

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

November 6, 2020

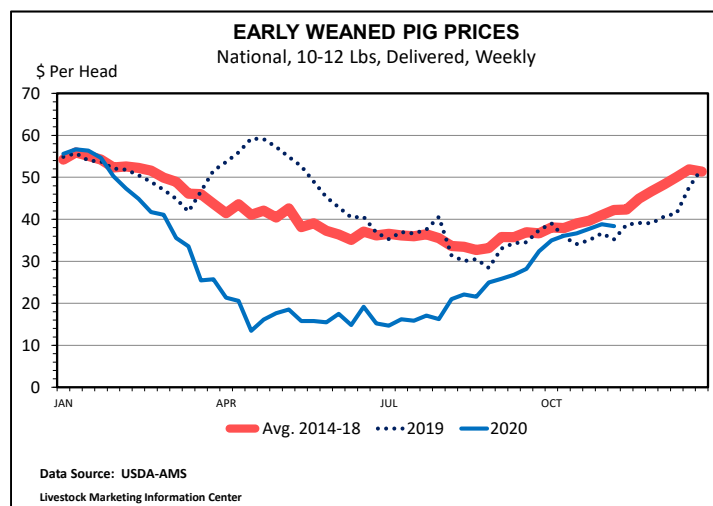
Production			Prices			
<b>Week Ending 11/7/2020</b>			<b>Weekly Average (\$/Cwt)</b>			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	647	657	Dressed Steer	106.35	104.24	114.60
FI Sheep Slaughter (Thou Hd)	2713	2698	Choice Beef Cutout	165.30	161.19	181.04
Live Y. Chicken Sl. (Mil Hd)	36	40	USDA Hide/Offal	211.03	207.15	237.08
Slaughter Cattle Live Weight	166.4	173.0	OK City Fdr. Str. (6-7 Cwt.)	8.35	8.33	8.88
Slaughter Hog Live Weight	1388	1375	Natl. Negotiated Purchase	139.63	131.33	151.52
Slaughter Lamb/Sheep Live Wt.	291	288	Natl. Net Hog Carcass	60.77	61.63	45.95
Beef Production (Mil Pounds)	120	128	Feeder Pigs (40 Lbs) (\$/Head)	49.72	47.19	44.62
Pork Production (Mil Pounds)	545.1	543.0	Pork Cutout	84.00	87.32	80.50
Lamb, Mutton Prod. (Mil Lbs.)	586.4	577.9	Lamb Cutout	402.01	392.57	354.45
<b>Previous 6 Wk. Moving Avg.</b>			Cheddar, 40 lb Block(\$/lb)	2.73	2.66	2.08
Total Beef (Mil Lbs)	546.0	533.5	Corn, Omaha (\$/Bu)	3.98	3.86	3.56
Total Pork (Mil Lbs)	578.8	571.6	Soybeans, Cntrl IL (\$/Bu)	11.06	10.60	9.27
Total Lamb, Mutton (Mil Lbs)	2.1	2.5				

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

### Trends . . . FEEDER PIG PRICES REBOUND

Sow slaughter continues at strong pace this year with an 11.0% increase in levels through late October. Sow slaughter has been above every week this year except three. Two weeks in mid-October were marginally lower than last year and the third was Labor Day week. Increased sow slaughter levels have led to lower available feeder pig supplies as was shown by the September 1 Hogs and Pigs report which noted a 3.5% decline in market hogs and pigs weighing under 50 pounds.

Lower levels of available feeder pigs have led to a rise in prices for 10-12- and 40-pound feeder pigs. Shortly after the pandemic occurred, prices for both feeder pig categories dropped to record lows but have since steadily risen. Early weaned feeder (10-12 lbs.) prices bottomed at \$13.45 per head in mid-April and remained below \$20 per head during the summer months. Since the start of August, prices have trended upward with the most recent week posting \$38.37 per head, 9.0% above last year. The 40-pound feeder pig price saw pressure during the summer months dipping to



\$10.90 per head since that low prices have rebounded with recent weeks at or above the prior year's levels. Prices for both categories are following more seasonal patterns.

