

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

February 3, 2023

Production			Prices			
Week Ending 2/4/2023			Weekly Average (\$/Cwt)			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	641	635	Dressed Steer	155.68	155.25	139.76
FI Sheep Slaughter (Thou Hd)	2575	2436	Choice Beef Cutout	248.00	247.72	221.79
Young Chicken Str. (Mil Hd)	34	30	USDA Hide/Offal	265.82	269.17	284.05
Slaughter Cattle Live Weight	168.9	168.9	OK City Fdr. Str. (6-7 Cwt.)	13.58	13.66	13.76
Slaughter Hog Live Weight	1385	1405	National Negotiated Hogs	189.68	185.97	164.16
Slaughter Lamb/Sheep Live Wt.	294	293	Natl. Net Hog Carcass	72.13	71.34	81.63
Beef Production (Mil Pounds)	126	133	Feeder Pigs (40 Lbs) (\$/Head)	76.84	76.81	85.17
Pork Production (Mil Pounds)	529.1	536.0	Pork Cutout	79.22	96.36	104.31
Lamb, Mutton Prod. (Mil Lbs.)	563.0	531.3	Lamb Cutout	80.01	79.96	95.71
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	461.41	466.58	614.59
Total Beef (Mil Lbs)	2.1	2.0	Corn, Omaha (\$/Bu)	2.09	2.13	2.00
Total Pork (Mil Lbs)	510.6	517.8	Soybeans, Cntrl IL (\$/Bu)	7.11	7.21	6.12
Total Lamb, Mutton (Mil Lbs)	541.7	528.0		15.45	15.30	15.49

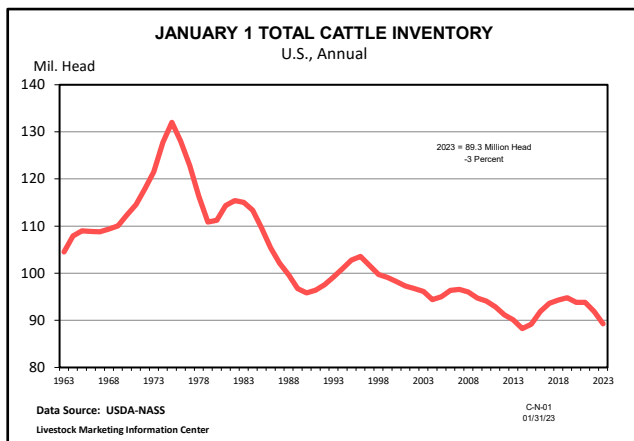
Source: Various USDA-AMS reports. Data are preliminary.

Trends . . . CATTLE INVENTORY CONFIRMS LARGE SCALE CONTRACTION

The change in total cattle reported on January 1, 2023, from the same date last year, confirmed a 2.8 million head decline. This is the most aggressive single year decline since 1989. One key difference is that in 1989 the largest drop occurred in animals under 500 pounds that year, down 1.5 million head of the 2.882 drop in total cattle inventory that year. This year, over a million cows were lost, predominantly in the beef breeding herd.

January 2023 numbers were down 3.6% to 89.320 million head in total cows. Beef cows totaled the lowest point since the 1960s. Texas, Oklahoma, Kansas, and Nebraska lost about 100 thousand head or more. Dairy cows increased slightly by about 25 thousand head.

Beef heifers held for replacement, down 5.8% from last year, implying expanding the beef cow herd isn't practical from a drought or profitability standpoint. Heifers held for beef replacement were the lowest since 2011. Heifers held for beef cow replacements saw declines of 15% or more in Delaware, Iowa, Massachusetts, Michigan, and Ohio. Seven states had declines between 10%-15%.



The 2022 calf crop was listed as 2% below a year ago. Ten states saw losses of greater than 5% and 26 states had losses of more than 2%. Total feeder cattle supplies were confirmed as 2.8% below a year ago, while all cattle on feed was down 3.7%. Cattle grazing on small grains were down 5%.

