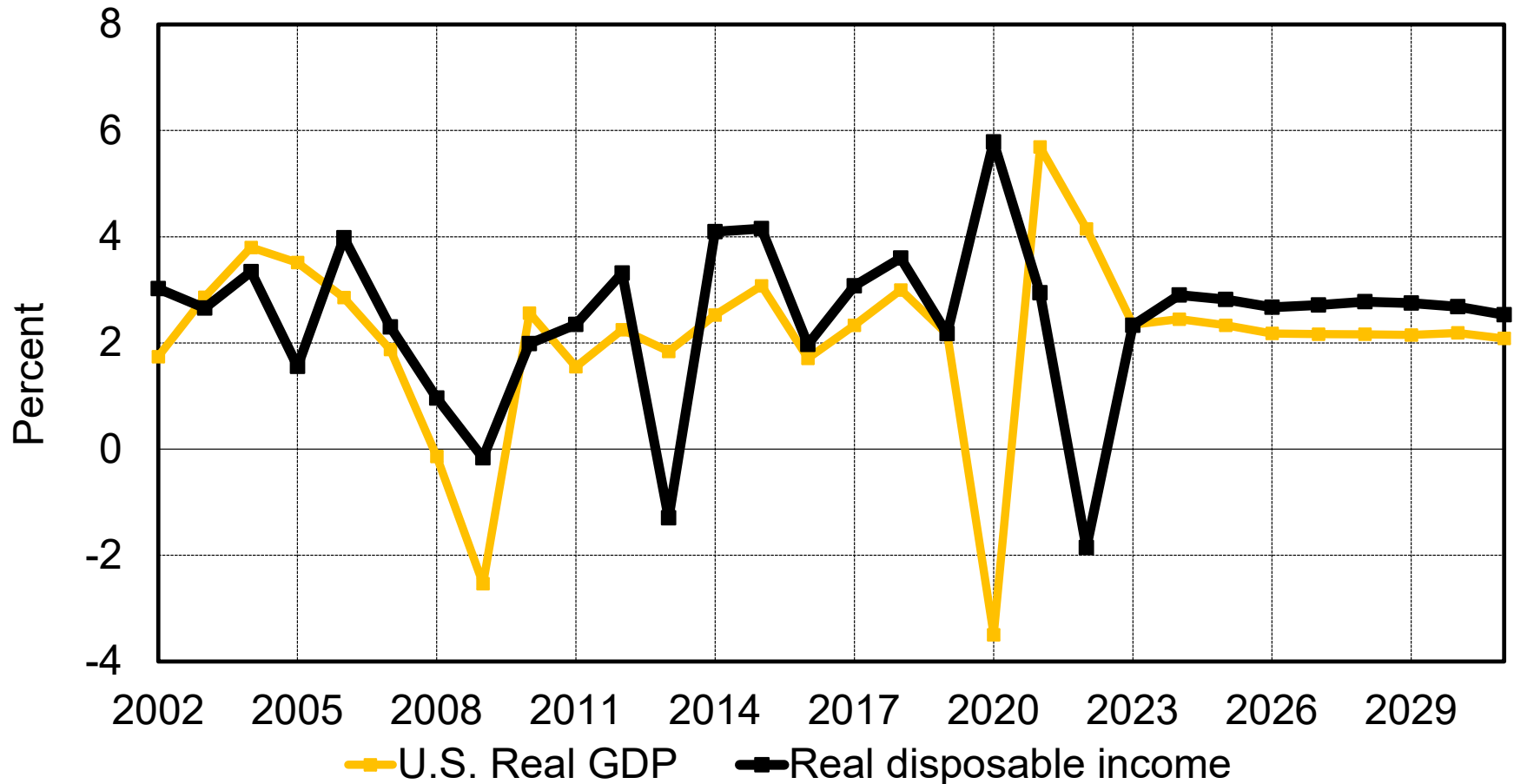
U.S. Meat Production



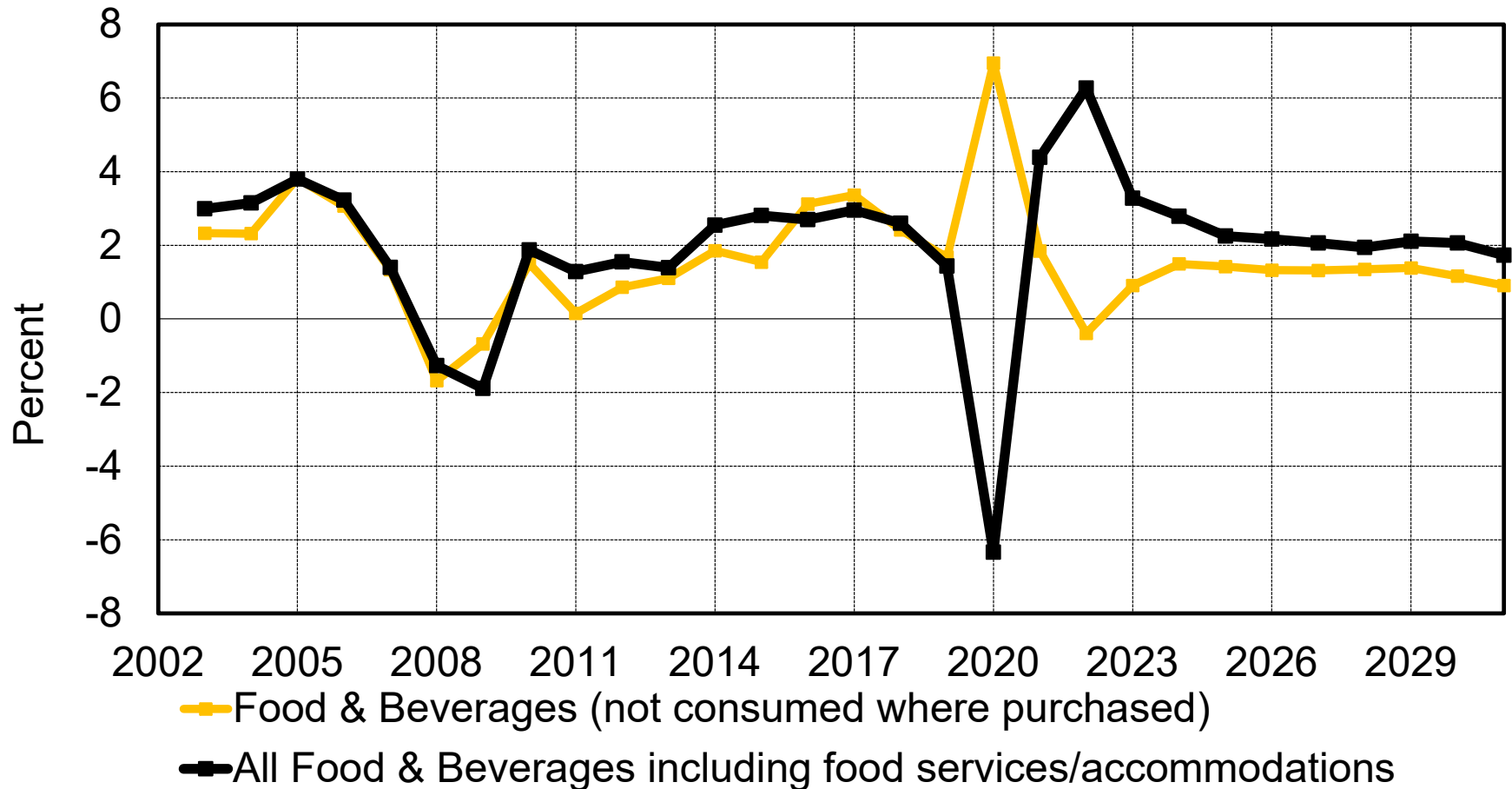
US Real GDP



