

Beef-Cattle Sector Thoughts

April 16, 2020

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National Cattlemen's
Beef Association

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by Sector, as of Apr 8th
\$8.13b Cow-Calf
\$2.48b Stocker/Back.
\$3.01b Feedlot

Coronavirus-Related Cattle Industry Losses Estimated at \$13.6 Billion

• The current situation is very fluid and uncertain. Additional damages are likely. The economic damage assessment was conducted by Derrell S. Peel, Oklahoma State University; Dustin Aherin, Rabobank; Randy Blach, CattleFax; Kenneth Burdine, University of Kentucky; Don Close, Rabobank; Amy Hagerman, Oklahoma State University; Josh Maples, Mississippi State University; James Robb, Livestock Marketing Information Center; and Glynn Tonsor, Kansas State University.

“... timely assessment of the significant economic damages, absent any relief funding, to the beef cattle industry...”

January 18, 2018



Macroeconomic Decline = Meat Demand Decline

Table 2.1. Aggregate Meat Demand Elasticities Summary

Period	Beef Price Used	Beef Demand				Pork Demand		Chicken Demand	
		Own-Price	Pork Cross-Price	Chicken Cross-Price	Exp.	Own-Price	Exp.	Own-Price	Exp.
1988-2017	All-Fresh	-0.479	0.087	0.023	0.803	-0.307	0.141	-0.339	0.425
1988-2007	All-Fresh	-0.645	0.145	0.026	0.790	-0.229	-0.262	-0.345	0.371
2008-2017	All-Fresh	-0.450	-0.032	0.083	0.959	-0.089	1.231	-0.378	0.856
1970-2017	Choice	-0.593	0.120	0.041	0.118	-0.973	-0.170	-0.133	0.218
1988-2017	Choice	-0.490	0.085	0.021	0.781	-0.313	0.146	-0.345	0.430
1970-1994	Choice	-0.594	0.138	0.039	0.118	-0.924	-0.004	-0.159	0.003
1995-2017	Choice	-0.468	0.049	-0.044	0.867	-0.287	0.634	-0.469	0.960

**Growing
sensitivity to
macroeconomic
conditions...**

Note: "Exp." is Expenditure abbreviated. All Rotterdam models were estimated using iterative three-stage least squares.

Monthly Meat Demand Monitor [Survey Data]

<https://www.agmanager.info/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data>

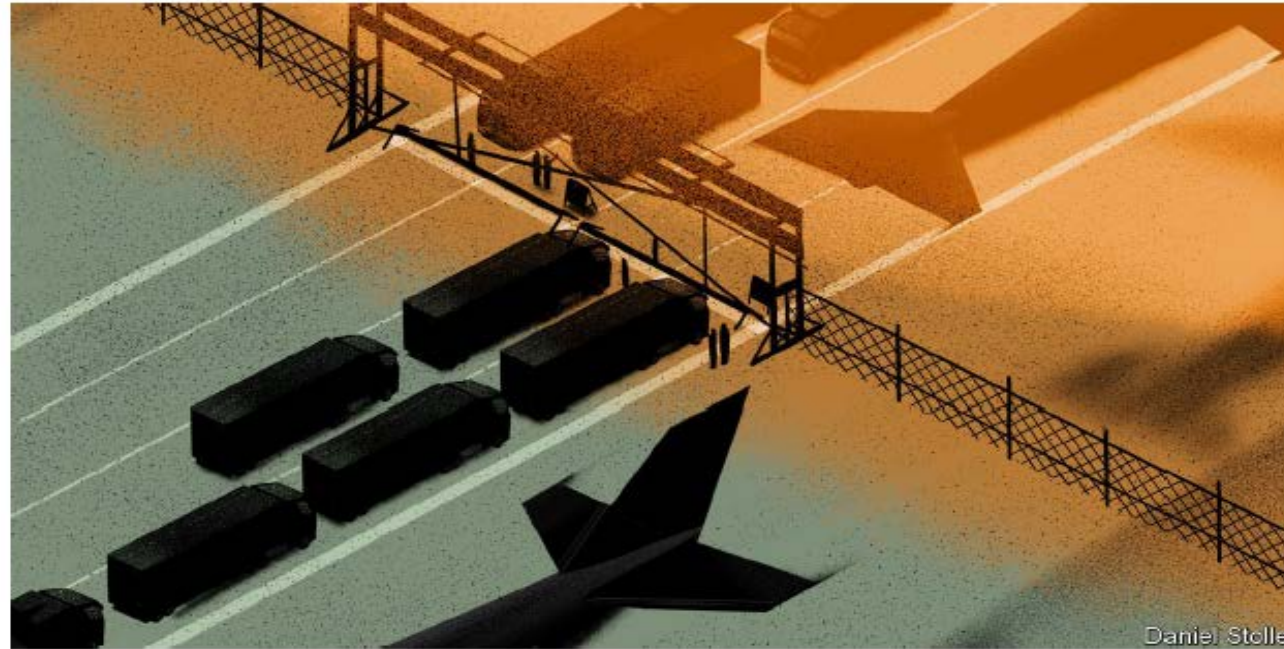
The Meat Demand Monitor (MDM) project is funded in-part by the beef checkoff and the pork checkoff. Monthly reports and supporting documentation are available here.



