

# Signs of recovery in beef packing...but how fast?

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COVID-19 began impacting workers at beef packing plants in early April. In the last five weeks, cattle slaughter decreased by an average of 27 percent year over year. This compares to the previous five weeks in March, when cattle slaughter averaged 5.5 percent higher than year ago levels. The impacts got progressively worse for four weeks with weekly slaughter dropping by 17.1 percent the week of April 11 to a decrease of 36.8 percent year over year in the week ending May 2.

There is glimmer of hope, however. Last week estimated cattle slaughter was 452,000 head, still down 32.2 percent year over year, but up 6.4 percent from the prior week. This hopefully indicates the beginning of recovery of packing capacity in the coming weeks. Risks remain however and it is not clear how fast packing plant capacity will recover. New safety measures and work protocols likely mean that effective maximum capacity in beef packing plants will be reduced compared to pre-COVID-19 levels.

It will likely take many weeks for slaughter rates to catch up with the growing backlog of fed cattle and get the industry current once again. Meantime, all sectors of the industry are responding to the need to slow cattle down and hold them longer in a variety of production settings before proceeding to finish in feedlots. Fed cattle weights are increasing and pushing carcass weights higher counter-seasonally. The latest actual weekly slaughter shows steer carcass weights at 891 pounds, higher than the three prior weeks and up 37 pounds from the same period last year. Heifer carcasses are currently 24 pounds heavier year over year. Steer and heifer carcass weights typically reach a seasonal low in late May.

Beef production dropped sharply in April resulting in some shortages of fresh beef in retail grocery stores and restaurants. In the five weeks ending May 9, total beef production was down nearly 690 million pounds year over year. In the worst week ending May 2, estimated total beef production was 347.1 million pounds, down 190.5 million pounds from the same week last year. Estimated beef production last week was down 31 percent year over year but was up 5.9 percent from the prior week, reflecting the slight increase in cattle slaughter last week.

Total 2020 beef production forecasts have only been slightly reduced from previous projections and are still at or near a record level of 27.2 billion pounds. However, the timing during the year is drastically altered with second quarter beef production forecast down 13.3 percent year over year. Beef production will be pushed into the third quarter, which is forecast to be up 5.4 percent compared to last year. Fourth quarter beef production is currently forecast to be just slightly higher year over year.