Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

March 10, 2023

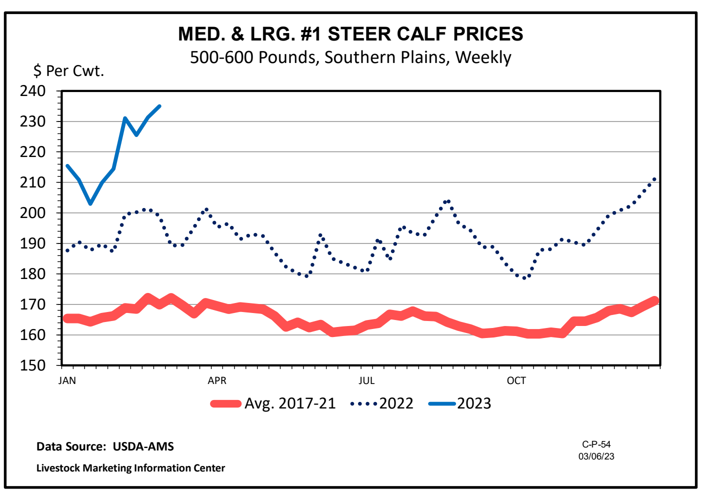
Production	Last	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 3/11/2023			**Weekly Average ($/Cwt)**			
FI Cattle Slaughter (Thou Hd)	634	637	Live Steer	165.22	165.02	138.30
FI Hog Slaughter (Thou Hd)	2497	2472	Dressed Steer	265.43	264.43	220.11
FI Sheep Slaughter (Thou Hd)	36	33	Choice Beef Cutout	286.48	288.59	253.70
Young Chicken Sltr. (Mil Hd)	167.4	166.5	USDA Hide/Offal	13.11	13.13	13.76
			OK City Fdr. Str. (6-7 Cwt.)	209.71	204.47	172.94
Slaughter Cattle Live Weight	1378	1392				
Slaughter Hog Live Weight	291	293	National Negotiated Hogs	78.65	78.66	103.33
Slaughter Lamb/Sheep Live Wt.	133	137	Natl. Net Hog Carcass	82.98	82.33	98.73
			Feeder Pigs (40 Lbs) ($/Head)	88.43	86.89	117.71
Beef Production (Mil Pounds)	522.1	531.9	Pork Cutout	87.64	85.43	105.31
Pork Production (Mil Pounds)	539.8	540.4				
Lamb, Mutton Prod. (Mil Lbs.)	2.4	2.3	Lamb Cutout	450.57	447.84	592.57
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block($/lb)	1.94	1.93	1.98
Total Beef (Mil Lbs)	517.4	548.9				
Total Pork (Mil Lbs)	538.1	538.7	Corn, Omaha ($/Bu)	6.37	6.58	7.15
Total Lamb, Mutton (Mil Lbs)	2.3	2.1	Soybeans, Cntrl IL ($/Bu)	15.33	15.43	16.81

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

Trends. . . OPTIMISM BREWING IN CALF MARKETS

Across the country 500-600 pound steer prices are soaring well ahead of green-up this year. The northern plains are still a long way from spring and saw 500-600 pound steers climb to $250 per cwt in Montana, and $242 per cwt in South Dakota. West of the Northern plains, Washington prices have been more volatile and last week came down from $260 per cwt to $225 per cwt. Nebraska, still very much in dry conditions saw auction prices hover around $235 for the last three weeks. Drought has been holding Dodge City, KS prices back. They have failed to gain traction over $200 per cwt. However, further south, Oklahoma City, OK 500-600 pound steers have been bringing in around $225 per cwt for the last couple of weeks. Texas combined auctions averaged $226 last week and the highest price so far this year. Southeast prices are above $200 per cwt as well: Tennessee last week was $223 per cwt, Georgia about $200 and Mississippi was $203. A little further north, Kentucky clocked in at $209 last week.

These auction prices by our estimation are very high given the spring forage situation is very much unknown, and hay is expensive. The big concern in the short term is how spring shapes up. Will all of the country have great early grass growth? Are these buyers able to source and feed reasonably priced feedstuffs until grass shows up? The outlook for the spring contains the probability that La Nina may not withdrawal until summer, which may point to a cool wet spring in the Northern Plains and continued dryness in the Southern Plains.



