

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

September 28, 2018

Production			Prices			
Week Ending 9/29/2018	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	650	648	Live Steer	110.37	110.61	108.01
FI Hog Slaughter (Thou Hd)	2568	2528	Dressed Steer	174.02	174.65	171.73
FI Sheep Slaughter (Thou Hd)	40	37	Choice Beef Cutout	205.07	204.98	195.81
Live Y. Chicken Sl. (Mil Hd)	162.4	167.4	USDA Hide/Offal	9.12	9.17	10.41
Slaughter Cattle Live Weight	1355	1363	GA Auction Fdr. Str. (6-7 Cwt.)	138.12	136.76	130.86
Slaughter Hog Live Weight	279	282	Iowa/S. Minn. Base Hog	62.80	56.90	47.80
Slaughter Lamb/Sheep Live Wt.	135	133	Natl. Net Hog Carcass	66.09	61.26	58.55
Beef Production (Mil Pounds)	534.8	535.4	Feeder Pigs (40 Lbs) (\$/Head)	37.01	35.25	40.72
Pork Production (Mil Pounds)	534.5	532.1	Pork Cutout	80.39	78.02	72.88
Lamb, Mutton Prod. (Mil Lbs.)	2.7	2.5	Lamb Cutout	330.22	334.01	361.73
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.20	3.12	3.12
Total Beef (Mil Lbs)	523.5	517.7	Wheat, Portland (\$/Bu)	6.04	5.98	5.30
Total Pork (Mil Lbs)	500.7	501.8	Wheat, Kansas City (\$/Bu)	5.11	5.25	3.75
Total Lamb, Mutton (Mil Lbs)	2.6	2.4	Soybeans, Cntrl IL (\$/Bu)	8.01	7.93	9.27

Source: Various USDA-AMS reports. Data are preliminary.

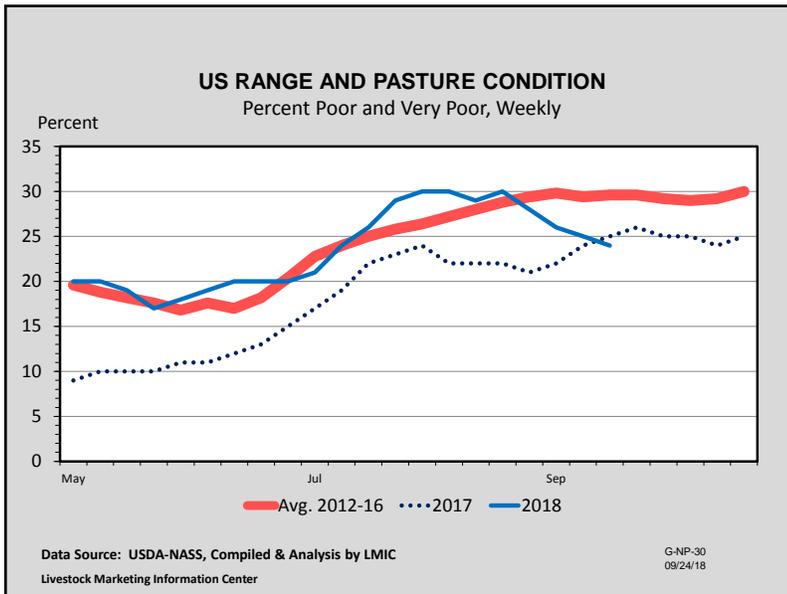
Trends . . . FALL/WINTER FORAGE SITUATION

The latest week, September 24, 2018, showed another decline in the amount of pasture and range in poor to very poor conditions in USDA's crop progress report. About 24% of the U.S. pastures and rangeland fit the poor to very poor description, down from the peak earlier this year of 30%. Almost all the regions the LMIC tracks (Cornbelt, Southern Plains, Western, Great Plains, Southeast, and Northeast) have shown improvement to pasture conditions in the last four weeks. One of the more dramatic changes has been the Southern Plains, which this week fell to under 20% in poor and very poor conditions, compared to a high of 42% earlier this year.

The exception to improving pastures has been the Western region, which has seen little relief. Pastures in those states have continued to see deterioration, and for the latest week, poor and very poor conditions increased to 56%.

Correspondingly, the drought monitor shows concentrated severe and exceptional drought over the Four Corners region.