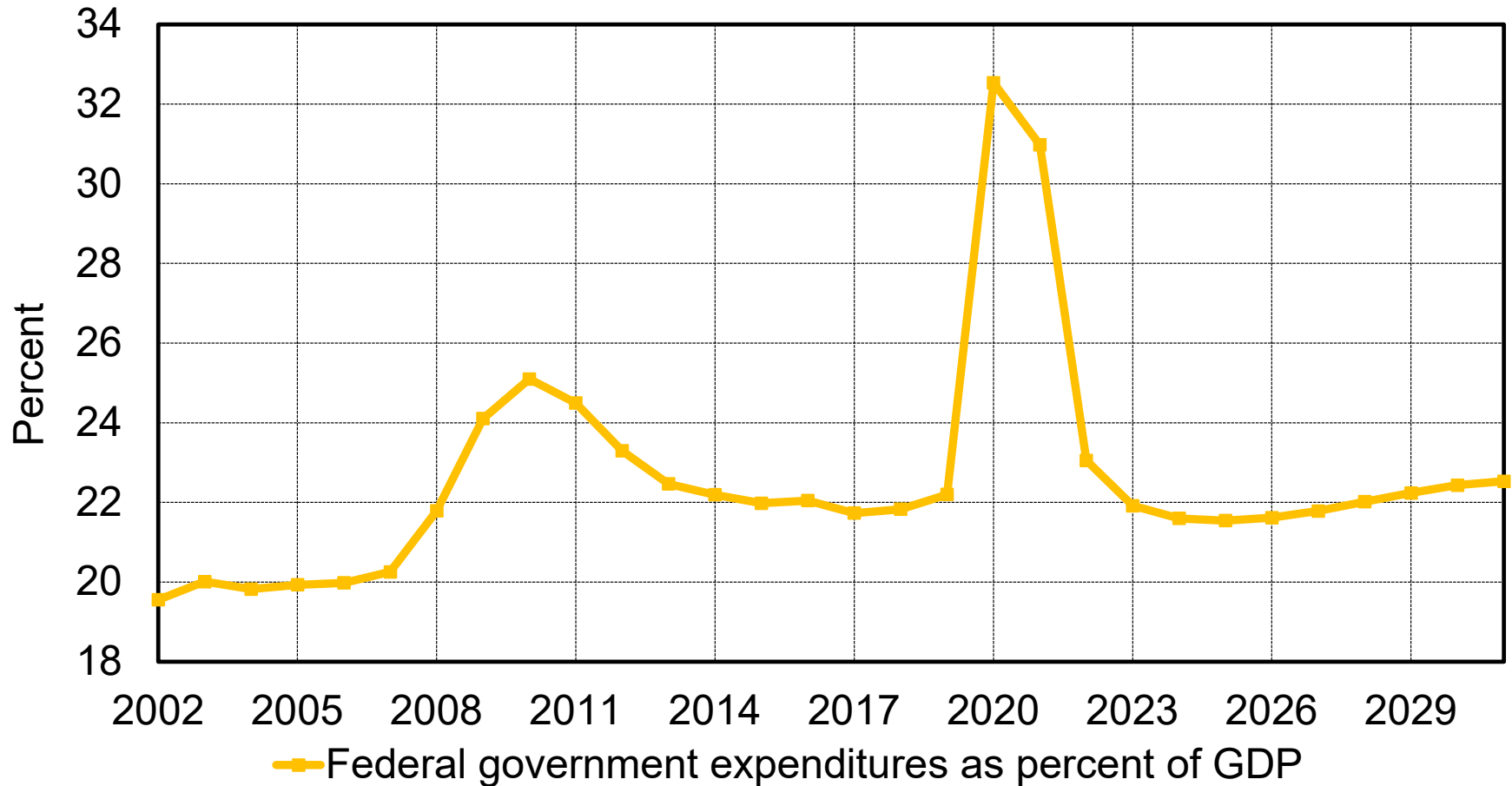
Consumer Income Measures Diverge



Which Consumer Spending Measure is Best?