First quarter prices are certainly higher than we had forecast, and it remains to be seen if they will suffer a sharp adjustment ahead of summer. Feeder cattle prices too are charging full steam ahead, and the board is pricing in a much lower corn price in December than current cash prices. Planting season and weather will play a role in heavier weight feeders as well, but at this time the fall feeder cattle contracts are ahead of LMIC forecasts.

JANUARY MEAT TRADE

Trade data for the month of January was released and beef exports were 242.6 million pounds, down 16% from a year ago while beef imports were up 4% to 365.7 million pounds. January was the third highest beef import on record behind June 2005 (377.6) and July 2020 (376.7). Gains in beef exports to Mexico (+31%) and Japan (+7) from last year, were more than offset by lower shipments to South Korea (-37%), China (-25%), Taiwan (-34%), and Hong Kong (-14%). January beef imports saw higher levels from most suppliers with Brazil leading the way at 104.8 million pounds, up 5% from a year earlier. Imports from Brazil were the highest monthly import level recorded, the second highest is January 2022 at nearly 100 million pounds. The last two years, Brazil has shipped large quantities of beef to the U.S. under the "Other Countries" TRQ, and has reportedly occupied more than 90% of this TRQ. Further details can be found in the USDA FAS report "Reviewing the Tariff-Rate Quotas for U.S. Beef Imports" released in December 2022[1].

Pork exports rose 9% or 45.5 million pounds in January to 555.7 million pounds on stronger shipments to Mexico (+5%), Japan (+10%), China (+37%), and Canada (+21%). January's pork exports to Mexico were the highest on record at 228.5 million pounds shipped which surpasses the prior record by 10.2 million pounds, which was set a year ago in January 2022. Pork imports fell 13.9 million pounds or 13% from year ago to 94.8 million pounds in January. A 2% increase in shipments from Canada in January was more than offset by lower imports from Mexico (-21%), Denmark (-57%) and Poland (-38%).

Broiler exports improved 13% in January to 630.3 million pounds based on a 22% increase in shipments to Mexico to almost 139 million pounds. Broiler imports fell 18% to 11.7 million pounds. Exports of turkey meat fell 27% to 26.7 million pounds due primarily to lower available supplies resulting from continued HPAI outbreaks in the U.S. Turkey imports more than tripled from a year ago to 6.3 million pounds. Chile has been the main beneficiary with the U.S. importing 4.7 million pounds in January, a four-fold increase. U.S. turkey imports from Canada more than doubled from a year ago to 1.6 million pounds in January.

CHICKEN MARKETS SET FOR ANOTHER WILD RIDE THIS YEAR

The chicken industry came out of 2022 with a production increase of 3%. Average bird weights at the processing plant were 0.5% heavier than the prior year, so increased slaughter accounted for 2.5% of the increase. Broiler-type hatch layers at the beginning of 2022 were up 1.5% from a year earlier and hatcheries were challenged by rooster fertility issues during the year, so the increase in slaughter was fairly impressive. Industry profitability reached unprecedented heights during the first nine months of the year before collapsing after Labor Day. The industry response to economic returns is probably implied within the performance of broiler hatcheries during the last half of 2022.

The broiler-type hatch layers count at the start of this year was up 45,000 hens from a year earlier, essentially unchanged for a flock of 63 million hens. Average bird weights at the processing plant in January were 1% heavier than the prior January. Young chicken (broiler) slaughter in January was up 6% from the prior January, but there was one more workday than a year earlier, so production per day was up 1%, consistent with the 1% increase in broiler-type chicks hatched last November. Hatchery output in January was up 1% from January 2022, setting the expectation for how much slaughter can be up in the next few months. Also worth noting was that the count of pullets placed in the hatchery supply flock 7-15 months earlier was up 1.8% from a year earlier in January 2023.

Looking at prices, wholesale breast meat prices are up 30% since the start of the year. Last year, breast meat prices were up by the same percentage between the start of the year and mid-March. Between March and Memorial Day last year, wholesale breast meat prices went up another 30%.

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[1] https://www.fas.usda.gov/data/reviewing-tariff-rate-quotas-us-beef-imports