

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

July 26, 2010

Production			Prices			
Week Ending 7/24/2010	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	666	622	Live Steer	94.79	93.42	83.29
FI Hog Slaughter (Thou Hd)	1961	2029	Dressed Steer	150.45	150.19	132.20
FI Sheep Slaughter (Thou Hd)	41	41	Choice Beef Cutout	154.94	154.04	141.45
Live Y. Chicken Sl. (Mil Hd)	163.0	160.7	USDA Hide/Offal	10.65	10.68	7.57
			GA Auction Fdr. Str. (6-7 Cwt.)	103.70	105.22	91.03
Slaughter Cattle Live Weight	1269	1285	Iowa/S. Minn. Base Hog	77.05	74.60	57.93
Slaughter Hog Live Weight	270	268	Natl. Net Hog Carcass	77.72	77.75	62.29
Slaughter Lamb/Sheep Live Wt.	134	137	Feeder Pigs (40 Lbs) (\$/Head)	61.43	62.98	29.03
Beef Production (Mil Pounds)	511.5	484.2	Pork Cutout	83.83	81.76	65.69
Pork Production (Mil Pounds)	395.4	407.1	Lamb Cutout	278.87	277.74	225.29
Lamb, Mutton Prod. (Mil Lbs.)	2.7	2.8	Corn, Omaha (\$/Bu)	3.37	3.61	2.96
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	4.93	4.93	5.08
Total Beef (Mil Lbs)	501.9	499.0	Wheat, Kansas City (\$/Bu)	5.06	5.19	5.24
Total Pork (Mil Lbs)	390.3	398.4	Soybeans, Cntrl IL (\$/Bu)	10.47	10.56	10.44
Total Lamb, Mutton (Mil Lbs)	2.8	2.9				

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

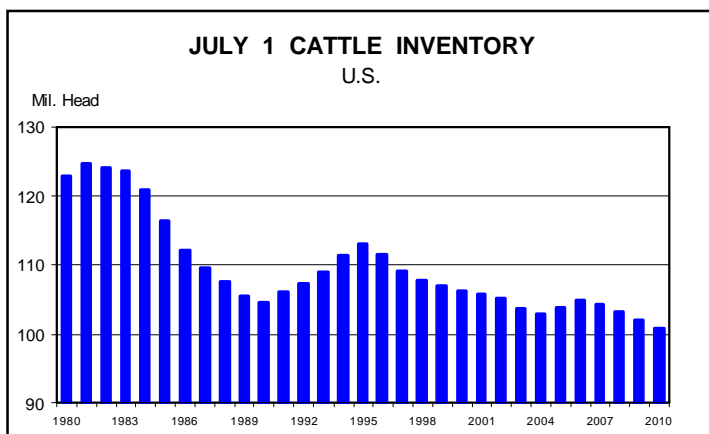
Trends . . . MID-YEAR CATTLE INVENTORY BELOW A YEAR AGO

On Friday, July 23rd, USDA-NASS reported that the mid-year U.S. cattle and calf inventory posted another year-to-year decline as of July 1, 2010. The report further confirmed that cow-calf producers have continued to reduce their herds despite higher calf prices. The decline in cattle numbers is mostly due to a variety of factors including production costs that remain high relative to historical standards, record high cull cow prices, and continued uncertainty in the market. Looking ahead, tighter supplies of available cattle will be supportive to fed and feeder cattle prices in 2010 and 2011. However, the degree to which the economy recovers will be a key factor in domestic beef demand and thus cattle prices over the next year.

USDA reported the U.S. cattle herd at 100.8 million head versus 102 million head last year and more than two percent below 2008's mid-year inventory. The number of beef cows at 31.7 million head was down two percent or 500 thousand head from last year, while the number of dairy cows was reported at 9.1 million, 100,000 thousand head smaller than a year ago. According to the

report, the number of beef heifers held as replacements was over two percent smaller at 4.4 million head which suggests additional reductions in the cowherd are to be expected. USDA estimated the calf crop at 35.4 million head, 419 thousand head less than last year and the smallest since 1950.