Monthly Meat Demand Monitor

Title	Author	Date	Downloads
Meat Demand Monitor - COVID19 Impact Special Report (/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data/meat-demand-monitor-covid19)	Tonsor (/contributors/tonson)	March 26, 2020	Downloads ▾
Meat Demand Monitor - March 2020 (/livestock-meat/meat-demand/monthly-meat-demand-monitor-survey-data/meat-demand-monitor-march-2020)	Tonsor (/contributors/tonson)	March 26, 2020	Downloads ▾

GT on Feb 21
What will be realized coronavirus impact?



A deadly disease disrupts

The new coronavirus could have a lasting impact on global supply chains

Multinationals have failed to take seriously the risk of disruption

Assessing Impact of Packing Plant Utilization on Livestock Prices

← Back to Price Risk (/livestock-meat/marketing-extension-bulletins/price-risk)

April 4, 2020

Glynn Tonsor

Lee Schulz

Operating @ 20% Lower Capacity:

-27% Fed Cattle Price

-36% Market Hog Price



“...The extent to which these effects are “already priced” into the market are beyond the scope of this report, but regardless this clearly demonstrates the economic importance of packing plant utilization on cattle prices.”

<https://www.agmanager.info/livestock-meat/marketing-extension-bulletins/price-risk/assessing-impact-packing-plant-utilization>

(Unofficial) Running List of Announcements

1. Cargill, Hazelton (PA)
 - ❑ Ground beef processing, closure announced 4/7
2. JBS Souderton (PA) – largest facility east of Chicago
 - ❑ “Temporary closure” 3/31, targeted 4/14 return to “normal operation”2,500 hd/day
3. JBS, Greeley (CO)
 - ❑ Closed 4/13-4/245,400 hd/day
4. National Beef, Tama (IA)
 - ❑ Closed until 4/202,200 hd/day
5. Tyson, Pasco (WA)
 - ❑ Cancelled cattle buying for week of 4/13;2,300 hd/day
6. Agri Beef, Toppenish (WA)
 - ❑ “Decreasing kills”1,500 hd/day
7. Cargill, Alberta
 - ❑ 1 shift instead of 2
 - ❑ Perhaps ~35% of Canada’s slaughter capacity1,500 hd/day; vs 4-4,500

FI Cattle Slaughter,
through EST Thur 4/16
376k Week to Date
488k Last Year = 23% drop
(or 28k hd/day)

13,900 hd/day (in US)
listed here

https://www.ams.usda.gov/mnreports/sj_ls710.txt

KS County Coronavirus Status, 4/16

Cowley County (35.5k residents):	1 case (Ark City); note 211 cases in Sedgwick Co (Wichita)
<input type="checkbox"/> Creekstone (~1,200 hd/day)	
Finney County (36.9k residents):	18 cases (Garden City)
<input type="checkbox"/> Tyson (~5,600 hd/day)	
Ford County (34.5k residents):	32 cases (Dodge City)
<input type="checkbox"/> Cargill (~4,950 hd/day)	
<input type="checkbox"/> Natl Beef (~5,000 hd/day)	
Seward County (22.7k residents):	13 cases (Liberal)
<input type="checkbox"/> Natl Beef (~6,200 hd/day)	

