

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

October 9, 2020

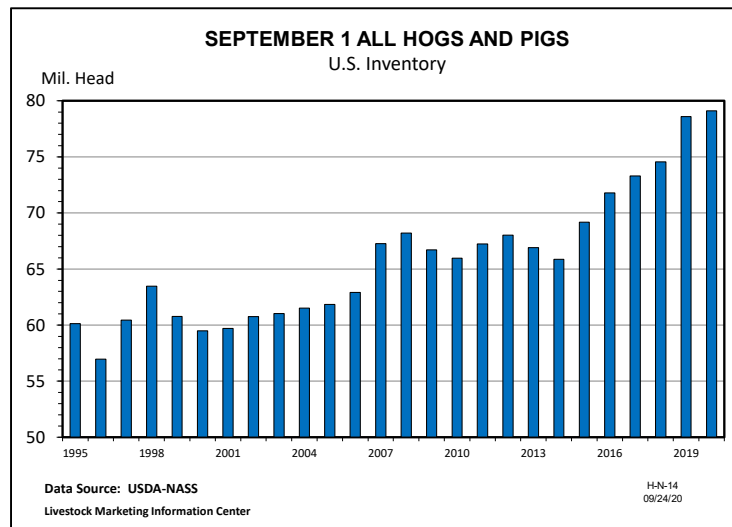
Production			Prices			
Week Ending 10/10/2020	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	637	648	Live Steer	107.59	107.12	109.21
FI Hog Slaughter (Thou Hd)	2730	2697	Dressed Steer	169.29	167.70	171.77
FI Sheep Slaughter (Thou Hd)	32	39	Choice Beef Cutout	216.03	218.10	214.12
Live Y. Chicken Sl. (Mil Hd)	169.7	175.4	USDA Hide/Offal	8.37	8.17	8.91
			OK City Fdr. Str. (6-7 Cwt.)	146.17	145.20	150.49
Slaughter Cattle Live Weight	1383	1362	Natl. Negotiated Purchase	64.42	64.18	53.43
Slaughter Hog Live Weight	285	284	Natl. Net Hog Carcass	76.38	75.52	64.37
Slaughter Lamb/Sheep Live Wt.	121	129	Feeder Pigs (40 Lbs) (\$/Head)	46.19	40.82	42.58
Beef Production (Mil Pounds)	535.3	533.1	Pork Cutout	94.58	92.86	77.13
Pork Production (Mil Pounds)	579.1	571.0	Lamb Cutout	377.51	366.06	348.89
Lamb, Mutton Prod. (Mil Lbs.)	1.9	2.5	Cheddar, 40 lb Block(\$/lb)	2.36	2.16	2.09
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.63	3.68	3.68
Total Beef (Mil Lbs)	534.9	521.1	Soybeans, Cntrl IL (\$/Bu)	10.47	10.19	9.01
Total Pork (Mil Lbs)	540.4	542.5				
Total Lamb, Mutton (Mil Lbs)	2.1	2.4				

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

Trends. . . RECORD HOG INVENTORY REPORTED

The latest Hogs and Pigs report for September 1 reported all hogs and pigs inventory at 79.099 million head, up 0.7% and a record for the quarter. Although the breeding herd increased marginally (0.1%) to 6.333 million head from 90 days earlier, it is a decline of 1.5% over last year. A decline in the breeding herd was expected as lower prices following the pandemic likely led to diminished producer optimism. A lower breeding herd is also supported by the strong pace of weekly sow slaughter which was 11.7% higher year-to-date through September.

Sow farrowings were 3.180 million head for the June to August period, down 2.9% from a year ago. Farrowing intentions for the outlying quarters of September to November and December to February were reported down 4.5% and 5.1%, respectively, to 3.118 and 3.111 million head, an indication that a lower number of hogs will likely be available in the supply chain moving into 2021. Surprisingly, weaned pigs per litter were 11.04 for the June to August period, a one percent decline



from the prior year of 11.11 and lower than industry expectations. Part of the decline in pigs per litter is likely due to producers supply management efforts through selective culling of piglets before weaning. Although pigs per litter posted a decline, the longer-term industry trend of more pigs per litter should partially offset the lower farrowings in the coming year.

