

# East Texas Livestock, Inc

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MONTH END MARKET REPORT

MAY, 2020

## SLAUGHTER COWS.

CANNERS..... \$52.00 TO \$58.75

BONING/UTILITY..... \$59.75 TO \$66.50

CUTTERS..... \$67.50 TO \$74.75

SLAUGHTER BULLS..... \$88.75 TO \$100.75

BRED COWS \$600.00 TO \$1225.00

## REPLACEMENT COWS

COW/CALF PAIRS \$780.00 TO \$1375.00

## FEEDER CALVES

### FEEDER STEERS/BULLS.

LARGE FRAME #1

### FEEDER HEIFERS

LARGE FRAME #1

	WEIGHT CLASS AVG.		WEIGHT CLASS AVG	
200 TO 300 LBS....	\$1.43 TO \$1.84	151.45	\$1.19 TO \$1.78	138.18
300 TO 400 LBS....	\$1.34 TO \$1.78	150.14	\$1.12 TO \$1.62	128.93
400 TO 500 LBS....	\$1.26 TO \$1.68	139.63	\$1.08 TO \$1.56	125.25
500 TO 600 LBS....	\$1.18 TO \$1.53	129.78	\$1.03 TO \$1.37	120.31
600 TO 800 LBS....	\$1.09 TO \$1.27	116.09	\$ .93 TO \$1.22	113.43

## MONTHLY SUMMARY

LIVESTOCK PRICES REMAINED UNDER PRESSURE DURING THE MONTH OF MAY AS THE COVID-19 VIRUS WAS IN FULL SWING. AS THE VIRUS CONTINUED ITS NEGATIVE IMPACT ON ALL FACETS OF OUR WAY OF LIFE, MEAT PRODUCTION FROM THE PRODUCER TO THE RETAILER SUFFERED HUGE SETBACKS. THE VIRUS HAD WORKED ITS WAY INTO THE SLAUGHTER PLANTS AND CURBED PROCESSING BACK TO AROUND 60% OF CAPACITY. WORKERS STAYED AT HOME WITH THE ILLNESS AND ALONG WITH THE CDC REQUIRED SPACING CRIPPLED THE NORMAL SLAUGHTER RATES OF AROUND 650,000 HEAD PER WEEK. THE FIRST WEEK OF MAY THE PROCESSING RATE WAS AROUND 250,000 AND BY THE END OF THE MONTH IT WAS BACK TO AROUND 500,000 HEAD. THE BACKLOG CREATED FROM THIS WENT FROM 500,000 HEAD TO OVER A MILLION HEAD BY THE END OF THE MONTH. SOLD FATS CONTINUED TO STAY IN PENS THAT NORMALLY EMPTIED THIS TIME OF THE YEAR FOR FEEDER CALVES MOVING OUT OF THE WHEAT FIELDS. WITH THIS BACK UP OF FED CATTLE, THE PEN SPACE IN THE FEEDLOTS WILL NOT ALLOW ANY NEW PURCHASES OF FEEDER CATTLE. MARKET ANALYSTS CURRENTLY FEEL THIS BACKLOG OF OVER 1 MILLION OVER FED CATTLE COULD WELL IMPACT THE MARKET PRICES FOR THE REST OF THIS YEAR.

AS BOTH FEDERAL AND STATE GOVERNMENTS BEGAN THE RELAXATION OF "LOCKDOWN" TYPE STATUS, CONSUMERS ONCE AGAIN FOUND SHORTAGES AND HIGHER PRICES IN BOTH THE RESTAURANTS AND RETAILERS SHELVES. THE PACKERS CASHED IN ON THIS SITUATION AS PANICKED BUYING CAUSED THE PRICE OF BEEF TO RISE FROM \$212.00 TO OVER \$350.00 IN JUST 10 DAYS. HAMBURGER HAD BECOME THE DEFAULT PRODUCT AS THE EXPENSIVE HIGH END CUTS SLOW MOVEMENT DUE TOO EXPENSIVE WENT INTO THE GRINDER. EVEN SOME MAJOR HAMBURGER CHAINS BEGAN TO HAVE TROUBLE SECURING GROUND BEEF AS THE DEMAND FOR IT ROSE. THE DRAMATIC REDUCTION IN BOTH BEEF AND PORK PRODUCTION HAVE POINTED THE REALITY OF A TRUE SHORTAGE WAS IMMINENT. PORK PLANT CLOSINGS DUE TO THE VIRUS HAS ALSO CAUSED SOME HOG PRODUCERS TO START EUTHANIZING THEIR PIGS.

THE RETAILERS CONTINUED TO USE SELECT PROTEIN PRODUCT SPACE FOR A QUICK TURNOVER AND PROFIT. BEEF BOTH BEING SCARCE AND HIGHER IN PRICE IS BEGINNING TO GIVE WAY TO CHEAPER AND ALTERNATIVE PROTEINS SUCH AS PORK AND CHICKEN. THE UNEMPLOYMENT RATE NATIONWIDE AS OF THE END OF MAY IS AT 14.7% (20.5 MILLION JOBS DISAPPEARED IN APRIL). THIS IS BEGINNING TO FORCE BEEF PRODUCTS TO TAKE A BACK SEAT MORE AND COULD HANG A DARK CLOUD OVER ANY MARKET AGGRESSION FOR THE REST OF 2020. THE ENERGY SECTION ALSO CONTINUES TO FACE MAJOR LAYOFFS.

AS OF THE END OF THE MONTH, THE CASH TRADE IS FROM \$1.15 TO \$1.20 AND CONTINUES TO REWARD THE PACKER'S POCKETS. PRESIDENT TRUMP HAS RECENTLY RECOMMENDED THE US TERMINATE THE TRADE DEALS THAT ALLOW FOREIGN BEEF IN ORDER TO HELP THE US RANCHERS. ALTHOUGH THE SLAUGHTER RATES CONTINUE TO INCREASE THE BUILDUP OF MARKET READY CATTLE CONTINUES TO INCREASE ALSO (BEEF PRODUCTION WAS DOWN OVER 21% IN APRIL). FROM ANALYST'S VIEW, THIS BACKUP ULTIMATELY FALLS ON THE BREEDER'S BACK WHICH CONTINUE TO SEE INPUT COST BUT LACK ANY SUPPORT FOR CALF PRICES. INSTEAD OF A NATURAL FORCED SELL DOWN FROM DROUGHT, LACK OF ANY RETURN ON INVESTMENT CAN WELL PRODUCE A SPARK TO A GRADUAL REDUCTION IN OUR NATION'S BREEDING HERD.

WRAPPING UP THE MONTH THE MARKETING NUMBERS ARE CONSISTENT WITH LAST YEAR. FEEDER CALF PRICES CONTINUE TO HOLD SOLID AS DO THE SLAUGHTER PRICES. GRAZING CONDITIONS REMAIN EXCELLENT AND CROP FORECASTERS ARE CLAIMING CORN PRODUCTION WILL BE A RECORD HIGH. AS THE ECONOMY SLOWLY STARTS BACK, THE COVID-19 VIRUS CONTINUES TO WREAK HAVOC ON THE WORLD'S ECONOMIES. THE QUESTION IS WHAT IS THE NEW NORM?