KS = ~24% of national “normal” fed cattle capacity

<https://www.kmbc.com/article/covid-19-maps-of-missouri-kansas-latest-coronavirus-cases-by-county/31900937#>

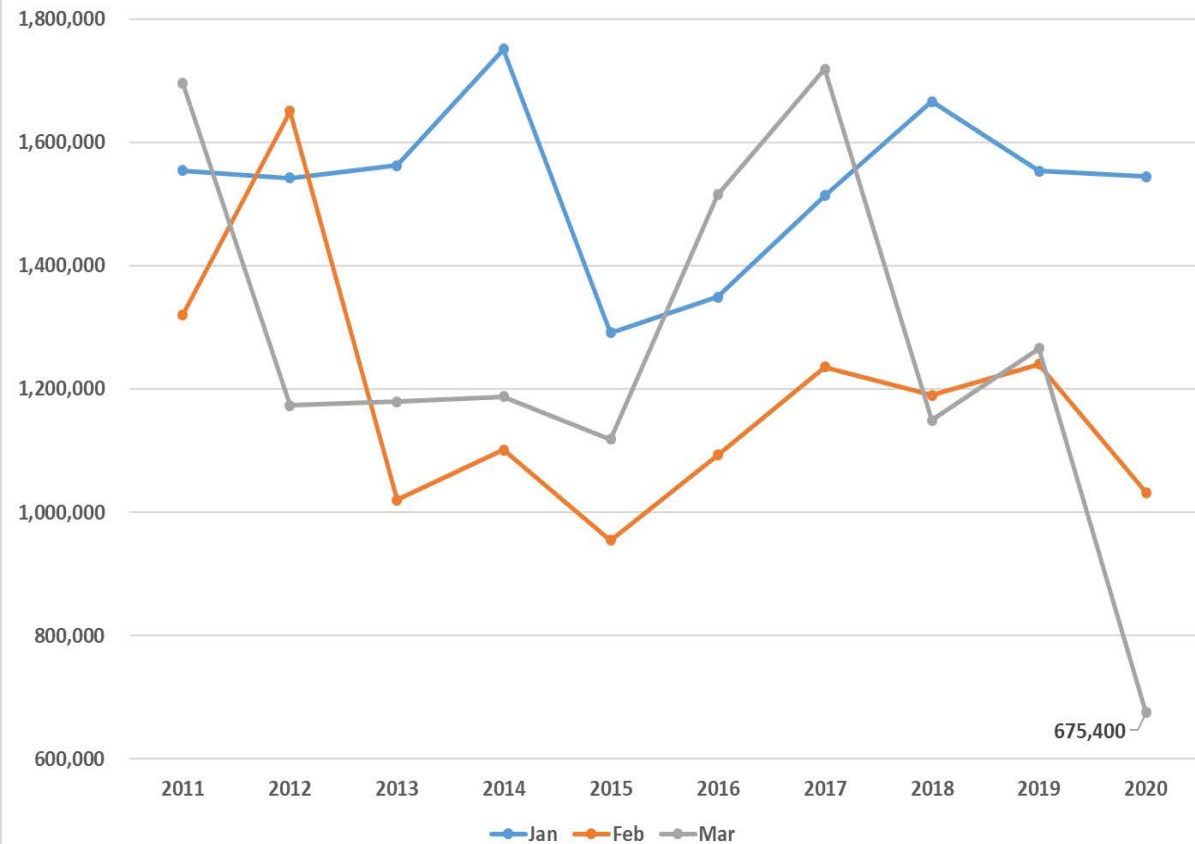
Fed Cattle Flow

- February 1st (GT estimates from COF data)
 - COF > 120 days: 3.84 mil hd (market ideally by Mar 31)
 - COF > 150 days: 1.79 mil hd (market ideally by Feb 29)
- FI Steer & Heifer Slaughter
 - Feb: 1.99 mil hd
 - Mar: 2.25 mil hd (4.24 Feb+Mar)
- So:
 - FEB slaughter exceeded Feb 1 COF>150 days (est) by ~200k
 - MAR slaughter exceeded Feb 1 COF>120 days (est) by ~400k

