

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

January 29, 2010

Production			Prices			
Week Ending 1/30/2010	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
Fl Cattle Slaughter (Thou Hd)	625	633	Live Steer	83.46	85.00	80.71
Fl Hog Slaughter (Thou Hd)	2142	2250	Dressed Steer	135.64	138.38	129.62
Fl Sheep Slaughter (Thou Hd)	43	43	Choice Beef Cutout	141.40	144.95	145.47
Live Y. Chicken Sl. (Mil Hd)	154.9	148.6	USDA Hide/Offal	9.53	9.41	6.88
			GA Auction Fdr. Str. (6-7 Cwt.)	86.30	88.79	79.54
Slaughter Cattle Live Weight	1296	1313	Iowa/S. Minn. Base Hog	64.44	67.36	58.90
Slaughter Hog Live Weight	271	272	Natl. Net Hog Carcass	68.59	68.40	60.77
Slaughter Lamb/Sheep Live Wt.	139	144	Feeder Pigs (40 Lbs) (\$/Head)	65.90	64.60	58.08
Beef Production (Mil Pounds)	484.2	497.6	Pork Cutout	71.32	77.01	57.49
Pork Production (Mil Pounds)	435.1	459.2	Lamb Cutout	211.08	207.99	221.12
Lamb, Mutton Prod. (Mil Lbs.)	3.0	3.1				
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.36	3.41	3.65
Total Beef (Mil Lbs)	463.4	452.1	Wheat, Portland (\$/Bu)	4.80	4.73	5.69
Total Pork (Mil Lbs)	409.0	435.8	Wheat, Kansas City (\$/Bu)	4.21	4.35	5.61
Total Lamb, Mutton (Mil Lbs)	2.9	2.8	Soybeans, Cntrl IL (\$/Bu)	9.38	9.59	9.67

Source: Various USDA-AMS reports. Some data are preliminary.

Trends . . . CATTLE INVENTORY BELOW A YEAR AGO

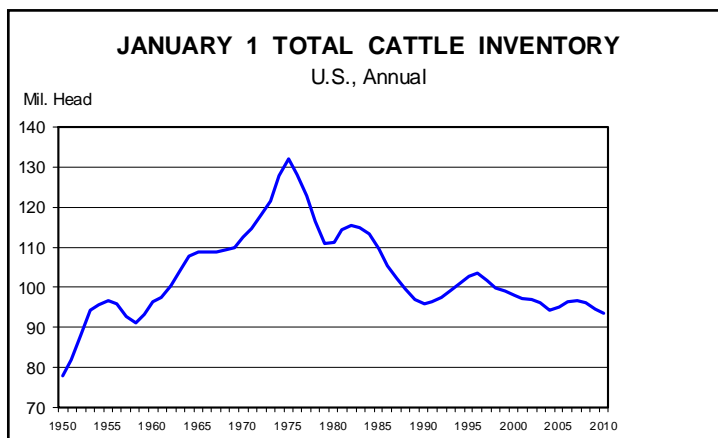
On Friday, January 29th USDA released the January 1 Cattle Inventory report which reported the total number of cattle and calves in the U.S. at 93.7 million head, one percent below a year ago and slightly larger than expected. As expected, the key inventory categories associated with the beef industry posted year-to-year declines.

According to the report, USDA estimated the January 1, 2010 national beef cowherd at 31.4 million head, one percent smaller than 2009's. On a nationwide basis, 29 states reported a decline in beef cow numbers compared to a year ago. The report indicated that beef cow numbers are still in a modest contraction phase as the number of heifers held for replacement purposes was two percent smaller than a year ago. The dairy cowherd reported at 9.1 million head, was down three percent (about 250,000 head) from 2009's. Importantly, the number of dairy replacement heifers was two percent larger than last year's and above pre-report estimates and will support more milk production and constrain milk price increases.

As expected, USDA reported that the 3-state (Kansas, Oklahoma and Texas) number of cattle on small grain pasture was above a year ago.

The number of cattle grazing small grain pastures in those states was 1.92 million head, up 300,000 head from 2009's.

