



Packer margins hefty, feeding margins ugly

Greg Henderson, Editor, Associate Publisher, Drovers CattleNetwork | Updated: 06/03/2013

Profit margins for beef packers eased lower last week, and losses for cattle feeders were slightly less, but it's clear that packers hold the market leverage at this point.

Cattle feeding margins improved \$5.80 per head for the week, leaving losses at an average \$109 per head, according to the Sterling Beef Profit Tracker. Beef packers saw their margins decline \$7 per head, with average profits now exceeding \$89 per head. The Sterling Beef Profit Quotient improved 15.7 points for the week and the industry profitability index is now negative 305.1, according to estimates developed by Sterling Marketing Inc., Vale, Ore.

Pork producer margins improved \$6.24 per head, with margins now a positive \$4.65 per hog marketed, according to the Sterling Pork Profit Tracker. Negotiated cash hog prices gained \$2.22 per hundredweight last week to \$93.79. Pork packer margins declined \$3.51 per head for the week, resulting in losses of \$6.56 per head.

A year ago cattle feeders sold cash cattle at \$120.92 per hundredweight, resulting in losses of \$74.02 per head. Last year cash hogs fetched \$85.14 per hundredweight, resulting in losses of \$9.26 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 1:

- Average feedyard margins: -\$108.82 per head.
- Average packer margins: \$89.43 per head.
- Sterling Profit Quotient: -305.1.

The **Sterling Pork Profit Tracker** for the week ending May 31:

- Average farrow-to-finish margins: \$4.65 per head.
- Average pork packer margins: -\$6.56 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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