

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

October 23, 2020

Production			Prices			
Week Ending 10/24/2020			Weekly Average (\$/Cwt)			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	643	640	Dressed Steer	105.11	107.52	110.13
FI Sheep Slaughter (Thou Hd)	2679	2690	Choice Beef Cutout	163.97	168.35	174.56
Live Y. Chicken Sl. (Mil Hd)	38	39	USDA Hide/Offal	209.03	211.74	223.08
Slaughter Cattle Live Weight	168.4	174.3	OK City Fdr. Str. (6-7 Cwt.)	8.27	8.36	8.90
Slaughter Hog Live Weight	1387	1369	Natl. Negotiated Purchase	133.99	136.59	151.57
Slaughter Lamb/Sheep Live Wt.	288	286	Natl. Net Hog Carcass	62.04	63.31	55.45
Beef Production (Mil Pounds)	119	127	Feeder Pigs (40 Lbs) (\$/Head)	76.94	77.13	67.34
Pork Production (Mil Pounds)	541.4	527.5	Pork Cutout	45.05	44.37	44.01
Lamb, Mutton Prod. (Mil Lbs.)	574.1	572.0	Lamb Cutout	97.05	97.48	76.15
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	387.02	379.50	352.19
Total Beef (Mil Lbs)	2.3	2.5	Corn, Omaha (\$/Bu)	2.61	2.52	2.04
Total Pork (Mil Lbs)	546.8	532.6	Soybeans, Cntrl IL (\$/Bu)	3.98	3.83	3.76
Total Lamb, Mutton (Mil Lbs)	566.1	564.0		10.75	10.54	9.17
	2.2	2.4				

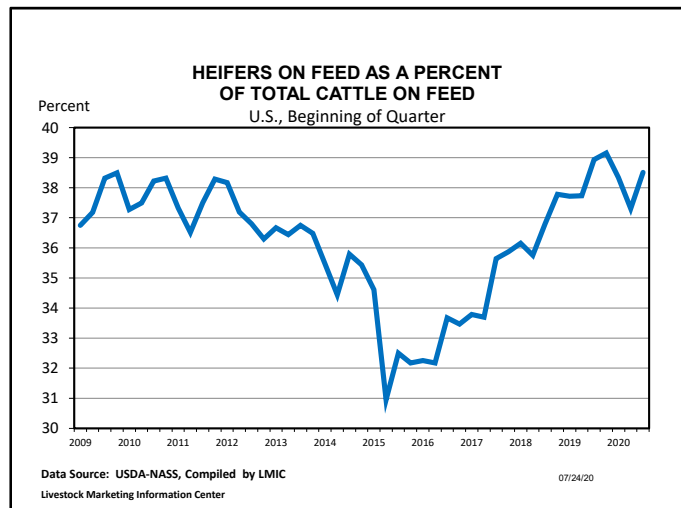
Source: Various USDA-AMS reports. Data are preliminary.

Trends . . . CATTLE ON FEED QUARTERLY

With the October release of cattle on feed, comes an update of the steer to heifer ratio in feedlots. The quarterly figures help estimate the number of heifers being retained for breeding purposes and define the cattle cycle curve. The U.S. cattle cycle was thought to have turned last year, as the January 1, 2020 beef cattle inventory was lower than the previous year. Heifers as a percent of cattle on feed climbed through 2019 and that proportion has held rather steady in 2020.

Evidence of the slaughter plant disruptions were evident in quarter 3 figures, where heifers on feed climbed to 38.5%, up from 37.3% in the prior quarter. Heifers, because of smaller carcass weights, were likely held longer to allow for very heavy steers to have slaughter priority. The heifer count as of October 1 has moved a full percent lower, even as cattle numbers on feed have increased significantly. The fourth quarter proportion is 37.6% of steers and heifers on feed.

The quarterly figures are given for 12 states. Feedlots that are influenced by dairy and dairy crossbreeds tend to have fewer heifers. Arizona, California, Minnesota have heifers on feed



accounting for less than 20%. Larger cattle feeding states such as Kansas, Oklahoma, and Colorado, heifers are more than 42% of the mix. Nebraska, South Dakota, and Texas are close to the national average of 38-39%. Interestingly, Idaho and Washington also have a large volume of heifers on feed 45-46%.