A number of calves were held out on pasture before being placed on feed this year as pasture and range conditions were much improved over last year and feed grain costs are still rather high on an historical basis. Thus as of July 1st, the



calculated number of feeder cattle outside feedlots was reported at 37.5 million head, down about three percent from last year.

SHEEP FLOCK DECLINES

Also released on Friday was the July 1 Sheep report, which reported another year-to-year decline in the U.S. sheep flock. According to USDA, the U.S. sheep and lamb flock totaled 6.9 million head, 150 thousand head less than a year ago and five percent below 2008's mid-year number. The yearly decline in lamb numbers in the January and mid-year reports has been reflected in the modest decline in the number of available feeder and slaughter lambs this year.

The number of breeding ewes one year and older was 3.37 million head versus 3.47 million head a year ago. As expected, USDA reported the number of market lambs down 40 thousand head from last year at 2.65 million head, while the number of market sheep (cull animals) was ten thousand head larger than a year ago. Of note, both the breeding ewe and the market lamb inventories were the smallest July 1 numbers on-record.

According to the report, producers indicated that the number of replacement lambs as of July 1st was 620 thousand head, 10 thousand head less than last year. As of mid-year, about 88 percent of the 2010 lamb crop was already on the ground with the additional 450 thousand lambs expected to be born yet this calendar year.

Looking ahead, feeder lamb prices are forecast to remain well above a year ago for the balance of 2010, supported by tighter supplies. For 2010, Texas feeder lamb prices are forecast to average 20 to 25 percent above the disappointing prices of 2009. Likewise, slaughter lamb prices will remain rather strong, supported by smaller supplies as well as improved retail and restaurant demand. For 2010, slaughter lamb prices are expected to be record high with an annual average around 15 to 20 percent higher than last year.

COLD STORAGE

On July 22nd, USDA-NASS released the monthly Cold Storage report, which showed stocks of red meat at the end of June below a year ago, mostly due to much lower frozen beef and pork stocks. Total frozen supplies of poultry were below a year ago, however the decline was

the result of below year ago stocks of turkey as supplies of frozen chicken were above a year ago, the result of trade bans on U.S. chicken exports with Russia this summer. Nonetheless, the year-to-year declines in frozen stocks of red meat confirm earlier trends of tightening supplies of red meat and poultry this year.

As of June 30th, frozen stocks of all pork items totaled 410.1 million pounds, 29 percent or 168 million pounds lower than last year and nearly ten percent below the prior five-year average. Tighter supplies of frozen pork stocks were largely the result of lower slaughter numbers this year as well as improved export sales thus far in 2010. All frozen stocks of pork items were below a year ago, with the largest year-to-year declines posted in bellies which were 54 percent below last year's, followed by bone-in loins (down 51 percent), pork trimmings (down 49 percent) and pork butts (down 45 percent). Of note, total supplies of ham (bone-in and boneless) were only three percent smaller than last year most likely attributed to stronger exports to Mexico this year.

Frozen stocks of beef reported at 375.1 million pounds were nearly 14 percent below a year ago and nine percent less than the 2004-2008 average. Frozen supplies of boneless beef, which account for the majority of total beef stocks, were 16 percent lower, while stocks of bone-in cuts were up more than three percent from last year. Stocks of frozen beef have been below a year ago since August 2009, the result of smaller U.S. beef production and beef imports as well as larger beef exports this year. On a monthly basis, frozen beef supplies were three percent smaller than at the end of May.

As reported by USDA, frozen chicken stocks at the end of June were two percent larger than in 2009 at 669.0 million pounds, but nine percent below the prior five-year average. According to the report, stocks of mainly export items were above last year with frozen stocks of legs more than three times as large followed by paws and feet (up 58 percent), thigh meat (up 57 percent) and leg quarters (up 42 percent). However, frozen stocks of breasts/breastmeat were nearly seven percent smaller than last year. Frozen supplies of turkey at the end of June were 15 percent smaller than in 2009 and four percent below the 2004-2008 average.