The large number of heavy weight hogs (120-179 lbs. and 180+ lbs.) indicates that the backlog of market-ready hogs created by the pandemic continues to create uncertainty for hog slaughter. This is especially critical for the current quarter

when peak slaughter levels typically occur. Reported inventories for the 120-179 lbs. and 180+ lbs. categories were 15,547 and 14,169 million head, respectively, both up 6.1% and 9.8%. Although the heavy weight categories posted increases year-over-year, the report did indicate improvement was made in working through the backlog of hogs, when compared to the June 1 report. The lighter weight categories (<50 lbs. and 50-119 lbs.) were both reported down 3.5% which is in line with the lower reported pig crop. The lower supply of lighter weight hogs will allow packers to continue working through the backlog and rebalance the flow of hogs in the supply chain in coming months.

DAIRY TRADE YEAR TO DATE

Year-to-date dairy imports are mostly higher in the 6 categories LMIC tracks. Liquid milk and cream are leading year to date figures: up 145% from 2019. Milk and cream concentrates are up 13% and butter and fats are up 11%. Cheese imports are down 9% and whey products are down 8%. Buttermilk is up 4%.

On the export side, there are a few bright spots. Milk and cream powder exports have shown the strongest growth year to date, up 26%, followed by whey exports up 18%. Cheese exports have had a very up and down year. June exports were quite large, 38,000 metric tons, while Jan-May exports were below a year ago. A positive July and August helped carry year to date exports over a year ago and stand at 3% larger. Fluid milk and cream exports are unchanged from quantities shipped last year, January to August. Butter and Buttermilk exports have been disappointing. Butter year-to-date exports are down 4%. Buttermilk exports are down 18%.

Since mid-year the dynamics appear to be changing as economies around the world are coming out of lockdown, including the U.S. In July and August, fluid milk and cream imports continued to be strong, up 45%, while powder imports were much stronger, up 32% in those two months. The other 4 categories imports in those two months are at or below last year values. A more dramatic change has happened on the export side. For those two months, 5 of 6 categories are showing gains from the prior year. Butter exports had the strongest July and August volumes up 44%, followed by milk and cream powders up 34%, Whey products are up 29%, and cheese exports increased 11%.

Butter exports over the last several months have increased to some atypical destinations: Saudi Arabia and Japan have dominated the top 5 destinations for U.S. butter exports. Last year Saudi Arabia ranked 21st in butter purchases and Japan was 52nd on a quantity basis. Southeast Asia and China continue to purchase more powder products but Mexico remains the top destination for U.S. milk powder. China continues to purchase high volumes of Whey concentrates as well, already surpassing 2019 annual volume in just 8 months of the year. The world economies opening back up has been a bright spot for dairy, but also leaves them vulnerable to shutdowns. COVID-19 cases are continuing to climb in India, the U.S., and Europe. These have not been where the export growth has come from so far this year, which should mean positive export outcomes for the rest of the year.

HAY PRICE RECAP

After a dry summer in the West, hay prices have been experiencing pressure in local areas. Nationally, other hay has experienced a sharper increase than alfalfa in July and August this year, jumping up to \$137 per ton, compared to \$128 seen in June. Other hay price is now 6% above a year ago. August alfalfa data showed national prices of \$172 per ton, 4% below last year.

Typically, alfalfa prices are higher than other hay prices. However, the reverse of that trend has been evident in certain states. Colorado other hay prices are over \$200 per ton this year and in the last two months went for \$5 per ton more than alfalfa in the state. Arizona other hay prices outpaced alfalfa by \$15 per ton in July and in August as well. Montana and Nevada each reported \$10 premiums for other hay, and Washington \$20. Washington, however, is one of the few states that regularly has other hay commanding a higher value than alfalfa.

The annual average for other hay in Washington has been more expensive than alfalfa in 25 of the last 28 years. Other hay produced in the Northwest and Washington includes a mix of high quality grasses such as timothy and orchard grass. Customers include retail facing (smaller quantities), the horse industry, and export markets. As large exporters of grasses to the rest of the world the export market can have incredible influence those values. According to USDA FAS, other hay exports year to date are up 2%, with China nearly doubling its purchases from last year. Japan, the largest destination for U.S. other hay is up 7%. Washington other hay prices ranked annually in the highest top 3 in 14 of those years, and all but two years were in the top 10.