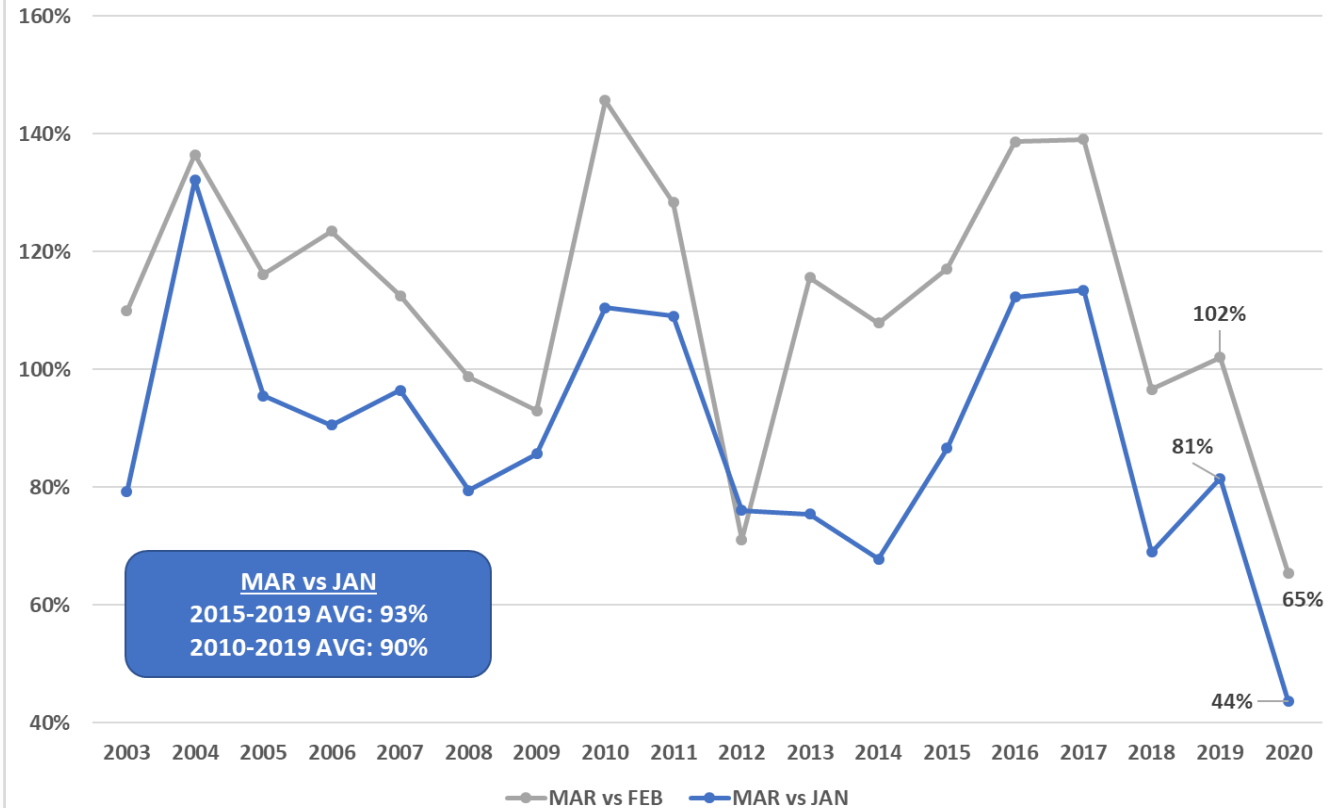
Much anticipated
USDA COF Report out 2/24...

