

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

February 19, 2018

Production			Prices			
Week Ending 2/17/2018	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	596	576	Live Steer	128.29	126.15	119.59
FI Hog Slaughter (Thou Hd)	2384	2356	Dressed Steer	NQ	200.30	189.91
FI Sheep Slaughter (Thou Hd)	37	36	Choice Beef Cutout	208.47	208.46	188.93
Live Y. Chicken Sl. (Mil Hd)	162.8	162.2	USDA Hide/Offal	10.27	10.33	11.90
			GA Auction Fdr. Str. (6-7 Cwt.)	147.35	142.46	123.69
Slaughter Cattle Live Weight	1378	1365	Iowa/S. Minn. Base Hog	67.74	71.88	73.90
Slaughter Hog Live Weight	286	284	Natl. Net Hog Carcass	73.27	74.32	75.18
Slaughter Lamb/Sheep Live Wt.	145	142	Feeder Pigs (40 Lbs) (\$/Head)	83.99	82.61	72.11
Beef Production (Mil Pounds)	492.3	472.1	Pork Cutout	77.21	77.41	85.01
Pork Production (Mil Pounds)	509.9	500.0	Lamb Cutout	326.15	324.76	293.81
Lamb, Mutton Prod. (Mil Lbs.)	2.7	2.6				
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.48	3.47	3.39
Total Beef (Mil Lbs)	498.6	480.4	Wheat, Portland (\$/Bu)	5.41	5.37	4.81
Total Pork (Mil Lbs)	511.5	500.7	Wheat, Kansas City (\$/Bu)	4.74	4.61	4.06
Total Lamb, Mutton (Mil Lbs)	2.7	2.6	Soybeans, Cntrl IL (\$/Bu)	10.13	9.77	10.35

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

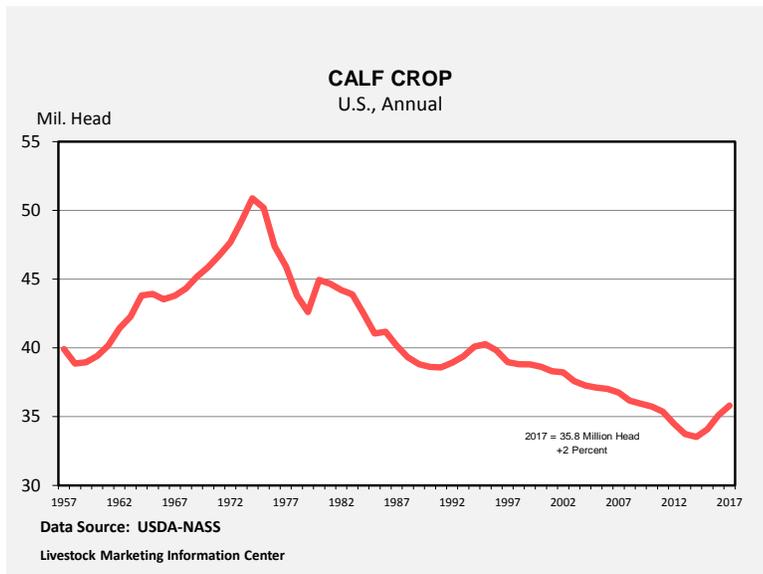
Trends . . . SOME COMMENTS ON THE CATTLE NUMBERS

The annual Cattle report was released January 31st by USDA's National Agricultural Statistics Service (NASS). It is a statistically-based survey of producers and the most detailed of the cattle industry. As of January 1, 2018, the U.S. herd totaled 94.4 million animals, 0.7% above 2017's count.

Let's summarize key details in that report. First, the 2017 U.S. calf crop at 35.8 million head was up 2% or 751,000 head from 2016's. That was a revision lower by 500,000 calves from the NASS mid-year estimate. Still, the 2017 calf crop was the largest since 2009. Second, there are more "other heifers" (animals heading for feedlots rather than breeding herds) than a year ago (up 3.6% or 323,000 head). Third, the national beef cowherd was 1.6% above a year ago, and growth will continue to moderate in 2018 because the number of heifers held for breeding purposes declined (dropped 3.7% year-over-year as of January 1, 2018).

Fourth, to begin this calendar year, the number of cattle grazing small grains pastures in Kansas, Oklahoma, and Texas was well below a year earlier (down 17% or 300,000 head).

