

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

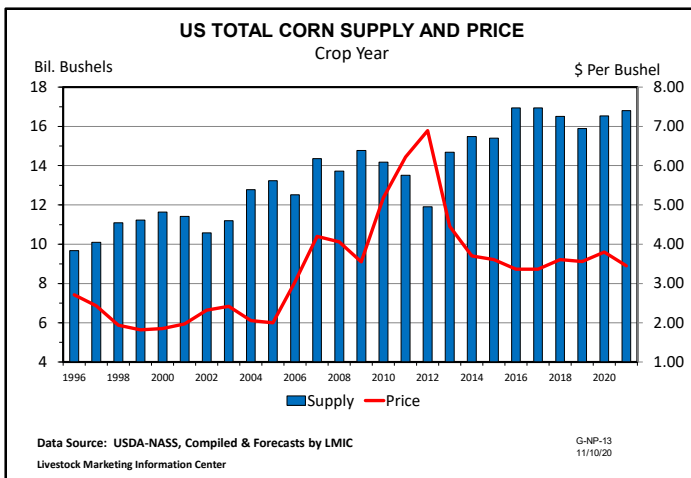
November 20, 2020

Production			Prices			
Week Ending 11/21/2020	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	665	668	Live Steer	109.59	109.62	115.96
FI Hog Slaughter (Thou Hd)	2711	2767	Dressed Steer	171.73	171.87	183.59
FI Sheep Slaughter (Thou Hd)	36	41	Choice Beef Cutout	234.51	222.99	236.75
Live Y. Chicken Sl. (Mil Hd)	166.8	168.7	USDA Hide/Offal	8.60	8.47	8.95
			OK City Fdr. Str. (6-7 Cwt.)	140.50	142.13	148.01
Slaughter Cattle Live Weight	1391	1378				
Slaughter Hog Live Weight	293	288	Natl. Negotiated Purchase	58.70	60.32	42.21
Slaughter Lamb/Sheep Live Wt.	122	129	Natl. Net Hog Carcass	68.89	70.26	63.19
			Feeder Pigs (40 Lbs) (\$/Head)	50.77	48.24	46.69
Beef Production (Mil Pounds)	559.1	553.7	Pork Cutout	78.96	83.01	84.99
Pork Production (Mil Pounds)	589.6	593.3				
Lamb, Mutton Prod. (Mil Lbs.)	2.2	2.7	Lamb Cutout	406.22	398.97	353.89
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	2.74	2.77	2.15
Total Beef (Mil Lbs)	548.7	540.7				
Total Pork (Mil Lbs)	584.3	580.6	Corn, Omaha (\$/Bu)	4.19	4.01	3.53
Total Lamb, Mutton (Mil Lbs)	2.2	2.5	Soybeans, Cntrl IL (\$/Bu)	11.85	11.50	9.06

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

Trends . . . FEED OUTLOOK REVISED

USDA released an updated corn and soybean yield last week, which reshaped the feed outlook for the year. The latest Crop Production (November) report indicated the corn yield dipped below a record high yield to 175.80 bushels per acre. Soybean yields were also revised lower to 50.7 bushels per acre, short of a record yield. The World Agricultural Supply and Demand Estimates (WASDE) took those updated yields to revise the balance sheets, and incorporated other changes to projections as well. Changes to corn included a reduction in feed and residual and a large increase to export expectations. Corn exports were moved from 2,325 million bushels to 2,650 million bushels, a 14% increase. Corn exports are sorting out the large volumes seen early this crop year. The weekly grain inspected for export reports indicate corn exports since the start of the marketing year (September 1) are up 68%. The changes to the corn balance sheet resulted in a carryover reduced to 1,702 million bushels, a 21% reduction from last month's WASDE. The soybean balance sheet was largely left unchanged apart from the yield reduction, but still saw carryout decline by 34% from the October WASDE projection. WASDE price predictions jumped to \$4 per bushel on corn and \$10.40 per bushel in soybeans. The price changes are substantial, increasing 6% in soybeans from the October estimate and 11% on corn.



