

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

May 29, 2020

Production			Prices			
<b>Week Ending 5/30/2020</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)	524	588	Dressed Steer	115.65	117.06	115.74
FI Sheep Slaughter (Thou Hd)	1966	2131	Choice Beef Cutout	183.30	183.35	186.08
Live Y. Chicken Sl. (Mil Hd)	32	38	USDA Hide/Offal	374.04	405.40	223.40
Slaughter Cattle Live Weight	162.2	171.7	OK City Fdr. Str. (6-7 Cwt.)	7.12	7.01	8.27
Slaughter Hog Live Weight	1370	1313		NQ	141.63	NQ
Slaughter Lamb/Sheep Live Wt.	294	288	Natl. Negotiated Purchase	38.07	38.38	76.83
Beef Production (Mil Pounds)	135	132	Natl. Net Hog Carcass	66.73	69.59	81.88
Pork Production (Mil Pounds)	428.6	463.8	Feeder Pigs (40 Lbs) (\$/Head)	17.47	18.80	69.07
Lamb, Mutton Prod. (Mil Lbs.)	430.6	458.7	Pork Cutout	90.98	99.94	83.74
	2.2	2.5	Lamb Cutout	353.35	351.06	343.62
<b>Previous 6 Wk. Moving Avg.</b>			Cheddar, 40 lb Block(\$/lb)	1.37	1.22	1.71
Total Beef (Mil Lbs)	405.7	514.0	Corn, Omaha (\$/Bu)	3.16	3.03	4.19
Total Pork (Mil Lbs)	421.5	495.3	Soybeans, Cntrl IL (\$/Bu)	8.53	8.39	8.59
Total Lamb, Mutton (Mil Lbs)	2.6	2.7				

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

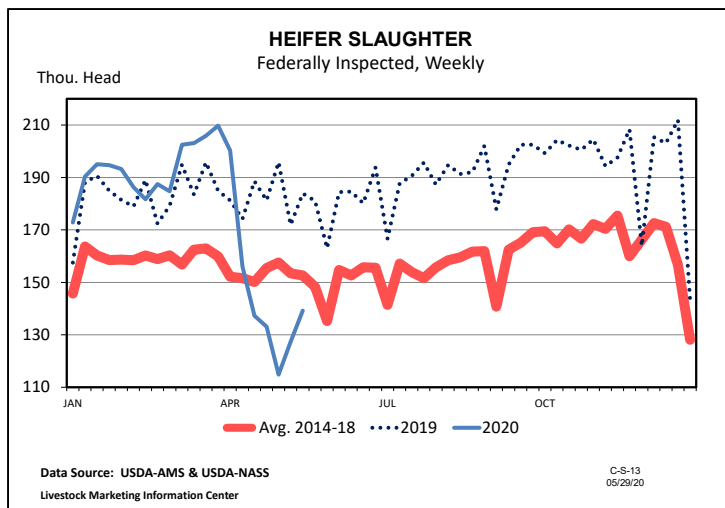
### Trends . . . JULY 1 INVENTORY PREVIEW

The July 1 Cattle Inventory is still months away, but there have been some interesting trends in female beef cattle slaughter that warrant starting that discussion. Beef cow slaughter is 2% ahead of 2019 year-to-date. Before slaughter plant closures began, weekly beef cow harvest was running well ahead of year ago levels. The last 7 weeks of data has shown beef cow slaughter below a year ago between 2%-20%.

Heifer slaughter, usually a breeding herd retention indicator, is year-to-date smaller than the prior year, by about 4%. Smaller heifer slaughter would normally imply, when discussing inventory, the possibility that this liquidation phase of the cattle cycle is over and producers are adding breeding type animals. There may be some individuals that are doing so but the national picture suggests otherwise. The decrease in heifer slaughter is misleading for a couple of reasons, but is not indicative of breeding herd growth. First, slaughter disruptions have caused data patterns that are atypical. The backlog of fed cattle is likely skewed towards more heifers, because of the lighter dressed weight they can likely

stay on feed longer than a heavy weight steer. Second, heifer slaughter should fall below a year ago after last year's large numbers of heifers on feed and a smaller 2019 calf crop. Lastly, producers are cautious after a couple of years of negative returns for cow-calf operations. Many are not thinking of expanding. Adding worry for many in the West is the expanding drought conditions, detailed in the next story.

