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**COVID-19 Impacts on Arkansas’ Agricultural and Rural Economies**

**UPDATE: Livestock and Poultry Slaughter and Prices**

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Cattle and hog slaughter figures finally turned higher last week after several weeks of falling sharply due to multiple plant shut-downs and slow-downs due to COVID-19. In last Friday afternoon’s [Estimated Daily Livestock Slaughter under Federal Inspection](https://www.ams.usda.gov/mnreports/sj_ls710.txt) report from USDA Agricultural Marketing Service, cattle slaughter was projected to rebound to 452,000 head this week after falling to 425,000 head the prior week. Hog slaughter was estimated to hit 1.768 million head last week, up from 1.533 million head the prior week.

While the modest bounce in slaughter levels is a positive development, suggesting at least the beginning of a move back toward normal, processing capacity remains constrained. Last week’s cattle and hog slaughter numbers both remain about 28% below last year’s average weekly slaughter level. Considerable further recovery in processing rates will be needed to alleviate major production disruptions and stabilize markets. Data suggests that the broiler sector, as a whole, has come closer to resuming normal operations. Broiler slaughter for the week ending May 2 (most recent complete broiler data available) amounted to 162 million birds. This was 98 percent of 2019’s weekly average rate of production. Figure 1 shows weekly cattle, hog, and broiler slaughter as a percent of 2019’s weekly average.

Data Source: USDA Agricultural Marketing Service.

**Figure 1.** 2020 Weekly Cattle, Hog, and Young Chicken Slaughter as a % of 2019

Average Weekly Slaughter

Wholesale beef and pork prices continued to move higher last week as constrained production remained the defining feature of the market. For the week, the Choice boxed beef cutout value averaged $441.53/hundredweight (cwt), an unprecedented average price for wholesale beef. The Choice cutout has almost doubled since the first week of April. While all of the major beef primal cuts have increased in value over that period of time, the surge in the value of beef trimmings has been particularly astonishing. For the week ending April 3, the price of fresh 50 percent lean beef trimmings (a major component of ground beef) averaged $28.49/cwt. Last week, it averaged $275.28/cwt, an increase of over 800 percent. With production sharply lower and demand for this staple item (of both food service and grocery retail business) strong, prices have exploded. For context, though, while little remembered now, fresh 50 percent lean trim prices topped $200/cwt about this time of year in 2017.

Data Source: USDA Agricultural Marketing Service through Livestock Marketing Information Center.

**Figure 2.** Weekly Average Choice Boxed Beef Cutout Value

The pork cutout has also increased sharply as the decline in processing constrains available supplies. Last week, the pork cutout averaged $113.94/cwt, up from $94.05 the prior week. Similar to the beef market, the pork cutout has more than doubled since the week ending April 10. The big mover among pork primal cuts has been bellies (from which, bacon). Pork belly wholesale prices increased from $34.54/cwt the week ending April 10 to $191.48/cwt last week, an increase of over 400 percent.

Data Source: USDA Agricultural Marketing Service through Livestock Marketing Information Center.

**Figure 3.** Weekly Average Pork Cutout Value

Fed cattle price finally gained a bit of ground last week. On Friday, the week-to-date 5-area weighted average negotiated live price was $100.04/cwt, up almost $5/cwt from the previous week. This was the second week in a row of modest gains in cash cattle prices, though the volume of cash sales remains historically low, as would be expected given the slow pace of processing. Feeder and stocker cattle prices were also slightly improved from the prior week. The weekly Arkansas livestock summary from USDA Agricultural Marketing Service called feeder cattle prices steady to $5 higher than the prior week, with the volume of sales also increasing week-to-week.

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