Small grain pastures (e.g., winter wheat) opportunities are setting-up to have a good year. In the Southern Plains, which had a worrisome summer regarding forage production, has turned around with winter wheat planting ahead of a year ago. Early planting and quick germination will grant cattle earlier access to those fields and allow for longer grazing without sacrificing harvesting that wheat for grain. Time will tell how the forage potential of those pastures will be, but heading into the fall availability looks to be well above



normal.

Nationally, hay prices remain above a year ago, and national hay stocks are very tight. Additionally, quality of hay is an issue in many areas of the U.S., due to the variable weather that occurred during the summer growing season. If winter pasture forage deteriorates, expect to pay a hefty premium for quality forage.

CATTLE GRAZING SOUTHERN PLAINS SMALL GRAINS PASTURES

In the late 1990's requests were made of USDA's National Agricultural Statistics Service (NASS) to develop a survey to measure the number of steers and heifers being grown on pastures during in the winter months. The result was a scaled-down effort focusing on the key small grain grazing in three states, Texas, Oklahoma, and Kansas that was first reported in the January 1, 2001, annual Cattle report.

The bulk of that grazing occurs on wheat in southern Kansas into central Oklahoma and blended pastures (e.g., wheat and rye) southern Oklahoma into Texas. In Texas, there is extensive grazing of winter oats and similar crops. Many of the wheat pastures are dual purpose (grazed beginning in mid-fall into the winter months) and then subsequently harvested for grain.

Over the last 18 years, the number of cattle reported in the 3-state grazing total on small grain pastures as of January 1st has been quite variable. The average was about 2.1 million head. However, that total has not exceeded 2 million animals since 2007's count. The maximum was 3.70 million (2003), and the minimum was 1.34 million (2013). As of January 1, 2018, there were 1.50 million head, the lowest since 2013. In 2016 and 2017, there were 1.90 and 1.80 million head, respectively.

The 3-state January 1 count over the last four years has represented between 4.2% (2018) and 5.8% (2015) of the U.S. prior year calf crop. In this year's mid-year survey, NASS has a preliminary 2018 calf crop of 36.5 million, a year-over-year increase of 692,000 head (1.9%). That's the largest since 2007, and as noted above that was the last time the 3-state survey reported over 2 million cattle.

Although no animals have even been placed yet onto Southern Plains wheat pastures, as indicated in the prior article, conditions currently are quite favorable. Additionally, the cost and return estimates look positive, though that can change quickly. Cattle moving through winter grazing in the 3-state region could be well above last year's. As of January 1, 2019, the 3-state total could be 1.8 to 2.0 million head. At that midpoint (1.9 million head), it would indicate the number of head winter grazing has increased from the prior year by 400,000 head (up 27%). That number would go a long way in absorbing the growth in this year's national calf crop, but it may also bunch-up sales of short yearling animals coming of those pastures as early as mid-February.

NUMBER OF PIGS PRODUCED CONTINUES INCREASING

As of September 1, the number of animals in the Quarterly Hogs and Pigs report (released by USDA-NASS on September 27th) continued to march higher. At 75.5 million animals, the total U.S. herd was 3.0% above a year ago. More sows farrowed in the latest quarter (June-August) and pigs weaned per liter sustained its long-term uptrend (rising 0.7% or by 0.7 animals compared to a year earlier).

Producers reported that they intend to keep farrowing more sows than a year earlier. Year-over-year, sows farrowed are expected to be up 1.5% during the September-November timeframe, while the first estimate for December-February is 2.0% larger. Look for pigs per litter to continue to trend higher. If farrowing intentions are realized, that will put pig crops produced from now through February 2019 at 2% to 3% above year-earlier levels.

Of course, producers could trim those reported farrowing intentions. According to the Iowa State University calculations, farrow-to-finish profitability for August was deep in the red at -\$40.71 per head sold. Unless demand for U.S. pork by foreign buyers surges, red ink for U.S hog producers will persist into 2019.

There is hope on that front, but also significant uncertainty. Updated trade agreements and improved relationships could improve the outlook for U.S. sales. Also, the discovery and spread of African Swine Fever in China, and more recently Belgium, could dramatically change the potential for exporting pork and other animal proteins. The operative word at this time is "could."