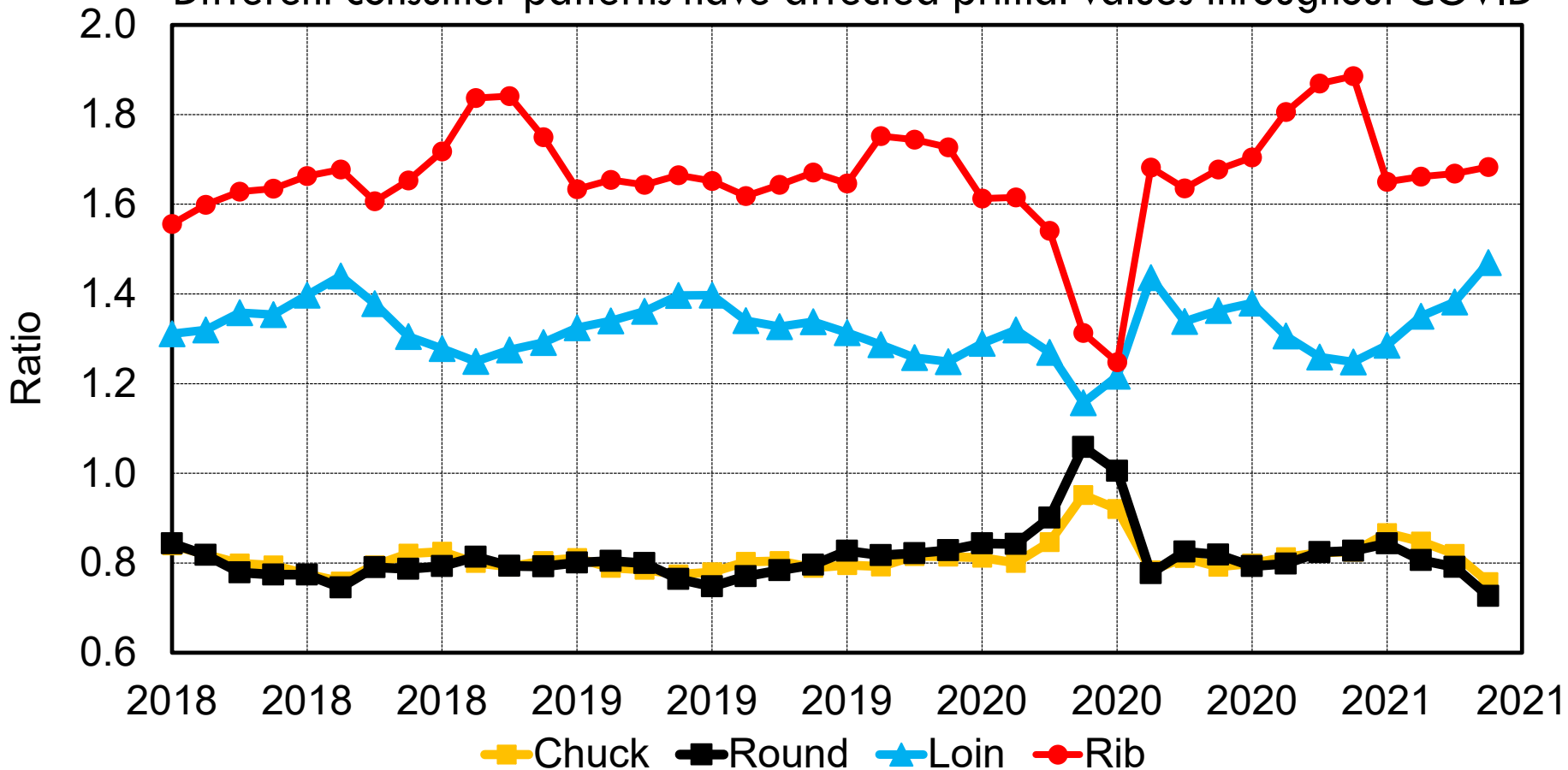


What Role Has Gov't Stimulus Played?



