

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

June 21, 2019

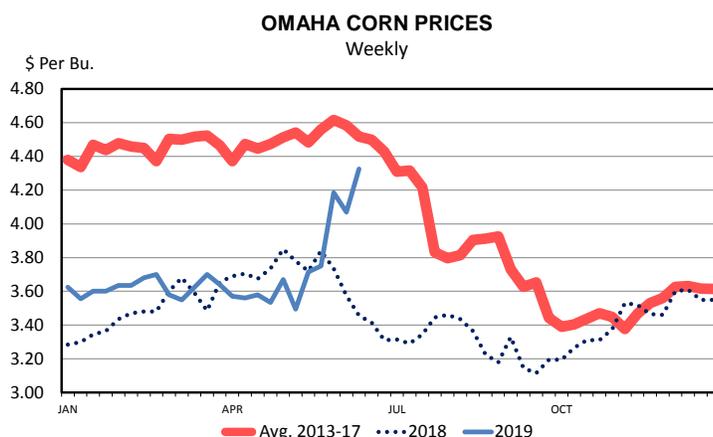
Production			Prices			
Week Ending 6/22/2019	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	662	661	Live Steer	110.43	113.62	108.74
FI Hog Slaughter (Thou Hd)	2449	2163	Dressed Steer	180.56	184.48	173.21
FI Sheep Slaughter (Thou Hd)	40	35	Choice Beef Cutout	220.90	222.11	218.65
Live Y. Chicken Sl. (Mil Hd)	168.8	161.1	USDA Hide/Offal	8.28	8.25	9.65
Slaughter Cattle Live Weight	1311	1325	OK City Fdr. Str. (6-7 Cwt.)	146.69	149.26	162.14
Slaughter Hog Live Weight	287	279	Iowa/S. Minn. Base Hog	77.48	76.23	82.22
Slaughter Lamb/Sheep Live Wt.	134	143	Natl. Net Hog Carcass	80.31	79.69	84.17
Beef Production (Mil Pounds)	522.3	528.9	Feeder Pigs (40 Lbs) (\$/Head)	54.04	62.99	39.89
Pork Production (Mil Pounds)	524.9	451.1	Pork Cutout	79.20	83.31	84.94
Lamb, Mutton Prod. (Mil Lbs.)	2.7	2.5	Lamb Cutout	345.01	346.18	334.66
<b>Previous 6 Wk. Moving Avg.</b>			Cheddar, 40 lb Block(\$/lb)	1.73	1.71	1.65
Total Beef (Mil Lbs)	512.2	514.2	Corn, Omaha (\$/Bu)	4.43	4.33	3.42
Total Pork (Mil Lbs)	503.0	467.7	Soybeans, Cntrl IL (\$/Bu)	9.09	8.80	8.72
Total Lamb, Mutton (Mil Lbs)	2.7	2.8				

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

## Trends . . . CORN, SOYBEAN PLANTINGS MOVE TOWARDS COMPLETION

Two weeks ago, this publication highlighted the slow pace of planting progress this spring due to abnormally high precipitation across the Midwest and colder than normal weather in the upper western sections of the Cornbelt. At that time (June 2), only 67% of the corn crop had been planted compared to the 5 year (2014-2018) average for that week of 96%. In the case of soybeans, 39% of the crop had been planted versus a norm of 79%. Based on those percentages, corn plantings could be calculated as of early June to be down 20 million acres from a year earlier if the base is the earlier USDA-NASS Prospective Plantings report, which is striking considering that on March 1 farmers has stated intentions to plant 3.6 million more acres than they did last year. In the wake of the early June crop situation, LMIC adjusted the corn planting forecast to 87.4 million acres, down 5.2 million acres from March 1 corn planting intentions and the latest forecast from the World Agriculture Outlook Board pegged this year's corn plantings at 89.8 million acres. The prospects for less supply in the coming crop year prompted an explosive price rally in both the corn and soybean markets.

As of June 16, nationally 92% of corn acres were planted, including substantial progress made in the Midwest. Illinois reported having 88% of the corn crop planted compared to 45% on June 2. Similarly, corn planting in Indiana was 84% complete up from 31% on June 2nd, Ohio 68% up from 33%, and Michigan 84%, up from 42%. If these percentages would represent the portion of the corn crop that actually got planted relative to March intentions, they would account for a 3-4 million acre shortfall in U.S. corn plantings, without considering similar subtractions in states like Iowa, Minnesota, Wisconsin and South Dakota. A key to crop progress is that the notion that



plantings are “100%” complete does not indicate those states reached their March intended acreages, only that farmers are no longer planting.

