

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

March 24, 2023

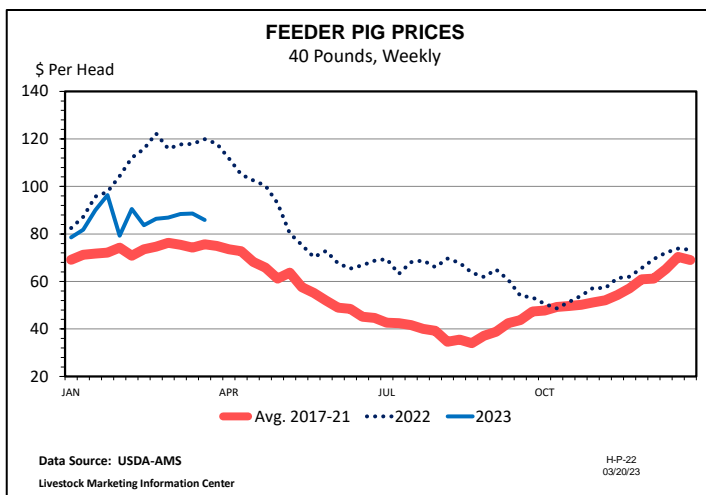
Production			Prices			
<b>Week Ending 3/25/2023</b>			<b>Weekly Average (\$/Cwt)</b>			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	626	657	Dressed Steer	164.39	164.17	138.95
FI Sheep Slaughter (Thou Hd)	2457	2411	Choice Beef Cutout	265.07	263.82	221.46
Young Chicken Sltr. (Mil Hd)	37	38	USDA Hide/Offal	280.98	284.47	261.02
	164.3	163.6	OK City Fdr. Str. (6-7 Cwt.)	12.90	12.99	13.24
Slaughter Cattle Live Weight	1375	1380	National Negotiated Hogs	205.55	212.25	172.85
Slaughter Hog Live Weight	292	293	Natl. Net Hog Carcass	77.41	78.22	106.72
Slaughter Lamb/Sheep Live Wt.	132	136	Feeder Pigs (40 Lbs) (\$/Head)	80.77	82.91	100.27
Beef Production (Mil Pounds)	515.3	546.0	Pork Cutout	85.89	88.55	119.89
Pork Production (Mil Pounds)	532.5	526.4	Lamb Cutout	80.87	85.80	106.52
Lamb, Mutton Prod. (Mil Lbs.)	2.5	2.6	Cheddar, 40 lb Block(\$/lb)	442.59	446.74	594.47
<b>Previous 6 Wk. Moving Avg.</b>			Corn, Omaha (\$/Bu)	1.94	1.96	2.11
Total Beef (Mil Lbs)	514.8	545.5	Soybeans, Cntrl IL (\$/Bu)	6.65	6.60	7.36
Total Pork (Mil Lbs)	535.6	534.5		14.45	15.15	17.00
Total Lamb, Mutton (Mil Lbs)	2.4	2.3				

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

### Trends. . . SOW SLAUGHTER, SOW PRICES, AND FEEDER PIG PRICES

Sow slaughter through mid-March is tracking slightly above the same period a year ago. Year-to-date, weekly sow slaughter has totaled over 544,000 head, up 0.2% from the same period last year. On average, weekly sow slaughter has been just above 60,000 head per week to start 2023, marginally above 2022. Given that sow slaughter has been tracking similarly to a year ago, hogs kept for breeding in the upcoming March 1 Hogs and Pigs report are expected to be similar to 2022, which was just under 6.1 million head. The December-February farrowing intentions from the December 1 Hogs and Pigs report were at 2.947 million head, up 28,000 head or almost one percent from a year earlier. Farrowing may be similar to a year ago given sow slaughter is tracking close to 2022, which would be a signal that production levels may see only marginal changes from last year during the second half of 2023.

Sow prices (national negotiated 450-499 lbs. weighted average) have started to follow a



similar pattern to last year, which had a peak value of \$98.15 per cwt in mid-April. Last year, prices reached a trough in late June in the \$40 per cwt area but had a second increase in prices that peaked in early August in the \$80 per cwt range. At the start of 2023, sow prices hovered in the low \$40 per cwt range and by late March had reached into the \$60 per cwt area. Last week, the sow price was \$68.19 per cwt, which is below a year ago but following a similar pattern that occurred in 2022.

Feeder pig prices have struggled to gain traction to start the year. Early weaned (10-12 lbs.) feeder pig prices started off the year in the low-\$60 per head range and have fallen almost every week since mid-January. Last week, early weaned feeder pig prices were \$42.84 per head which is down over \$22 per head from the same week a year ago. Prices for 40-pound feeder pigs increased the first few weeks of the year to \$96.36 per head but then quickly retreated to levels in the mid-\$80 per head area. Last week, 40-pound feeder pigs were \$85.89 per head, well below the \$119.89 per head that occurred at this time last year. Seasonally, feeder pig prices move lower during the summer months then increase during the fourth quarter of the year.

#### CHOICE-SELECT SPREAD

The Choice-Select spread started the year on a high note of \$27 per cwt, a continuation of the 2022 trends that capped off the year above \$30. Since the opening week of 2023, the Choice-Select Spread has fallen almost every week and bottomed around \$10 per cwt two weeks ago. The first quarter is only a few weeks shy of completion and the spread has averaged \$15 per cwt over 11 weeks, even though the spread has been rapidly shrinking. Last year, the spread averaged just under \$7 per cwt, similar to the five year average.

First quarter usually represents the narrowest time of year between Choice and Select cutout values, widens through the second quarter before falling, and then maintains about a \$15 spread through third and fourth quarters. Last year, the spread followed the five year average until about June and then maintained high values with considerable volatility through the rest of the year. Spread values averaged between \$20 and \$32 per cwt from June to December 2022. Today's spreads are still large for this time of year, but we are approaching the time of year where they should be widening. Starting at a higher base may give the summer peak in the spread more height. The feed cost structure and tightening cattle supplies may encourage shorter days on feed over the summer which may curb the availability of Choice product. This spring, the percent of beef grading Choice has been similar to 2022 and in recent weeks has been a higher proportion topping 75%, compare to a five year average of 73%.

#### U.S. MILK COW HERD

Profitability has waned for milk producers in 2023 as milk prices have dropped about \$4 per cwt nationally, and feed costs remain elevated. Last year milk cows in the U.S. averaged 9.402 million head, but ended the year slightly lower at 9.396 million head. Despite profitability headwinds, milk cow numbers grew in January and February to 9.417 million head. Notably, though, the largest 24 dairy states were responsible for most of the growth, adding 21 thousand head to December's total and the U.S. total added that equivalent. Half of the 24 states lost cows in February while half added numbers. Texas added 22 thousand head and Idaho added 15 thousand head. Iowa was third adding 14 thousand head, and is now the 12<sup>th</sup> largest state by milk cow numbers. The largest losses in numbers were seen in New Mexico, down 12 thousand head, and Florida down 11 thousand head.

Milk production and per cow milk growth, which was robust in January adding 0.9% and 0.7%, respectively, to 2022 tallies, slowed in February. Gains in milk per cow rose less than half a percent while milk production totals grew by 0.7% from the year earlier. Interestingly, the top 24 dairy states showed larger gains in January on a percent basis than the U.S. but in February were similar in milk per cow output.