Drought conditions are expected to play a big role in breeding and herd retention decisions this summer. Weather will continue to be watched as a potential indicator for stocking ability of pastures to carry breeding



herds. Calf prices have improved in recent weeks, but remains to be seen what fall-weaned calves will bring. LMIC currently sees fourth quarter calf prices as similar to a year ago. Expenses and feed costs are expected to be lower, and cull cow values have improved in some areas from last year. Under these assumptions, cow-calf returns should be better than the year before, but outlook is still full of uncertainty.

It seems likely the beef breeding herd will be smaller than a year ago, but the estimated range of possibilities is wide at this point. A smaller July 1 inventory will imply the same situation applies to January 1, 2021. This would be the 2nd consecutive year-on-year decline for the beef breeding herd that has only just begun this liquidation phase which may now be sharper than previously expected.

#### DROUGHT CONDITIONS WORSEN IN WESTERN U.S.

According to the Drought Monitor areas in the U.S. experiencing drought has increased to 34.35% of the U.S. experiencing some degree of drought (D0-D4), as of the week of May 28, 2020. Compared to the same week last year, only 12.10% of the U.S. was experiencing drought, a 22.25% increase. This year 7.18% of the U.S. is experiencing severe to exceptional drought (D2-D4) with 1.24% considered extreme drought (D3) but there are currently no areas classified as exceptional drought (D4). Compared to the same time last year no part of the U.S. was under severe to exceptional drought (D2-D4).

The bulk of the area experiencing drought is in the western U.S. with the Drought Monitor stating that over half (58.41%) of the region is under drought like conditions (D0-D4). This is up 45.56% from the same week last year. In states such as Oregon, California, Nevada, Utah, Colorado, and New Mexico, more than half of each respective state is experiencing some degree of drought conditions. In Oregon, Nevada, Utah, and Colorado more than three quarters of the state is suffering from drought. The High Plains and South regions are encountering drought which is mostly concentrated in western Kansas and the panhandles of Oklahoma and Texas.

Another piece of information that is relevant to the drought situation is the weekly range and pasture conditions report released by USDA NASS which started reporting earlier this month. The most recent report is stating that 16.00% of total U.S. pasture and range is in poor to very poor condition, this is above last year and the five-year average. In the Western U.S. region 19.38% is classified as poor to very poor condition, which is above last year but just below the five-year average.

The impacts of COVID-19 on the livestock sector are still playing out and keeping cattle on pasture for a longer duration is being considered. Closely monitoring the current drought situation along with pasture and range conditions may be necessary. If drought conditions persist, especially in the western U.S., range and pasture conditions may worsen resulting in producers being forced to place cattle due to a lack of available feed supplies.

#### HAY STOCKS REACH HIGHEST LEVEL IN THREE YEARS

USDA NASS recently released statistics on U.S. hay stocks as of May 1 which totaled over 20.4 million tons, a 37.0% increase over last year and the highest level in three years. In the western U.S. only New Mexico (-52%), Washington (-45%), and Montana (-5) saw year-over-year declines in hay stocks. Both Oregon and California saw the largest increase in hay stocks for the region up 135% and 56%, respectively. Other western states recognized increases ranging from 7%-37%.

States in the Northern and Southern Plains all have increased hay stocks with Oklahoma, South Dakota, and Kansas rising 82%, 96%, and 125%, respectively. North Dakota, Nebraska, and Texas saw improvements range from 26%-29%. Midwestern states all saw improved stocks with Wisconsin being the exception seeing a 6% decline. Missouri saw the largest gain nationally with 194% growth while the remaining Midwestern states increased 8%-48%.

In the Southeastern part of the U.S. states such as Tennessee (-12%), South Carolina (-21%), North Carolina (-23%), Georgia (-36%), and Alabama (-40%) all had worse hay stocks while Florida was unchanged. Mississippi (30%), Arkansas (79%), and Louisiana (118%) had rising stocks. In the Northeastern part of the U.S. most states had improved hay stocks with Maryland, Vermont and Connecticut being the exception.

Over half (52.3%, 10.8 million tons) of the U.S. hay stocks are in eight states, Montana, North Dakota, South Dakota, Nebraska, Kansas, Missouri, Oklahoma, and Texas. Montana was the only state that saw a decline (-5%). The other seven states each had increases from last year. This is a good sign as a portion of these states and most of the western U.S. is facing some degree of drought and potentially worsening pasture and range conditions. Having adequate hay stocks should provide a buffer if conditions worsen in cattle producing regions.