



Feeding margins take another hit, packers comfy

Greg Henderson, Editor, Associate Publisher, Drovers CattleNetwork | Updated: 06/10/2013

The red ink continues to flow for cattle feeders. Last week saw their margins slip another \$24 per head, leaving losses at \$133 per animal marketed. Beef packer margins also eroded nearly \$24 per head, but packers are turning an average profit of \$65 on each animal processed, according to the Sterling Beef Profit Tracker. The Sterling Beef Profit Quotient fell 80 points for the week and the industry profitability index is now a negative 384.9, according to estimates developed by Sterling Marketing, Inc., Vale, Ore.

Pork producer margins improved \$2.75 per head, with margins now a positive \$7.35 per hog marketed, according to the Sterling Pork Profit Tracker. Negotiated cash hog prices gained \$3.16 per hundredweight last week to \$96.95. Pork packer margins declined \$4.12 per head for the week, resulting in losses of \$10.68 per head.

A year ago cattle feeders sold cash cattle at \$122 per hundredweight, resulting in losses of \$66.64 per head. Last year cash hogs fetched \$91.36 per hundredweight, resulting in profits of \$19.76 per head.

The Sterling Beef and Pork Profit Trackers are calculated using actual weekly prices for both cattle and hogs, feed costs, beef and pork cutout prices, drop credits and other factors that influence profit margins.

The **Sterling Beef Profit Tracker** for the week ending June 8:

- Average feedyard margins: -\$133.22 per head.
- Average packer margins: \$65.53 per head.
- Sterling Profit Quotient: -384.9.

The **Sterling Pork Profit Tracker** for the week ending June 7:

- Average farrow-to-finish margins: \$7.35 per head.
- Average pork packer margins: -\$10.68 per head.

The Sterling Beef and Pork Profit Trackers are produced by Sterling Marketing Inc. and John Nalivka, president, Vale, Ore., and are published weekly by *Drovers/CattleNetwork*, and *PorkNetwork*.

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