Feeder Cattle Flow: Sales Being Delayed

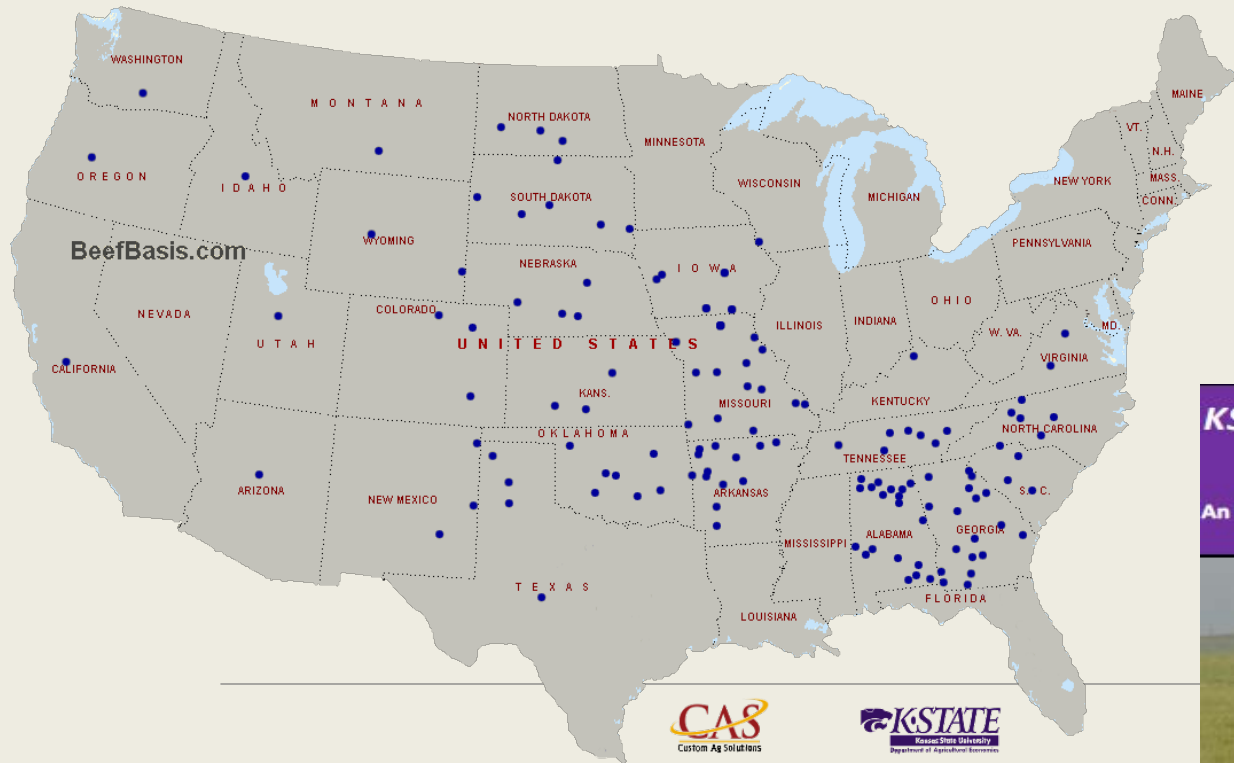
National Feeder & Stocker Cattle Receipts, Q1
USDA SJ_LS850



National Feeder & Stocker Cattle Receipts:
Mar. as % of Jan. & Feb.
USDA SJ_LS850



Should I hold on to my feeder cattle or sell now?



<https://beefbasis.com/>

KSU-Feeder Cattle Risk Management Tool

An Excel spreadsheet for evaluating feeder cattle risk management strategies



KANSAS STATE UNIVERSITY | Agricultural Economics

<https://www.agmanager.info/k-state-feeder-cattle-risk-management-tool>

More information available at:



This presentation will be available in PDF format at:

<http://www.agmanager.info/about/contributors/individual/tonsor.asp>

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Ongoing Effects on Livestock Markets from COVID-19 Pandemic

[← Back to Recent Videos \(/news/recent-videos\)](#)

April 10, 2020

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<https://agmanager.info/news/recent-videos/ongoing-effects-livestock-markets-covid-19-pandemic>