In recent months, the number of cattle placed into U.S. feedlots has been bolstered by the large 2017 calf crop, poor small grains (e.g., wheat) grazing conditions in the Southern Plains and rather good demand for animals to put on-feed. The spike up in placements is a double-edge sword. In the short term, feeder cattle supplies outside feedlots as of January 1, 2018, were calculated to be below a year earlier (down 2.3% or 607,000 head), which tends to support prices. However, the placement pattern



since last fall has put more slaughter cattle in the marketing window of late-May through mid-August than a year ago. Note that many of those animals are heifers. Those large marketings will likely pressure slaughter-ready steer and heifer prices, which are forecast to be below 2017's. Those prices suggest dampened demand for feeder cattle late this spring on into the summer months.

U.S. JANUARY 1 SHEEP AND LAMB COUNT SLIPS

USDA's National Agricultural Statistics Service (NASS) released the annual sheep and lamb inventory statistics on January 31st. The numbers, which were as of January 1, 2018, came in a bit smaller than anticipated for the second year in a row. It appears that nationwide producers have been selling a rather large proportion of ewe lambs and not retaining them for their breeding flocks.

As of January 1, 2018, the U.S. count of sheep and lambs totaled 5.23 million head, down a slight 20,000 head year-over-year (less than 1%). NASS increased the year-ago inventory by 50,000 head or by 1%. The number of breeding ewes and lambs at 3.83 million animals was down 1.2% compared to 2017's. Producers reported that the 2017 national lamb crop was 3.2 million head, a year-over-year decline of 1.5% (down about 50,000 animals).

Even though the 2017 U.S. lamb crop declined from 2016's, the number of market lambs as of January 1st increased 1.8% (up 25,000 head). Many of those animals are already in feedlots. USDA's Agricultural Marketing Service (Market News Division) makes monthly estimates of the number of lambs in Colorado feedlots. As of February 1, 2018, there were nearly 27,000 head on-feed in Colorado lots than a year ago, which is a 17.5% jump.

Of the five states with the most breeding ewes as of January 1, 2017 (in order those were Texas, California, Wyoming, Utah, and Colorado), only Texas posted an increase as of the beginning of this year (up 25,000 head or 5.7%). Besides Texas, only seven states plus those in the combined New England region reported more breeding ewes than a year ago. The states with increases were Kentucky, Minnesota, New York, Ohio, Oklahoma, Pennsylvania, and South Dakota.

2017 U.S. PORK EXPORTS SET RECORD, POISED FOR ANOTHER IN 2018

Pork exports in 2017 were up 7.5% from 2016 on a carcass weight equivalent basis. The data was compiled by USDA's Economic Research Service (ERS). It was the biggest annual increase since 2011, when exports jumped 23.0%, to top 5 billion pounds for the first time. The 2017 export total was up 8.3% from 2011. The prior record was in 2012 when exports came in at 5.379 billion pounds.

Fifty percent of the increase in pork exports in 2017 was accounted for by more U.S. pork sold to Mexico. Shipments of pork to Mexico during 2017 were up by 23% from 2016, with exports increasing every year for the last ten years. Pork exports to Mexico are up over 300% since 2007. A closer look at pork product volumes shipped to Mexico shows some interesting divergences, based on data from USDA-Foreign Agriculture Service compiled data. Shipments of fresh unprocessed hams were up 9% last year, on a tonnage basis. Processed, fresh ham volumes were up 20%. Other fresh pork meat shipments were up 56%. Unprocessed ham volume as a percent of total Mexico export tonnage was 41% in 2017. In 2012, that percentage was 53%. Processed ham volume was 29% of the total last year compared to 18% in 2012, and other fresh pork meat shipments were 17% of the total last year but were only 9% in 2012.

South Korea also registered a significant increase in purchases of U.S. pork during 2017, based on the ERS data. Volume increased 108 million pounds from 2016's, a 29% jump. U.S. shipments of pork to South Korea had declined 87 million pounds from 2015 to 2016. The pork export volume to South Korea in 2017 was a record high, but compared to 2015 only increased 6%. There was a notable contrast in pork product preferences by South Korea versus Mexico. Where Mexico's interest was moving towards fresh processed hams and pork meat at the expense of frozen unprocessed hams, South Korea's focus shifted towards frozen pork product and bacon. In the midst of record high pork belly and bacon prices in the U.S. last year, shipments of U.S. bacon to South Korea jumped up 46% year-over-year.

The most recent release of World Supply and Demand Estimates from USDA project pork exports to move up to 5.9 billion pounds in 2018 from 5.632 billion pounds, a 268 million pound increase. Duplicating the year-over-year sales gains of 2017 to Mexico and South Korea looks plausible, although saber-rattling on trade agreements between those two countries and the U.S. creates uncertainty. A lower U.S. dollar and pork prices that are projected to be stable and slightly below last year's would assist in reaching that positive export forecast.