Soybeans are still a likley candidate for some of those acres that were not able to have corn planted. Surplus topsoil moisture is still a problem, however, as of mid-June which will limit total crop plantings this year. States with sizable reductions in topsoil moisture during June could see significant shifts in plantings from corn to soybeans, but some of those acres are likley to be planted to cover crops or other small grains. Based on this situation, soybean plantings are estimated to be close to 86 million acres, up from March planting intentions of 84.7 million acres, but still down from 2018 plantings of 89.2 million acres.

## CANADIAN DROUGHT UPDATE

The LMIC reached out to its Canadian members this week for context to the dryness that has overtaken the western part of Canada. Across the region, soil moisture deficits were stark from a very dry May, but June has shown some promise for cropland with rainfall and forecasted precipitation expected to continue. Manitoba shows the most dramatic early impacts on cattle producers with some early liquidation in areas with the severe drought. These impacts are not limited to simply dry conditions. Similar to the U.S., forage carryover was very low. Little inventory is on hand for supplemental feeding and costs are high for those without hay. Manitoba has already shipped larger volumes of feeder cattle earlier this year. Our Canadian sources indicate feeder cattle exports to the U.S. from this province were up over 50% from January through April.

Alberta benefitted from rainfall in the early to mid-June that will likely improve compared to the current North American Drought Monitor from its latest release on May 31st. Forage conditions are reported as concerning but there is optimism that additional June rains will be helpful, although many producers are dealing with cumulative impacts of several seasons of dry conditions. This extends to pasture and range conditions not just in Alberta, but across Canada. The southeastern region of Alberta is characterized as critically dry and supplemental feeding is too cost prohibitive. Our members' assessment is that this could potentially lead to distressed livestock sales this summer but has not started to any large extent at this time.

Saskatchewan gave similar reports. There has been little to no precipitation in Saskatchewan since early April. June has brought some rain and there is more rain in the forecast. Spring cereals and oilseeds development across the province is characterized as 49% and 63% behind. Hay and pasture topsoil conditions across the province show very little with adequate moisture.

The implications for the U.S. is that at this point it remains likely there will be cattle that move off summer grazing earlier than normal and early weaning of spring-born calves. Canadian feedlots have been showing a higher year-over-year count since May of 2018. Potentially lower feedcosts in the U.S. and the exchange rate could factor into more feeder cattle coming south this year. In recent years, the Canadian cattle on feed number has increased to over a million head only a handful of times. The latest report released as of June 1, reported cattle on feed at 967.3 million. There could also be a capacity factor that limits how many of those early removals could end up in Canadian feedlots. Even with timely rainfall, pasture and range conditions remain delicate and supports watching.

## GRAIN FED BISON CUTS UP, CARCASS PRICE DOWN

Grain fed wholesale fresh bison meat prices were above a year ago for the most part in May, according to the USDA-AMS monthly summary report. Fresh ribeyes were up 14%, strip loins were up 20%, top sirloin gained 36%, and tenderloins increased 11% compared to a year ago. Whole muscle cut prices appear to be doing quite well this year, but carcass prices have fallen off. On a hot carcass basis, grain fed bison carcasses were below a year ago across all classes. Aged cows took the biggest hit, down 11% in the month of May. Young bulls and heifers were down 8% each and aged bulls were down 4%.

This appears to be volume driven to a large extent. Young bulls brought to market in May were 64% higher than last year and aged bulls volumes were up 17%. Total bison were up 7%, even though volumes of young heifers and aged cows were down on the month. Year to date, volumes are up 1% across all classes of bison. The largest change from aged cows, up 27% or 412 head higher than January through May data last year. Young bulls also were up, adding 15% to the prior year volume. The grain fed bison market totaled just over 40,000 head last year, down from 43,000 head in 2017. That market is predominately made up of young bulls (22,000 thousand in 2018) and young heifers (14,000 head in 2018).

Fresh product is where the price gains were seen in the most recent month and volume data suggests a larger volume is moving in frozen product. For example, year to date fresh ribeye volumes are down 42%, compared to frozen ribeyes are up 206%. Frozen ribeye prices were similar to a year ago in May. Strip loins have a similar story, fresh product year to date volume is down 35% while frozen volumes are 272%. Frozen strip loins are down almost \$400 per cwt compared to fresh product mentioned above up 20%. This could indicate demand for fresh product is strong but balancing that with larger supplies is proving difficult.