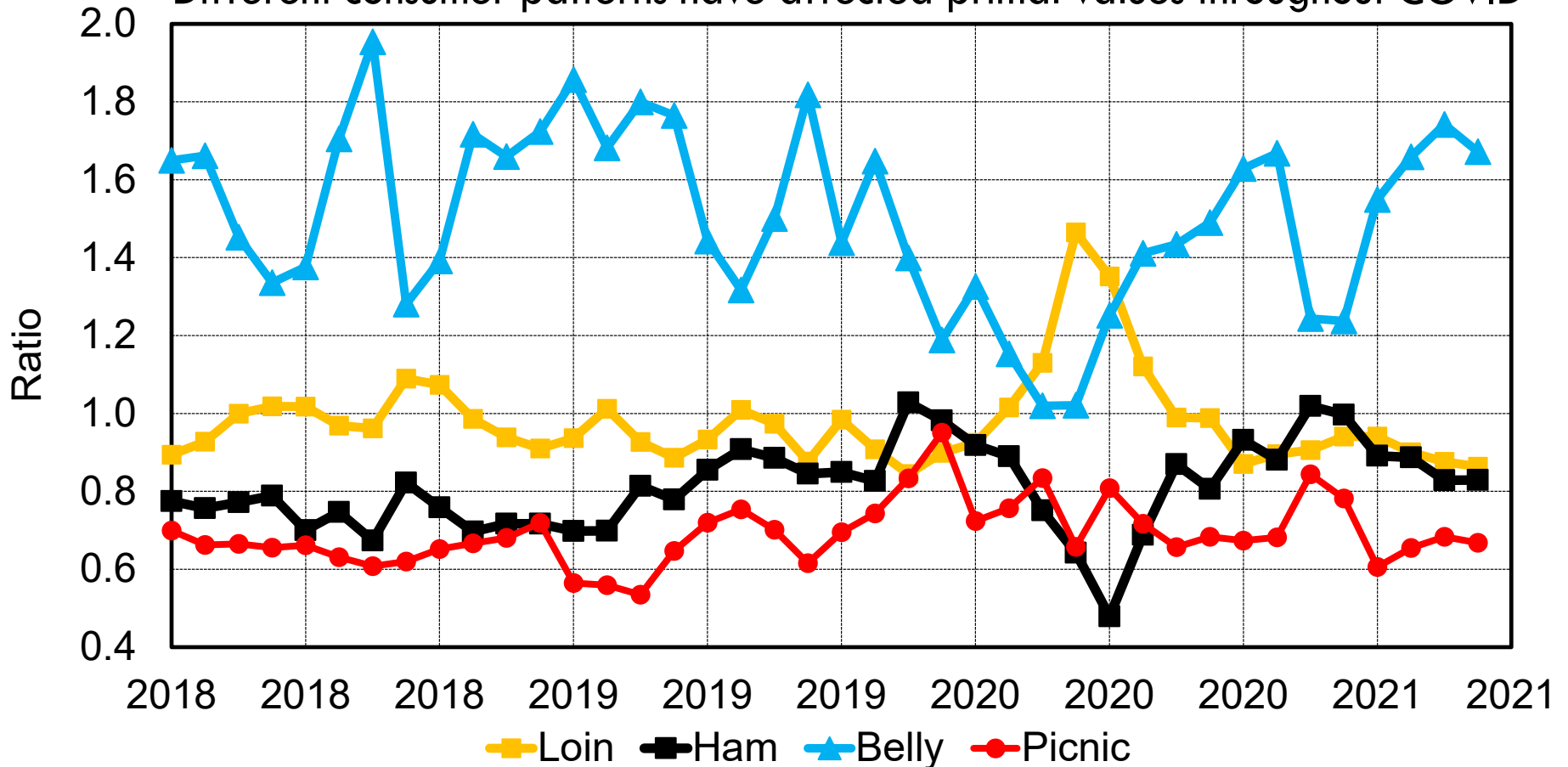
Beef Primals / Boxed Beef Value

Different consumer patterns have affected primal values throughout COVID

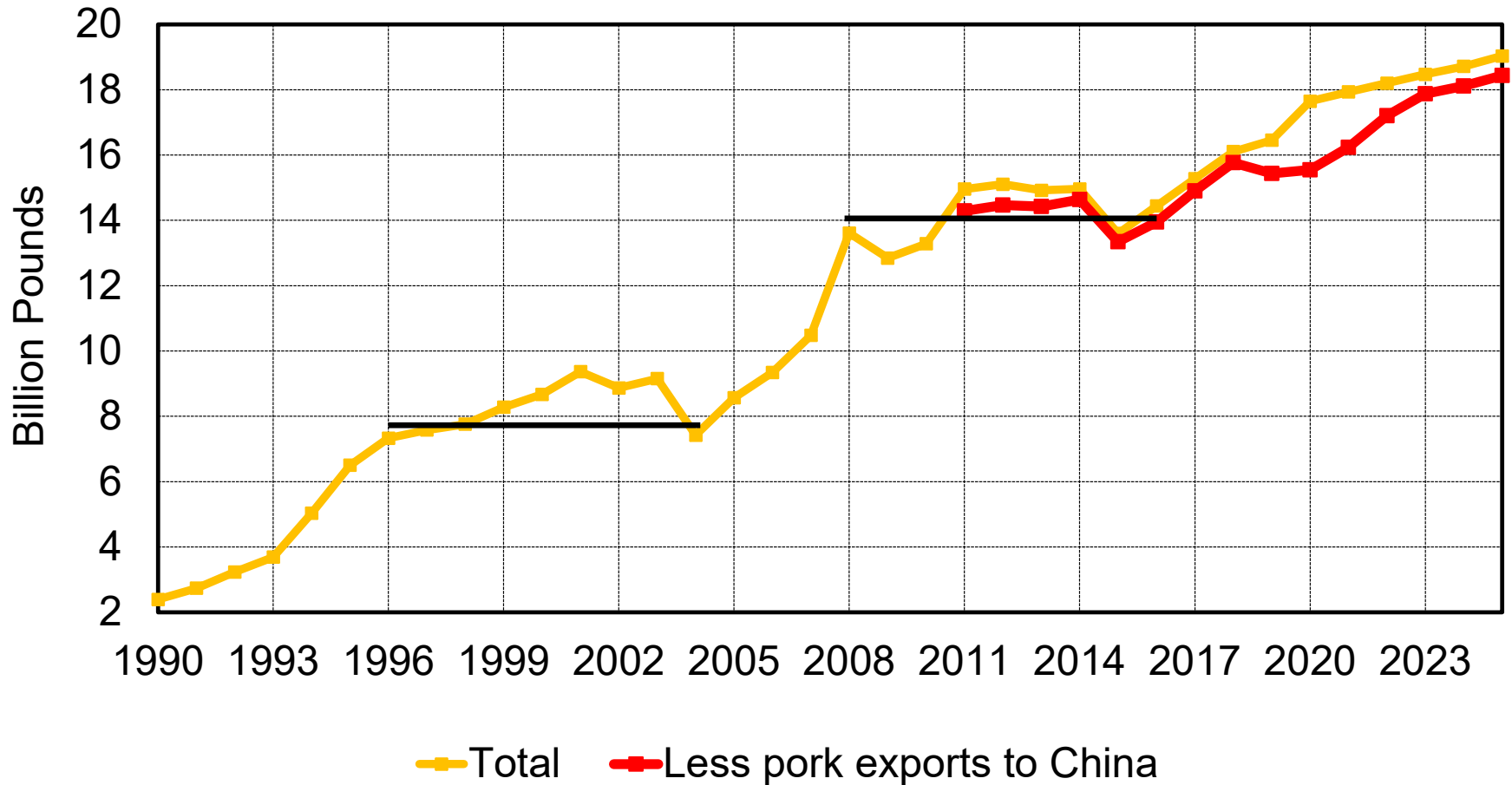