Beef cow slaughter in the Pacific Northwest, West Coast and Southern Plains has been higher than a year ago since July 1. The weekly data shows region 9 to be the highest up 31%, followed by region 6 up 16%. Region 4, and region 10 are also higher than a year ago. Monthly Livestock Slaughter released by USDA

NASS confirmed September was higher than a year ago across all the regions except regions 2, 3, and 8.

ADVANCED RETAIL SALES

The economy is improving, isn't it? Throughout the pandemic we have looked at the advanced estimates of monthly retail sales for clues as to the depth of the recession as well as the recover. September data was released last week and showed that improvements are slow. The retail sector continues to be one of the hardest hit sectors of the economy. Clothing and accessory stores are down 32.6% in the first nine months of 2020 compared to a year ago. Department stores are still off 17.8%, and electric and appliance stores are still down 15.8%. Gas stations are off 16.4% and food service and bars are down 20.1%

For the food space, have we seen a noticeable uptick back in restaurants? Overwhelmingly, the data suggests consumer are still sitting out. Food service and drinking places were down 14% in the month compared to a year ago and grocery store sales were still up 10%. Total retail and food service sales were up 7% compared to the year to date figure of down 0.8%. Motor vehicle sales continued to post strong gains up 14% this month, along with a strong showing from building materials and garden stores, up 23%. Gas stations, clothing, and departments stores each posted a negative month in September between 13-8% each. Non-store retailers posted an impressive gain up 27%.

With the holiday season upon us, there is considerable question as to what this year's spending will look like, and how much another round of stimulus could affect it. December is the highest total retail sales month in every single year back to 1992, with the only exception being 2008. The fourth quarter of the year is routinely more than 25% of where total annual retail sales are spent. Last year the fourth quarter represented 26.6% of the annual figure, up from 26.4% the prior year. September's strong 7% up year-over-year looks promising and is easily the highest September on record. Still, it's not the highest total number so far this year. July has shown the highest total monthly sales figure of 2020. Since 2008 December sales have been on average 14% higher than the July figure of the same year.

LOWER RED MEAT IN COLD STORAGE

Cold storage statistics for September reported total red meat down 13.2% to 968.4 million pounds with total poultry meat down 3.2% to just over 1.4 billion pounds. The last time total red meat reached this low for September was 2011 when stocks sank to 944.9 million pounds. The decline in total red meat stocks is due primarily to pork which is down 22.1% to 466.5 million pounds, while beef is down 1.5% to 462.0 million pounds.

Total pork cold storage stocks of 466.5 million pounds is the lowest level in a decade for September when it dipped to 424.3 million pounds in 2010. Pork stocks have posted sharp declines for the last five months (May to September) in the wake of pandemic related disruptions. Each of the last five months have easily been more than 100 million pounds below the same month last year and the five-year average. Pork stocks were down from last year for most of the categories in September except boneless loins (up 28.9%) and butts (up 5.9%). Bellies posted the largest year-over-year decline of 38.6%, total hams were down 27.3%, spareribs dropped 24.2%, and bone-in picnics were 2.6% lower.

Total beef of 462.0 million pounds is the lowest level for September since 2014 (378.2 million pounds). Beef cold storage stocks are only reported for boneless (down 1.7%) and cuts (up 1.2%). Veal stocks increased 61.7% likely a repercussion of reduced restaurant dining. Lamb and mutton decreased 26.4% as lower slaughter levels from a plant closure in August reduced available supplies.

The 3.2% decline in total poultry stocks to 1.4 billion pounds in September was due to lower stocks of chicken and turkey, both down 3.1% and 4.3%, respectively, to 856.1 and 505.8 million pounds. Higher levels of legs (up 65.0%) along with thigh and thigh quarters (up 117.3%) are indicative of sluggish foreign demand. Drumsticks and wings posted declines of 23.8% and 24.8%, respectively, likely reflecting more at home cooking. Typically, whole turkey stocks increase through the year and peak in August or September. This year is following a similar pattern, but each month this year has been below last year indicating supplies may be tight during the holiday season.