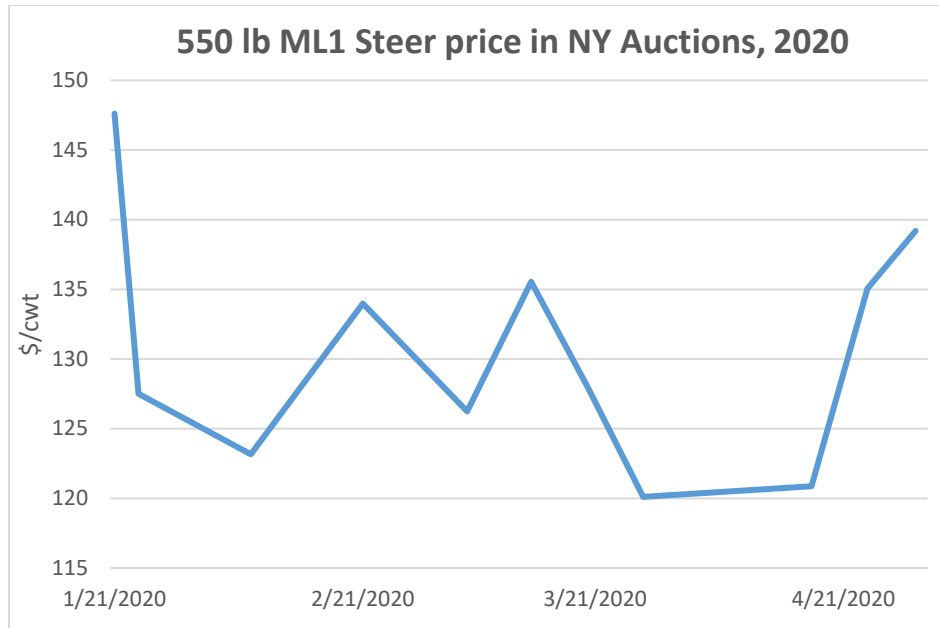


Livestock Update – May 1, 2020
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Finished cattle. Everyone has probably seen the numbers. According to USDA, U.S. processing plants are operating between 50-75 percent of their normal capacity to allow for worker protections and distancing requirements that will help keep them safe and on the job. For the week of April 29 fed slaughter was down 33,000 head (-7%) week-over-week, and a drop of 191,000 animals (-29%) from five weeks earlier. As packers struggle to process cattle the price of fed cattle has dropped some \$10 - \$15/cwt on a live basis. Data from Kansas State University estimate that cattle finished in Kansas feedyards during the month of April will lose \$490/hd, <https://www.agmanager.info/livestock-meat/cattle-finishing-historical-and-projected-returns>. Hoping for better times in the coming months cattle feeders are evaluating strategies to reduce gain, <http://blogs.cornell.edu/beefcattle/>. Some market analysts believe that plants may be back to full production by June. Even so, there will be a huge backlog to work through. On the flip side the price of boxed beef has increased as retailers are concerned about keeping the inventory needed to meet demand. Part of the consumer demand is real as we go into the grilling season, but some is perceived as they read stories about beef shortages.

Feeders. Over the last month the price of 550 lb steers increased from \$120 to 139/cwt (+14%) according to the NY weekly summary compiled by our Livestock Market News Reporters. So if cattle feeders are losing money, why are feeder prices increasing? There could be several reasons.

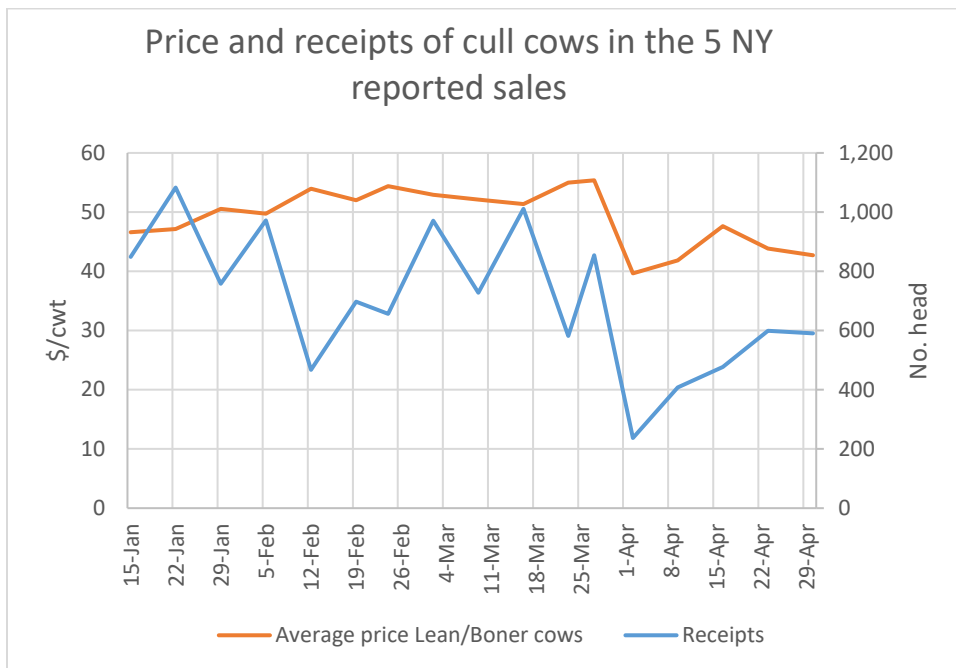
1. Grass fever. Historically the price of cattle that can go to grass is always higher in the spring. This is often pronounced in NY compared to neighboring states to the south because they have more fall calving cows which leads to larger numbers of light weight calves in the spring. Shorter supply locally and higher demand increases prices.
2. Inventory. These stockers act as a shock absorber to the fed market. Cattle feeders have the option of buying cattle at different weights depending on the conditions. They may be banking on buying grass cattle now and cheapen them up through the summer. The hope is that more plants will be back on line and the feeding break-evens will look much better.
3. Futures market. From middle March to the end of April September Feeder Cattle futures have increased 11% and the October contract 8%. Lately there is some optimism in the fall.



4.

(Source: <http://blogs.cornell.edu/beefcattle/market-information/>)

Cull cows. In the 5 NY sales reported, the average price of Lean/Boner cows dropped nearly \$5/cwt (-10%) from the previous week (April 23). Heavier conditioned cows saw highs in the low to mid \$50s. Compared to last week, the number of cull cows at auction remained steady, but have increased nearly 50% since the week ending April 1, which was the week JBS temporarily shut down its Souderton, PA plant.



(Source: <http://blogs.cornell.edu/beefcattle/market-information/>)