Pork Primals / Pork Cutout Value

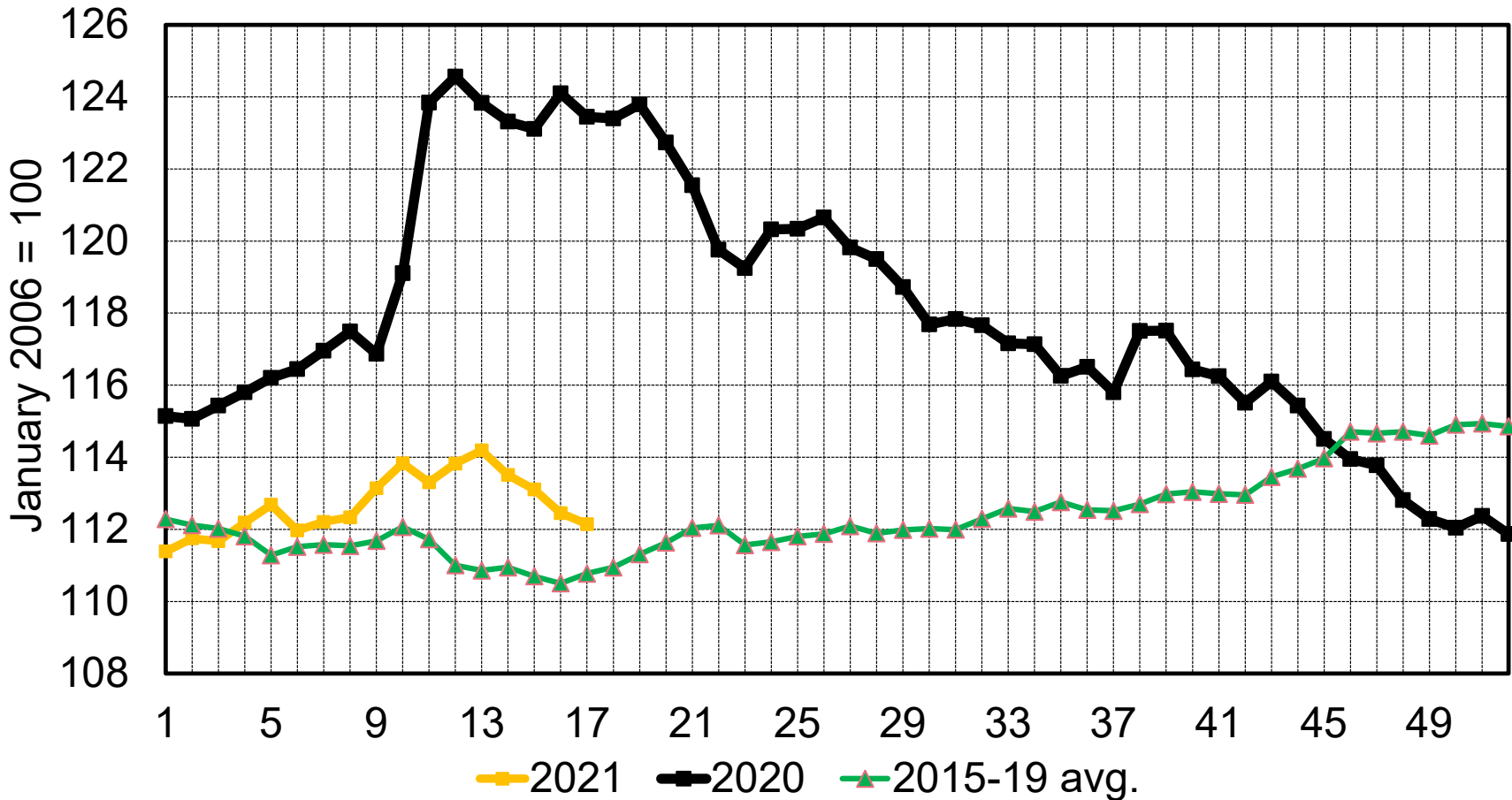
Different consumer patterns have affected primal values throughout COVID



