

Market Update

The Week of April 26, 2020

Prepared and written by Jeff Swenson. The Market Update draws information from several sources, including trade publications, radio broadcasts, agricultural news services, individuals involved in the industry as well as USDA NASS and AMS reports.



■ Livestock harvest capacity and the news surrounding it have dominated headlines in ag media, and have been picked up by conventional news sources. The non-farm population is hearing reports of possible meat shortages and meat plant employee COVID-19 cases. One packing plant and a further processing facility in Wisconsin are closed and working to reopen. All plants in the US are implementing CDC recommendations to insure their employees can work as safely as possible. President Trump announced an Executive Order Tuesday (April 27) directing the USDA to continue packing plant operations to the maximum extent possible. This action won't improve the situation immediately as it will take time to get all plants back to or close to capacity. There is a backlog of cattle and hogs to work through, so even with packing plants coming back on line it will take time for the farm to harvest portion of the chain to be repaired. The Executive Order shifts dialogue between packing plant management and government agencies away from possible closures to concentrating on the best way to open or maintain operations. #

■ More and more livestock are reaching market-ready and need to move through the system. With the supply outweighing demand (demand right now being dictated by the number of cattle and hogs that can be processed) farm gate prices have gone down. With less red meat entering the market because of lessened packing capacity, demand is outweighing supply on that end of the supply chain. This contrast has caused pork cutout values to rise quickly and beef cutout values to hit record levels. On the farm side of the equation, prices are suppressed, and that's if producers can secure a bid at all. Last week's market update looked at total cattle harvested under federal inspection, and now we can add one more week of data. For the weeks ending April 4, April 11 and April 18, harvested cattle numbers were 631,299; 528,808; and 486,136 head respectively. Dairy cow harvest at federally inspected facilities increased the week ending April 18 to 67,748 head after runs of 64,243 head the week ending April 4, and 64,605 the week of April 11. Hog harvest was 2,572,568 during the week ending April 4 and dropped to 2,238,822 the week ending April 18. Preliminary estimates indicate harvest numbers are now running well below 2 million hogs per week. #

■ The near-term supply of market ready cattle in feedlots is building, but indications are still pointing to a tighter supply of cattle in the fourth quarter. The USDA released a Cattle On Feed report April 24. Total cattle in feedlots over 1,000 head was 11.3 million head on April 1 - that was 5 percent lower than April 1 last year. Marketings came in better than industry expectations at 113 percent compared to March of 2019. Keep in mind that was before any plant closures. Placements (number of calves and yearlings moving in to feedlots during the month) were 1.56 million head, 23 percent lower than a year ago and is the lowest March placement number since the series began in 1996. This will set up fewer market ready cattle at the end of 2020. Yearlings are remaining on pasture longer, and calves in the north will be kicked out on grass as it becomes available. Those cattle will end up moving to feedlots once pen space becomes available. #

■ China was in the market for US pork and soybeans in a big way. Weekly export totals for pork was 50,300 metric tons, with China purchasing 35,000 metric tons of that total. Beef exports were lower this week at 9,400 metric tons, and beef hasn't posted impressive sales in April as a whole. Soybean export sales were 1.18 million metric tons with 618,000 metric tons purchased by China. Corn sales were impressive at 1.70 metric tons. #

■ Wisconsin farmers have been busy kicking off the 2020 growing season. According to Crop Progress and Condition report, corn planting was 11 percent complete as of April 26. Nationally 27 percent of corn has been planted up from 12 percent from the previous week - the progress made during the past week was ahead of weekly expectations. That's 13 days ahead of last year and four days ahead of the five-year average. Wisconsin pastures are rated 51 percent good to excellent. #

