

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

January 20, 2023

Production			Prices			
Week Ending 1/21/2023	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	646	637	Live Steer	155.07	156.78	137.50
FI Hog Slaughter (Thou Hd)	2531	2436	Dressed Steer	248.01	251.11	217.92
FI Sheep Slaughter (Thou Hd)	32	30	Choice Beef Cutout	274.28	281.10	290.87
Young Chicken Str. (Mil Hd)	172.1	171.4	USDA Hide/Offal	13.69	13.86	14.09
			OK City Fdr. Str. (6-7 Cwt.)	189.36	185.92	171.77
Slaughter Cattle Live Weight	1384	1403	National Negotiated Hogs	70.88	72.99	66.70
Slaughter Hog Live Weight	293	295	Natl. Net Hog Carcass	77.70	78.73	79.46
Slaughter Lamb/Sheep Live Wt.	124	132	Feeder Pigs (40 Lbs) (\$/Head)	89.97	81.81	95.70
Beef Production (Mil Pounds)	535.0	537.0	Pork Cutout	79.10	81.15	92.03
Pork Production (Mil Pounds)	550.7	534.4	Lamb Cutout	464.72	462.04	617.53
Lamb, Mutton Prod. (Mil Lbs.)	2.0	2.0	Cheddar, 40 lb Block(\$/lb)	2.13	2.11	1.98
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	7.19	7.12	6.12
Total Beef (Mil Lbs)	494.7	496.3	Soybeans, Cntrl IL (\$/Bu)	15.20	15.23	14.29
Total Pork (Mil Lbs)	510.9	512.4				
Total Lamb, Mutton (Mil Lbs)	2.1	2.2				

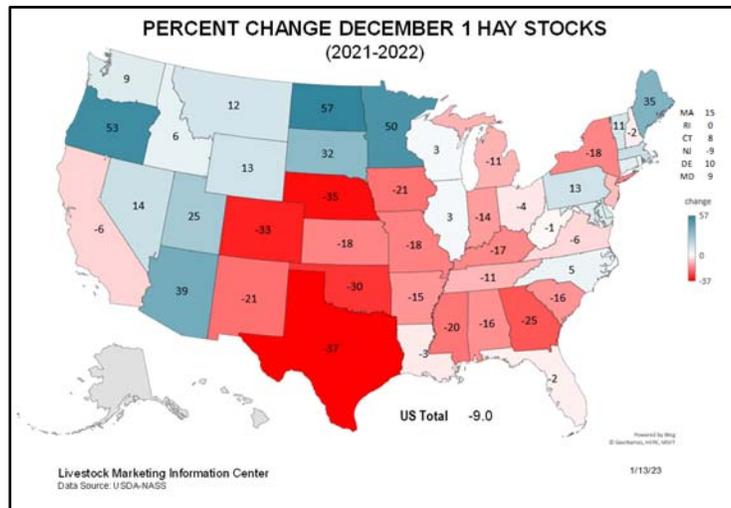
Source: Various USDA-AMS reports. Data are preliminary.

Trends. . . DECEMBER 1 HAY STOCKS RECORD LOW

If we thought the drought situation could not get any worse, we were wrong. December 1, 2022, showed a dramatic drop in hay supplies nationally down 9% from last year and more than 6% below the previous record. Extreme changes in supplies occurred in the Southern Plains but reached into Nebraska, Colorado and Missouri. The majority of states east of the Mississippi saw lower stocks relative to last year.

Alfalfa production slipped 2.6% on a record low number of harvested acres. Colorado were among the larger production area states to see larger percent declines. Colorado lost 43% alfalfa production versus last year and Nebraska lost 34%. Missouri also had large declines in alfalfa production, a 54% decline from a year ago.

Larger changes were seen in other hay production that saw a smaller yield and lower harvested acres, resulting in a production decrease of 8.6% compared to last marketing year.