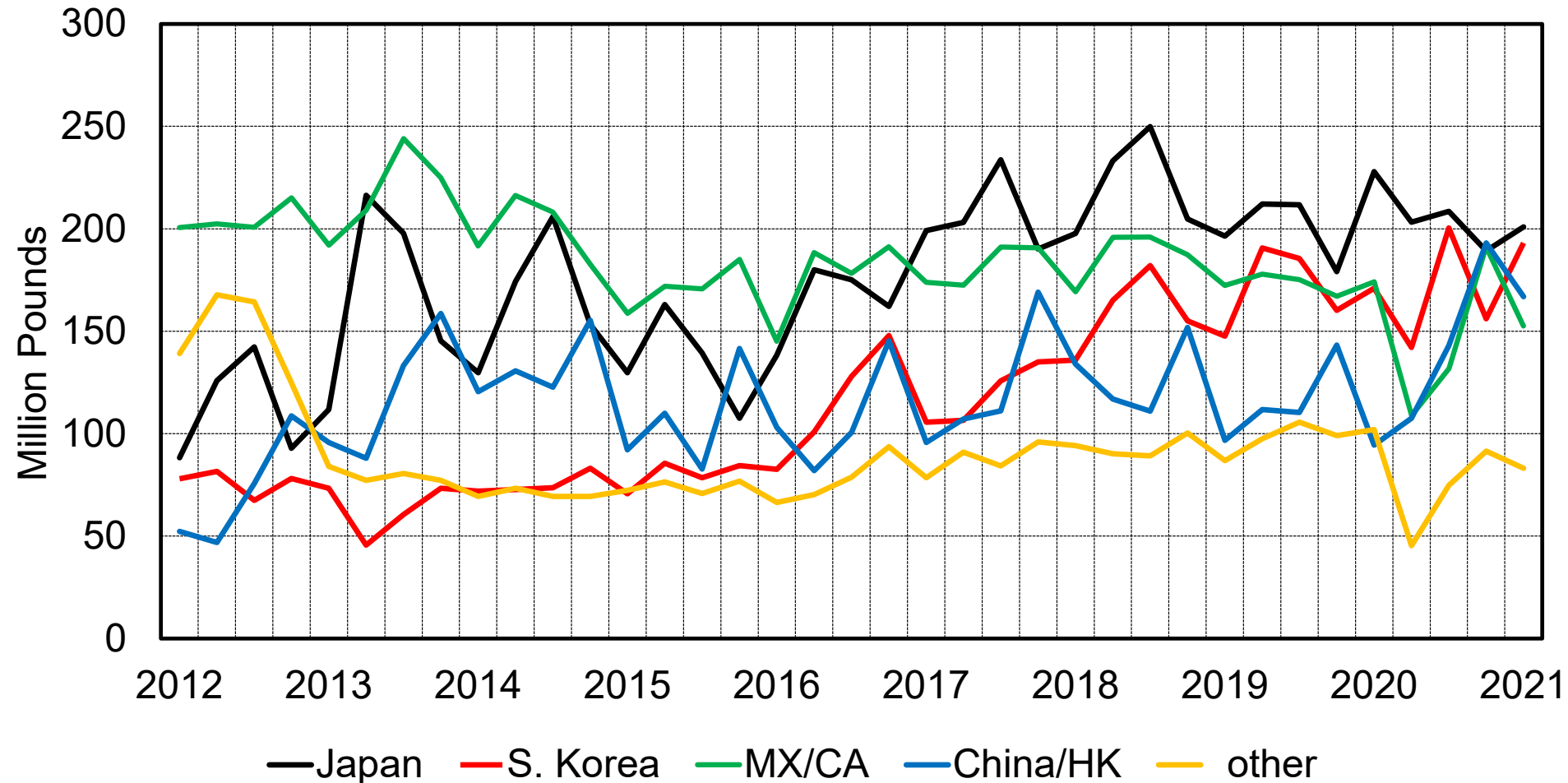
U.S. Meat Exports



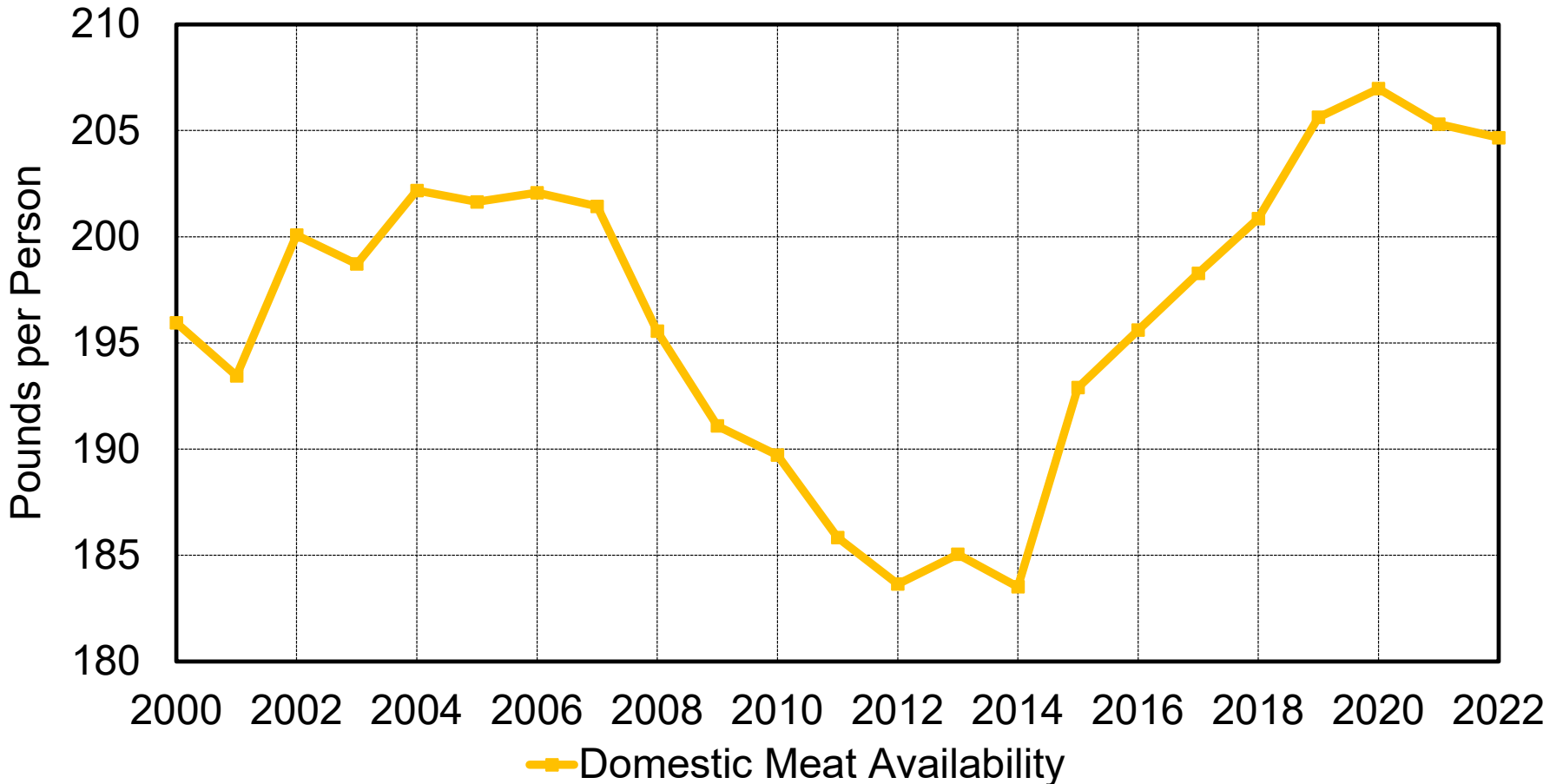
Trade-Weighted U.S. Dollar Index