A few small surprises in the report were cattle grazing on small grains were expected to see a much larger decline than 5% and be closer to only 1.5 million rather than the 1.610 reported. This could indicate improvement in

the cattle outside of feedlots, but those numbers saw fairly significant declines of about three-quarters of a million head. It appears we significantly robbed the countryside of heifers specifically, as those listed on feed were over 40% of the total. Low retention and a much smaller other heifer number represent the significant undercutting that has happened to the beef cattle herd. It will take a significant amount of time to rebuild to normal cull rates and gain back the time lost in genetic improvement by culling heifers. There is very likely to be significant opportunities in the bred heifer markets, but 2023 might be a touch early to see the most benefits of that game plan.

SHEEP AND LAMB INVENTORIES LOWER

This week USDA NASS released the annual sheep inventory report which stated that all sheep and lambs was down less than one percent (0.9%) or 45,000 head to 5.020 million head. The breeding flock of ewes one year and older was reported at 2.870 million head, down 1.4% or forty thousand head. At the state level, most southwestern states reported declines while some states in the middle of the country saw increases in the breeding flock. Texas reported a five thousand head (1.2%) decline from the prior year to 425,000 head. California saw the largest decline in breeding ewes with a 9.3% or 25,000 head decrease from a year earlier to 245,000 head. Wyoming fell ten thousand head (4.7%) to 205,000 head while Colorado was 153,000 head, down two thousand head or 1.3%.

The U.S. lamb crop as of January 1, 2023, was reported at 3.110 million head, down fifty thousand head or 1.6% from a year ago. California reported the largest decline of twenty-five thousand head or down 10.4% to 215,000 head. Wyoming fell ten thousand head (4.2%) to 230,000 head, Texas, Colorado, and Idaho each fell five thousand head to 345,000, 175,000, and 140,000 head, respectively. Montana fell eight thousand head, while South Dakota and Oregon held steady with the same levels from a year ago. The national average lambing percentage held steady at 106.9% which is in line with the historical average over the last ten years. California saw a steep decline in lambing percentage from 96% in 2021 down to 79.6% in 2022, Texas saw improvement to 80.2% while most northern states held averages well above the national average.

Total market sheep and lambs were even with the prior year at 1.355 million head. Of the market lamb categories, the under 65 pounds and 65-85 pounds were down 2.9% and 2.1%, respectively, to 335,000 and 180,000 head. These declines were offset by gains in the 85-105 pounds and over 105 pounds categories which were 270,000 and 470,000 head, respectively, up 4.9% and 0.9% from the prior year. With the supply of market sheep and lambs even with a year earlier, remaining current on marketings through the year will be critical to balance supply with demand.

PORK CUTOUT STRUGGLES

The pork cutout value has started off the year on a weaker tone falling from \$85.04 the first week of the year to \$79.96 per cwt the last week of January, a 6% decrease in four weeks. The first week of February has stabilized around the \$80 per cwt mark. Compared to a year ago, the first few weeks have seen the pork cutout value track steadily lower with recent weeks about 15% under 2022. Last year, the pork cutout value gradually moved higher to a peak value of \$127.50 per cwt and much of that strength was underpinned by strength in primal values.

The ham primal value has been the bright spot so far for the start of 2023 with values ranging from \$73 to over \$80 per cwt which is tracking above last year and the five-year average. Continued strength in the ham primal value will be critical to support the pork cutout. The typical seasonal trend for the ham value is to rise to a peak during the summer and last year's peak was \$117.71 per cwt the first week of August. The picnic primal value was performing very well during the second half of 2022 with values ranging from \$80 to \$90 per cwt. At the start of 2023, the picnic value fell quickly by 23% in just four weeks from \$76.82 to \$58.92 which has limited the pork cutout value.

The loin primal value has started the year on a weak tone with levels just above \$80 per cwt which is well below 2022's levels. The butt primal value is tracking nearly identical to 2022's levels with values ranging between \$90 to \$110 per cwt to start the year. The rib and belly primal values have been performing poorly with recent weeks well below last year and typical levels. The rib value has been averaging about \$119 per cwt, which is more than 20% below last year. The belly primal value has been severely underperforming with values averaging just above \$90 per cwt, about 30% to 40% below last year which ranged from about \$138 to \$58 per cwt at the start of 2022.