Other hay yields dropped 6% nationally. Twenty-five states had yields below last year, which was also not a great yield year. Fourteen states had larger than 10% declines in yield. Harvested acres declined over 2% nationally.

Hay prices have reached record levels in the last two years, out-pacing the last drought. The hay stock data confirmed supplies are now tighter than they were back in 2012 which does not bode well for those purchasing hay. Absent an exceptional early hay crop prices are expected to hold near or

above record levels through most of 2023. This will add to the decision of cow-calf producers and affect their ability to maintain/expand/contract their breeding herds. Our assessment is that forage/feed availability conditions are unlikely to allow for expansion in 2023.

FEEDER PIG PRICES AND ESTIMATED RETURNS

The first few weeks of 2023 have seen early weaned feeder pig prices (10-12 lbs.) start to move seasonally higher with last week at \$63.90 per head which is 3.8% above the prior weeks \$61.57 per head. A year ago, weaned feeder pig prices did not crest \$60 per head until late January which suggests there may be some optimism in the market. Seasonally, weaned feeder pig prices typically peak during January or February and last year the peak was \$83.29 per head in mid-February. Based on the Iowa State University estimated returns for a wean to finish operation, a weaned feeder pig purchased in February will be marketed six months later in August. Last year, the peak weaned feeder pig price in February coincided with the peak base slaughter hog carcass price of \$116.42 per cwt six months later in mid-August.

The Iowa State University estimated returns for a wean to finish operation reported a peak weaned feeder pig price in February of \$74.27 per head which reported an August selling price of \$115.66 per cwt. For weaned feeder pigs purchased last February and sold in August last year, total costs were \$237.46 per head and nearly half of that was total feed costs of \$117.05 per head with a total profit of \$4.47 per head. The most recent data available for weaned feeder pigs purchased in June of 2022 and marketed in December of 2022 shows that profitability was a loss of \$23.31 per head which is largely due to total feed costs of \$114.25 per head indicating less than a \$3 per head decline over the last five to six months.

As producers purchase weaned feeder pigs over the next few weeks to be marketed during the summer months, feed costs will be the big factor that will likely limit profitability. Producers will also be watching slaughter hog prices which seasonally reach the highest levels during the June to August time frame. LMIC is forecasting the national base slaughter hog carcass price for the second quarter of 2023 to range from \$99 to \$103 and a third quarter range of \$103 to \$108 per cwt, less than one percent below 2022 levels for each quarter, suggesting there may be some room for profitability if feed costs can be kept low.

CATTLE ON FEED

December Cattle on Feed indicated it was 3% below a year ago, or 312 thousand short of last year. States with cattle on feed inventories over a year ago included Idaho, Iowa, and Washington. Marketings of cattle were 6% lower, hurt by a late December snow storm impacting hauling and slaughter facilities. Placements on the month were down about 8% or about 150 thousand head from 2021. California, Idaho, Minnesota, and Washington all had year over year increases in Cattle placed but are relatively small cattle feeding states. Heifers on feed accounted for 40% of the on-feed inventory suggesting little to no herd retention underway.

Placement by weight groups were universally down with the exception of 900-999 pound feeders which was even with last year. The largest number of head decrease was in under 600 pounds animals, falling 55 thousand head from last year. Texas, alone, fell 40 thousand head, while Colorado, Kansas, and Nebraska lost 5 thousand head a piece. Weight groups of 600-699 and 700-799 pounds were down 35 thousand head each, and 800-899 pound animals were placed at a rate 26 thousand head shy of 2021.

Cattle on feed supplies are expected to continue to decline for the next few months, and could get very low before the year is over. Large placements over the last year may have left few cattle available from the 2022 calf crop to place after winter grazing. This could cause a significant hole in supplies. During the last major drought season in 2011, cattle on feed dropped 1.2 million head over the summer compared to January 1 levels, and in 2012, cattle on feed numbers dropped about 800 thousand head. If cattle on feed this year drops similar to those years, that would put the summer low between 9.0-9.4 million head on feed.