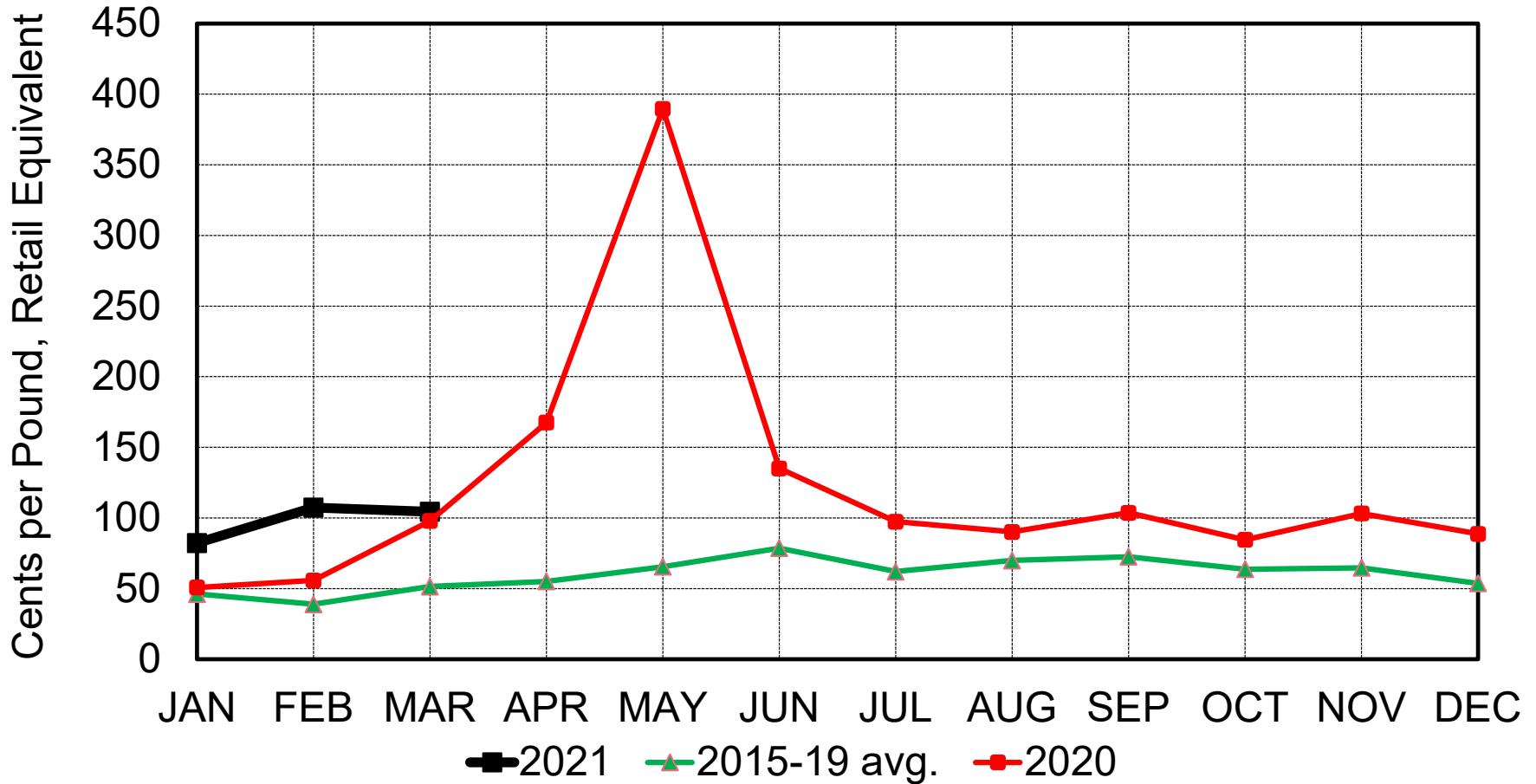
International Markets for U.S. Beef



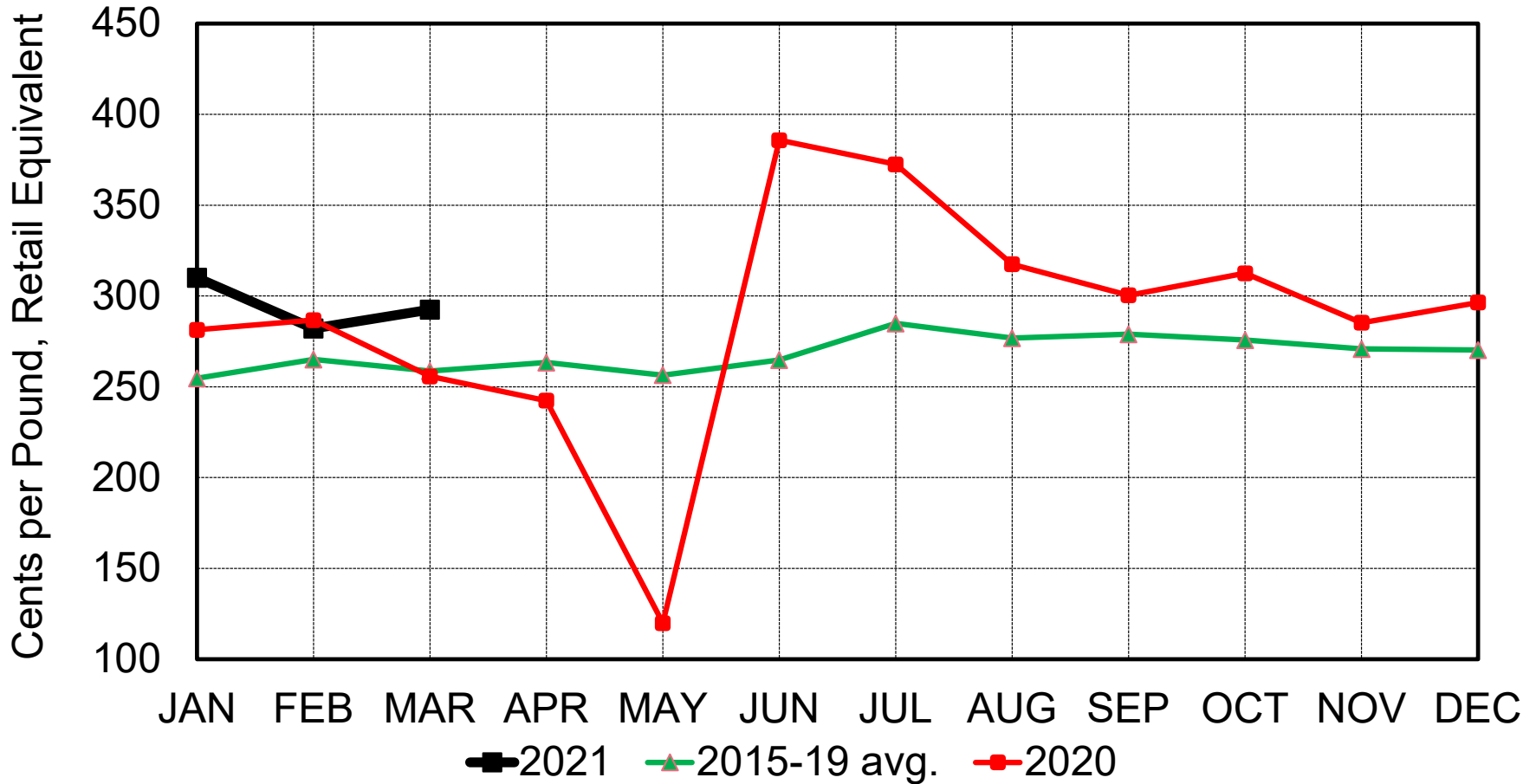
A Lot of Meat Available to U.S. Consumers