USDA reported the 2009 calf crop at 35.8 million head, one percent smaller than 2008's. That number was a surprising 200,000 head above the earlier (July 1, 2009) USDA estimate. The number of other heifers and steers and the estimated number of cattle outside of feedlots was down only slightly from last year. As of January 1st, the calculated available supply of feeder cattle outside feedlots was 27.5



million head, 35 thousand head less than last year.

SHEEP FLOCK DECLINES

USDA-NASS also released the January 1 Sheep and Goat on Friday which reported another year-to-year decline in the U.S. sheep and lamb flock. According to the report, there were a total of 5.63 million head of sheep and lambs on January 1st, 117,000 head or two percent less than 2009's and the smallest U.S. flock ever reported by USDA. Lower slaughter lamb prices in 2009 as well as drought conditions in Texas and California and continued predator losses were the drivers behind the declining U.S. flock.

As of January 1st, the number of breeding sheep at 4.19 million head was 57,000 head smaller than last year, a smaller year-to-year decline than expected. USDA reported the number of ewes one year and older at 3.34 million head compared to 3.41 million head and nearly six percent head smaller than reported in 2008. According to the report, producers are planning for some flock expansion in 2010 as the number of replacement lambs one year and younger totaled 655 thousand head, one percent more than last year's.

According to USDA, the 2009 lamb crop at 3.69 million head was only 20 thousand head smaller than the prior year, reflecting the smaller breeding flock but also a slight improvement in ewe efficiency mostly due to improved pasture and range conditions. The lambing percentage for 2009 was reported at 108 lambs per 100 ewes versus 105 lambs per 100 ewes in 2008; still that was not as high as in some prior years.

There were 1.44 million head of market lambs reported as of January 1st, which was 60,000 head or nearly four percent less than 2009's and the smallest number reported since USDA began the survey. Looking ahead, the supply of market lambs will be tighter once again in 2010 which should be supportive to feeder and slaughter lamb prices this year. Of course, how much price support from tighter lamb supplies occurs will depend largely on demand conditions.

CULL COW PRICES

USDA-AMS reports wholesale prices for beef from cull cows, which are used to estimate the weekly Cutter Cow Cutout value (90 percent lean, 350 pound and up). After falling to a low of \$101.32 per cwt. in late November last year, the Cutter Cow Cutout has slowly recovered supported by a number of factors including, smaller imports of lean beef, year-to-year increases in the cow byproduct value, and continued consumer demand for lower value ground beef items. By the end of 2009, the Cutter Cow Cutout was at \$111.70 per cwt. and as of weekending January 22nd the cutout had reached \$117.01 per cwt. For the month of January, the Cutter Cow Cutout averaged \$116.00 per cwt. versus \$111.17 per cwt. in 2009 and the highest monthly average since May 2009.

The cow byproduct value, which is calculated by AMS on a per cwt. basis, is an important factor in cull cow packer returns, thus the byproduct value impacts cull cow prices. In 2009, the cow product value was rather volatile and averaged well below 2008's. However by December, the cow byproduct rebounded and has continued to improve. In January, the cow byproduct value posted year-to-year gains each week with a monthly average of \$7.71 per cwt., 31 percent higher than 2009's. Compared to the 2004-2008 average, the byproduct value was about \$0.36 per cwt. lower, however further increases are expected which would put the byproduct value on par or above the prior five-year average in the weeks ahead.

Cull cow prices are seasonal in nature, as prices strengthen during the winter and spring months, peak in summer and then soften significantly into the fall. After seasonally declining to the low \$40's per cwt. in November, cull cow prices in the Southern Plains rebounded rather sharply, averaging over \$47.00 per cwt. by the end of last year and have continued to increase into 2010. In fact, cull cow prices averaged well above a year ago each week in January, with the monthly average over \$49.00 per cwt., over 12 percent higher than last year and slightly higher than the 2004-2008 average. This year, cull cow prices are forecast to strengthen well into the spring and to average above 2009's for the remainder of the year.