

The assumption is often made that when feedstuff costs increase dramatically that a response in the livestock and poultry sectors is to lower carcass (dressed) weight. Basic economics suggests that response. If the feedstuff cost profile increases significantly, like from a short-crop, hog and poultry weights can decline relative to their up-trend. But, for cattle there are more considerations.

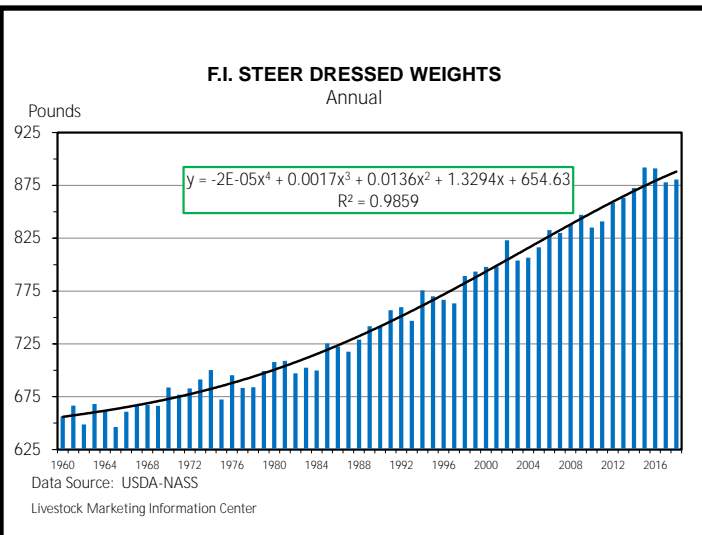
First, a very quick summary of steer and heifer dressed weights in recent years. In much of 2017 and 2018 fed cattle were pulled through the feedlot stage rather quickly due to strong packer demand for animals. Then in late 2018 and into 2019, winter weather and muddy feedlot conditions also dampened dressed weights relative to trend levels. A fourth order polynomial formula fits the history (back to 1960) rather well (see graphic).

The biological reason why cattle weights can respond much differently than hogs or poultry is because they are ruminants. That is, cattle have the digestive system allowing them to thrive on forage, not just grain (e.g., corn) and protein (in the plant-based category that is to a major extent soybean meal). In a short-crop year, when pasture and range conditions are relatively good (like so far this year) steers and heifers do not need to go on-feed (placed into feedlots) where corn is the major feedstuff, they can stay on forage. Further, in those situations, the market facilitates gain on forage by placing price discounts on calves versus heavyweight yearling animals. Feedlots adapt to higher

feedstuffs costs by preferring heavier and more mature cattle placed on-feed, which reduces total grain used per animal. Then the second biological factor comes into play, heavier/older animals when placed on-feed tend to have bigger carcasses when harvested. Of course, some years have poor U.S. corn crops due to drought and poor forage conditions or other influences.

Since 1960 (59 years), 15 years had a year-over-year increase in the U.S. farm corn price (crop-year) of 14.5% or more. Those increases may have been caused by a short-crop, or increased demand (i.e., ethanol, exports). For the corresponding calendar year, we show the year-over-year increase in Federally Inspected (FI) steer dressed weight (see table below). For the 15 years of the specified corn price increase, FI steer weight only declined six times. The largest drop was 4.0% (1975). On average, higher corn prices were associated with a year-over-year weight rise of 0.4%.

If U.S. corn production conditions this year do not further deteriorate, a 14.5% or more year-over-year increase in price is likely. And if summer forage remains abundant, winter wheat pasture develops normally, etc., we forecast that cattle dressed weights will rise year-over-year later this year and in 2020.



Crop Year	Corn		Steer		
	U.S Farm Price (\$/Bu)	Y/O/Y Change (%)	Calendar Year	FI Steer Weight (Lbs)	Y/O/Y Change (%)
1970/71	1.33	14.7%	1971	677	-1.0%
1972/73	1.57	45.4%	1973	691	1.3%
1973/74	2.55	62.4%	1974	700	1.3%
1974/75	3.02	18.4%	1975	673	-4.0%
1980/81	3.12	25.8%	1981	709	0.2%
1983/84	3.21	25.9%	1984	700	-0.4%
1987/88	1.94	29.3%	1988	729	1.6%
1988/89	2.54	30.9%	1989	742	1.8%
1993/94	2.50	20.8%	1994	776	3.8%
1995/96	3.24	43.4%	1996	767	-0.4%
2003/03	2.32	17.8%	2003	804	-2.3%
2006/07	3.04	52.0%	2007	830	-0.3%
2007/08	4.20	38.2%	2008	838	1.0%
2010/11	5.18	45.9%	2011	841	0.7%
2011/12	6.22	20.1%	2012	859	2.1%



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PRODUCTION & PRICE SUMMARY

Week Ending 6/22/2019

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY.

Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
		22-Jun-19	15-Jun-19		23-Jun-18			
Beef, Pork, Chicken, & Turkey	Mill Lbs., cwe	1,946	1,943	0.1%	1,836	6.0%	46,073	1.5%
C FI Slaughter	Thou. Head	662	665	-0.5%	661	0.2%	15,586	1.1%
A FI Cow Slaughter **	Thou. Head	120	107	12.7%	117	3.0%	2,822	3.9%
T Avg. Dressed Weight	Lbs.	791	792	-0.1%	805	-1.7%	802	-1.1%
T Beef Production	Million Lbs.	522.3	525.8	-0.7%	528.9	-1.2%	12,504	0.0%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	110.43	113.62	-2.8%	108.74	1.6%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	180.56	184.48	-2.1%	173.21	4.2%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	145.37	146.16	-0.5%	158.84	-8.5%		
& Choice Beef Cutout	\$ per cwt	220.90	222.11	-0.5%	218.65	1.0%		
Hide/Offal	\$ per cwt, live wt	8.28	8.25	0.4%	9.65	-14.2%		
B Rib, Primal, Choice	\$ per cwt	359.05	362.11	-0.8%	365.55	-1.8%		
E Round, Primal, Choice	\$ per cwt	168.35	169.20	-0.5%	158.60	6.1%		
E Chuck, Primal, Choice	\$ per cwt	175.78	175.62	0.1%	164.79	6.7%		
F Trimmings, 50%, Fresh	\$ per cwt	94.33	95.29	-1.0%	64.51	46.2%		
Trimmings, 90%, Fresh	\$ per cwt	223.96	224.46	-0.2%	220.84	1.4%		
H FI Slaughter	Thou. Head	2,449	2,431	0.7%	2,163	13.2%	60,069	3.0%
O FI Sow Slaughter **	Thou. Head	59.3	49.3	20.2%	55.8	6.3%	1,319	-0.8%
O Avg. Dressed Weight	Lbs.	214.0	214.0	0.0%	209.0	2.4%	215	0.5%
G Pork Production	Million Lbs.	524.9	521.2	0.7%	451.1	16.4%	12,885	3.6%
S Iowa-S. Minn. Direct	Wtd. Avg.	77.48	76.23	1.6%	82.22	-5.8%		
& Natl. Base Carcass Price	Wtd. Avg.	78.27	77.67	0.8%	81.68	-4.2%		
Natl. Net Carcass Price	Wtd. Avg.	80.31	79.69	0.8%	84.17	-4.6%		
P Pork Cutout	\$ per cwt	79.20	83.31	-4.9%	84.94	-6.8%		
O By-product Value	\$ per cwt, live wt	3.69	3.69	0.0%	3.94	-6.3%		
R Ham, Primal	\$ per cwt	68.82	79.62	-13.6%	62.50	10.1%		
R Loin, Primal	\$ per cwt	80.23	83.39	-3.8%	82.47	-2.7%		
K Belly, Primal	\$ per cwt	104.30	107.90	-3.3%	147.52	-29.3%		
Trimmings, 72%, Fresh	\$ per cwt	86.82	95.35	-8.9%	85.74	1.3%		
C Young Chicken Slaughter *	Million Head	168.8	169.0	-0.1%	161.15	4.8%	3,884	1.5%
H Avg. Weight (RTC)	Lbs.	4.68	4.68	0.0%	4.68	0.0%	4.67	-0.4%
I Young Chicken Production (RTC)	Million Lbs.	790.5	791.0	-0.1%	754.4	4.8%	18,154	1.1%
C Eggs Set (US)	Million	229.3	232.9	-1.5%	230.1	-0.3%	5,557	1.3%
K Chicks Placed (US)	Million Head	190.0	190.5	-0.3%	187.1	1.6%	4,464	1.5%
E National Composite Whole Bird	Composite	93.96	94.63	-0.7%	118.19	-20.5%		
N Northeast Breast, B/S	\$ per cwt	115.14	116.49	-1.2%	115.65	-0.4%		
Northeast Leg Quarters	\$ per cwt	45.45	45.05	0.9%	36.19	25.6%		
T Total Turkey Slaughter *	Million Head	4.27	4.01	6.5%	4.01	6.6%	95.2	-2.8%
U Avg. Weight (RTC)	Lbs.	25.36	26.23	-3.3%	25.26	0.4%	26.59	4.3%
R Turkey Production (RTC)	Million Lbs.	108.4	105.3	3.0%	101.2	7.1%	2,530	1.4%
K National Hen (8-12 Lbs)	\$ per cwt	88.23	87.00	1.4%	80.00	10.3%		
G Corn, Omaha	\$ per Bushel	4.43	4.33	2.3%	3.42	29.6%		
R Distillers Grain, IA	\$ per Ton	130.00	132.50	-1.9%	143.00	-9.1%		
A Soybean, Cntrl IL	\$ per Bushel	9.09	8.80	3.4%	8.72	4.2%		
I Soybn Meal 48%, Cntrl IL	\$ per Ton	332.00	330.70	0.4%	341.30	-2.7%		

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of "actual" rather than "preliminary" weekly slaughter report).