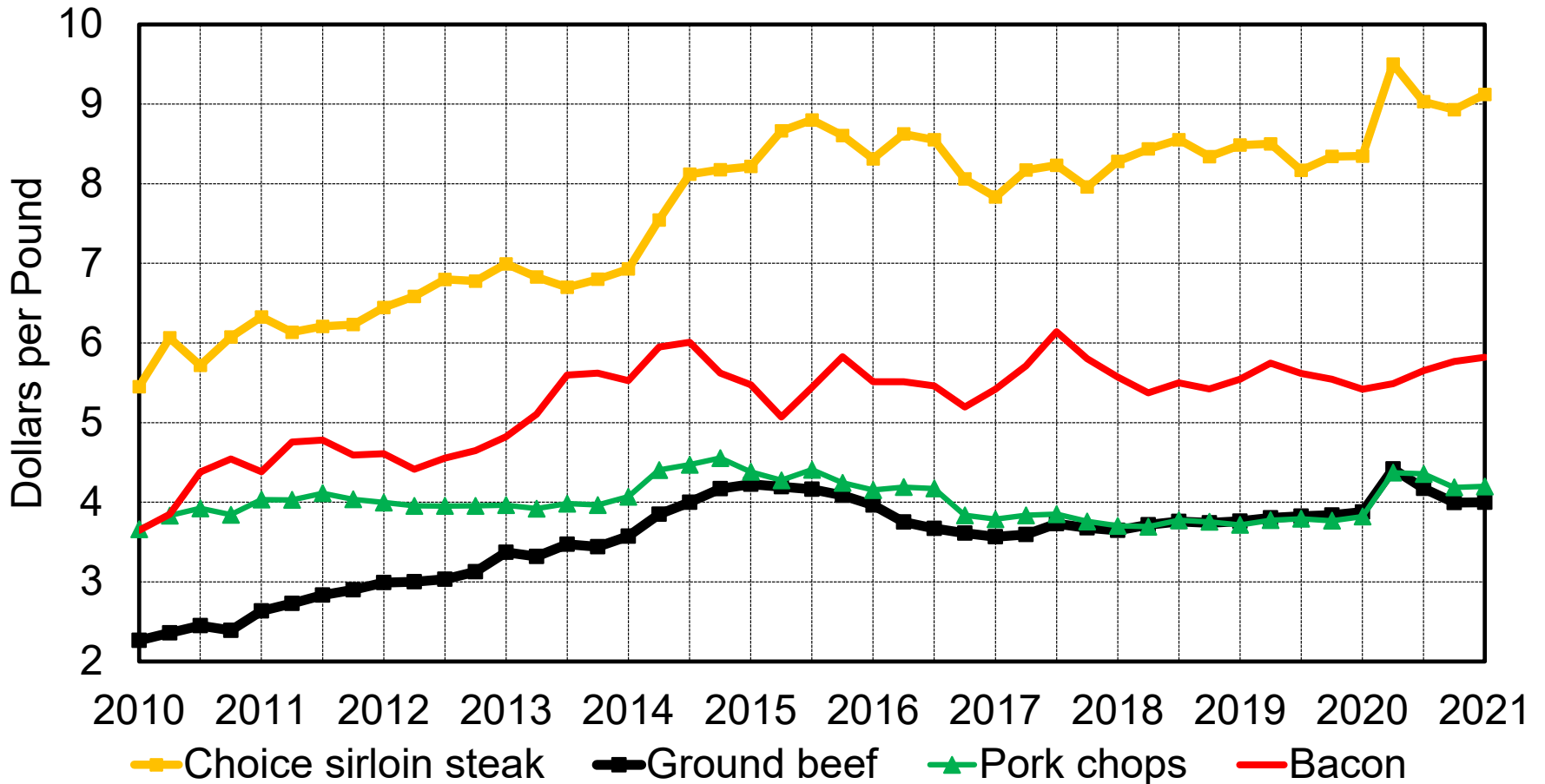
Wholesale-Farm Beef Price Spread



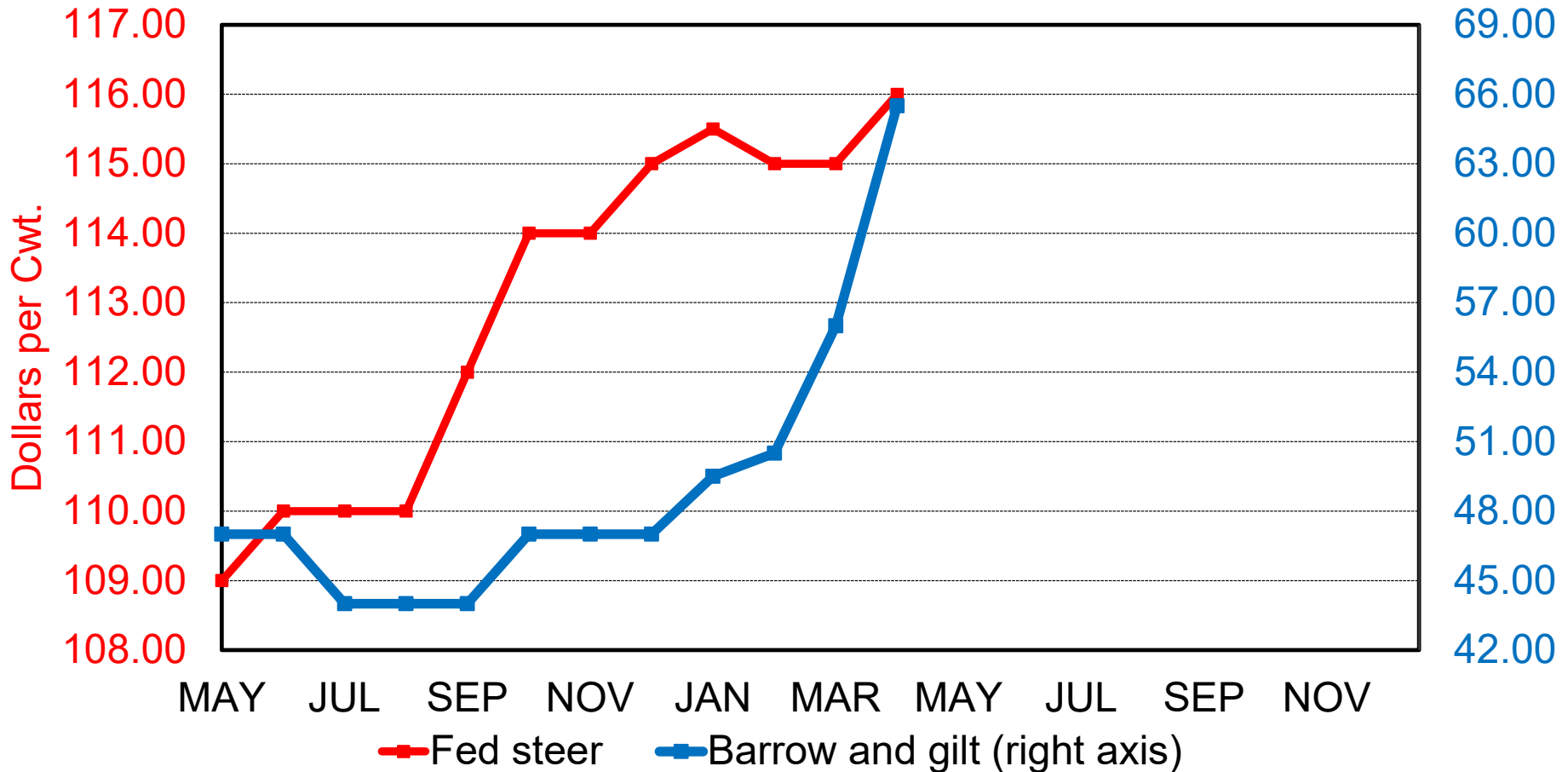
Retail-Wholesale Beef Price Spread



Meat Retail Prices



WASDE Price Projections for 2021



Questions

Dr. Scott Brown
University of Missouri
222 Mumford Hall
Columbia, MO 65211

(573) 882 – 3861

@MUScottBrown



Weekly Livestock Update, Brownfield Ag News

<https://brownfieldagnews.com/brownfield-livestock-market-updates/>



WEEKLY LIVESTOCK MARKET UPDATE WITH SCOTT BROWN



Click here to subscribe to the Weekly Livestock Market Update. For previous updates, click here.



College of Agriculture,
Food and Natural Resources