These strong changes are signaling both to the South American corn and soybean growers as well as livestock producers a very different picture than what was predicted this summer. South American crops are contending with dry weather and delayed plantings in the early part of their planting season. La Nina weather patterns are historically troublesome for crops in that part of the world. The futures market over the last couple of weeks has been reacting to South American planting activity as well as the

possibility of a very dry growing season. The impact of a smaller South American crop and a lower U.S. yield are bullish for corn and soybean prices. Livestock producers are facing a 2021 that has seen feed costs increase already, and have the potential to increase further. Poultry and swine industries will be the hardest hit, and we would expect poultry operations to adjust hatchery plans in the coming weeks to accommodate for lower returns. The swine industry will be slower to adjust, as will the feedlot sector. Locking in feed costs could be advantageous as prices could approach prices not seen in over 5 years.

JAN. 1 CATTLE INVENTORY PREVIEW

The all cattle and calves number is expected to be below a year ago with most numbers related to the beef herd recording a year-over-year decline. Dairy cows are the exception which are expected to increase over half a percent. This is in line with the latest Milk Production report. Dairy heifers retained for breeding purposes are thought to be similar to a year ago to slightly higher after a volatile milk price year and the potential for milk quotas to be instilled again. Still, the national all milk prices are hovering near \$18, which has been enough to hold dairy cow numbers above a year ago. Dairy cow slaughter has been below a year ago for most of the summer suggesting cull rates have slowed from the previous year, though that offers little insights into heifer retention.

The beef herd is expected to be down 0.5-1% based on year-to-date slaughter numbers that are above a year ago by about 2%, and heifer numbers in feedlots. It appears beef cows held for replacement are likely steady to below a year ago given the uncertainty of 2020. Other heifers, those in the feedlot, are also expected to have pulled back. Those on feed are slightly lower than a year ago, while heifer slaughter is about 4% below last year. Bull slaughter is well below a year ago, a reflection of lower volumes of male cattle kept for breeding purposes. This is primarily driven by the cattle cycle and the smaller needs for bulls. LMIC is estimating bull inventory on January 1 is likely slightly less than last year. Steers over 500 pounds are expected to fall, in-line with the July 1 calf crop expectations as well as cattle weighing less than 500 pounds. Both are expected to be down over half a percent.

This brings the all cattle and calves figure to down less than half a percent. Compared to the July 1 inventory report, there should not be nearly the backlog of cattle on feed for this report and we should see rather normal relationships between categories. The trend for the cattle cycle appears to be continuing its contraction phase, but at a rather slow pace thus far.

LAMB PRODUCTION & SLAUGHTER

The sheep and lamb industry continues to sort through the closure of the Mountain States Rosen (MSR) plant over three months ago. The MSR plant closed at the end of July and since then weekly slaughter data has reflected the loss in capacity with each subsequent week posting lower levels than the prior year with Labor Day week being the exception. On average, each week since the first of August has been 4,000 head lower, about a 10.4% decline each week. Year-to-date weekly slaughter is tracking 6.7% below the same period last year.

Through the first ten months of 2020 sheep and lamb slaughter was 1.84 million head, down 5.3% and the lowest level since 2017. Dressed weights are also down 2.1% from the same period a year ago averaging 65.4 pounds. Declines in both slaughter and weights has led to lamb and mutton production being down 7.8% to 115.4 million pounds. This is the lowest pace ever recorded for the first ten months of the year according to the dataset going back to 1970.

Typically, peak sheep and lamb slaughter levels occur during the fourth quarter with the month of December usually posting the largest weekly levels. Official sheep and lamb slaughter for the month of October was 151,000 head, down 16.0% from a year ago. Weekly sheep slaughter data for November is pointing towards a similar level to last year. If December slaughter levels are close to a year ago then fourth quarter sheep and lamb slaughter is likely to be similar to last year which was 583 thousand head. This would leave 2020 sheep and lamb slaughter posting a decline of about 3%. Assuming weights follow a typical seasonal pattern during the fourth quarter then annual lamb production will likely post around a 4% decrease for 2020.

Recent weekly slaughter data has shown improvement indicating that the Colorado Lamb Processors plant has started processing lambs and working through the startup logistics of the facility. The question remains when they will be fully operational. Anecdotal evidence suggests the Colorado Lamb Processors plant is gearing up to process lambs in time for the Easter Holiday which is April 4, 2021.