As feeder pig prices slumped in the wake of the pandemic so did Canadian hog imports. Nearly 82% of monthly U.S. hog imports from Canada are hogs weighing less than 50 kg (110 lbs.). April and May Canadian hog imports weighing under 50 kg from Canada were down 4.4% and 21.3%, respectively, with the months following showing improvement as feeder pig prices

increased. Despite the recent rise in feeder pig prices, year-to-date Canadian hog shipments under 50 kg through September are down marginally 0.4% to 3.2 million head.

The influx of Canadian feeder pigs is not enough to offset declines implied by declines in farrowing intentions in Sep-Nov, an estimated decline of 147 thousand sows from the same period last year and equivalent to about 1.6 million piglets for this quarter alone. Imports from Canada for September and October are only about 43 thousand head, only a small fraction of the decline expected in the U.S. pig crop during the Sep-Nov period. The next hogs and pigs will firm intentions into actual sows farrowed, which at times can be very different. Feeder pig prices though would imply that feeder pig demand has increased since the summer. The shorter feeder pig supplies should be supportive of feeder pig prices into the next quarter as those intentions too were below a year ago.

## EGG SETS SIGNAL PULL BACK IN BROILER PRODUCTION

October egg sets were down nearly a full percent than last year, pointing toward pessimism developing in the broiler sector. The previous month egg sets were down a quarter of a percent from a year ago. Chicks placed followed a similar trend down 1% in October, compared to September's less than half a percent drop when compared to a year ago.

Broiler production year to date is about 1% above a year ago. This gain is almost exclusively driven by the 7.5% increase in broiler production in the first quarter. Subsequent quarters have not reached above year ago levels. The second quarter declined about 1.1% from 2019's, and third quarter, even though slaughter disruptions were largely over, declined 2.1%. October chicks placed is setting the stage for a fourth quarter production below a year ago as well. A continuation, as October production was down 2.4% from the prior year.

Hatcheries are not only using the volume of chicks to manage supplies. Weight data suggests broilers are being fed to heavier weights, intermingled with lower weight timeframes. July, for example, weights for broilers were down about 1%. June data reported up 4%, followed by August up about 1%. September data showed heavier birds, but the latest week of data showed birds slaughtered again at smaller weights.

The broiler industry has struggled with demand at the retail level not being strong enough to hold up prices with the exception of wings. Leg prices are down 33% in October, and the national composite price is off 14%. Breast meat prices, although above a year ago, are on their second year of prices that are 25% below the five year average since mid-summer. LMIC expects the broiler sector may have another struggling year. Although chicken at the retail level is well positioned in the meat case, the food service sector may not pick back up until mid-2021. LMIC has broiler production estimated as even with a year ago in 2021 compared to 2020, with limited profitability driving those production decisions in the first half of the year.

## BOXED BEEF CUTOUT

Daily Choice boxed beef has started climbing again in the first week of November. Rib, chuck, and round all inched higher throughout this week, giving hope to some seasonal demand for cuts born from those primals. Last year, choice boxed beef was setting a new record, and at that time was the highest value for the cutout. This year, that cutout value was eclipsed in April, but values and have been unable to climb over a year ago since about mid-October.

Choice boxed beef cutout has not been above a year ago since October 7<sup>th</sup>. Similarly, the rib was above a year ago for the first 10 days or so of October, and chuck values held out a little longer making gains on 2019 on a daily basis until October 12<sup>th</sup>. The loin had daily values over a year ago, but those too faded around mid-October. Flanks had a few days of plus 3% but quickly faded to down as much as 12% at points so far this quarter. The decline in the cutout is about 10% below a year ago, ribs about 4%, chuck down 9%, loins down 12%, and flanks down 10% year-over-year in Friday's data.

The round, brisket, and short plate have not been above a year ago so far this 4<sup>th</sup> quarter. Since October briskets have seen the largest decline, down between 30-22%. Short plates have ranged between 20% down and 5% lower. The round had been perhaps the most consistent wavering between 5-9% down.

Beef demand in the 4<sup>th</sup> quarter in recent years has been supportive for cattle prices. This number is one we will have to continue to watch this year for signs the U.S. economy is recovering, though all primals are not considered equal in this timeframe. Rib primal values have been the primary benefactor of increased consumer demand in other years while chuck and rounds, seem to have more staying power through the first quarter.