

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

December 4, 2020

Production			Prices			
Week Ending 12/5/2020	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	667	682	Live Steer	109.77	110.27	118.92
FI Hog Slaughter (Thou Hd)	2789	2804	Dressed Steer	172.29	173.37	188.10
FI Sheep Slaughter (Thou Hd)	35	40	Choice Beef Cutout	240.44	243.45	227.97
Live Y. Chicken Sl. (Mil Hd)	133.7	129.9	USDA Hide/Offal	8.50	8.45	9.08
			OK City Fdr. Str. (6-7 Cwt.)	145.99	140.61	148.61
Slaughter Cattle Live Weight	1390	1382	Natl. Negotiated Purchase	56.62	57.55	45.28
Slaughter Hog Live Weight	294	290	Natl. Net Hog Carcass	67.44	67.60	62.14
Slaughter Lamb/Sheep Live Wt.	123	132	Feeder Pigs (40 Lbs) (\$/Head)	54.43	50.00	48.33
Beef Production (Mil Pounds)	559.8	564.8	Pork Cutout	78.33	78.41	81.58
Pork Production (Mil Pounds)	609.4	605.0	Lamb Cutout	407.34	402.05	348.47
Lamb, Mutton Prod. (Mil Lbs.)	2.1	2.7	Cheddar, 40 lb Block(\$/lb)	2.21	2.55	2.01
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	4.18	4.24	3.62
Total Beef (Mil Lbs)	538.1	536.3	Soybeans, Cntrl IL (\$/Bu)	11.80	11.92	8.96
Total Pork (Mil Lbs)	579.9	573.0				
Total Lamb, Mutton (Mil Lbs)	2.2	2.5				

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

Trends. . . STRONG RIBEYE PRICES SUPPORTING CUTOUT

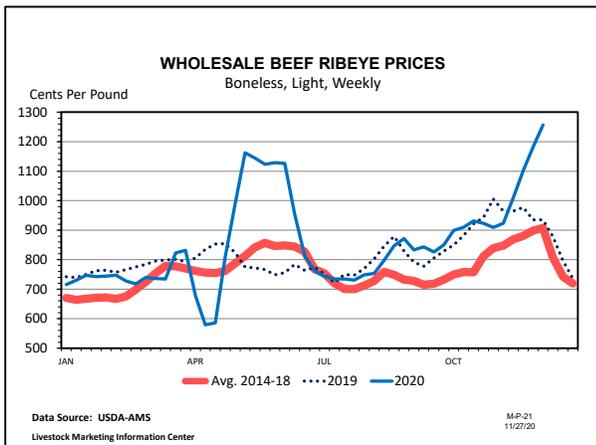
Wholesale ribeye (roll, 2-in lip-on) prices have accelerated to new weekly record highs during the weekly of 11/28/20 and 12/05/2020, reaching \$1256 per cwt. This price series dates back to 1995, and the previous record high was set earlier in 2020, due to pandemic-driven supply limitations during slaughter plant closures. These new record highs are thought to be supported by better than expected demand this holiday season. It is likely retailers were understocked for the demand seen late in the year. The rib primal cuts have become a feature in recent years. The wider availability of prime graded beef and the inclusion of it at certain major retailers across the country has made a difference and elevated home meal use.

Supported by the wholesale values of rib primal cuts, the rib primal has also set its own new record. This week the average for choice graded beef rib primal value topped \$500 per cwt, and a new weekly average record. Since the first week of November, the weekly average rib primal has averaged a 6% week over week gain over the last five weeks.

The cutout, too, has had strong gains, averaging a 3% gain week over week in that same period. Disappointingly, despite rib primal gains, the cutout slipped 1.2% from last week. Almost all the other

primal values fell with exception of short plates. The Chuck and Round had been showing gains over the last several weeks similar to the rib primal. Over the last five weeks, the Chuck averaged a weekly gain of 3.4% week-over-week and the Round increased an average of 2.5%.

Even though the latest week of data showed declines in these primals, their values are still way above last year. The Chuck in particular is experiencing a rally slightly earlier than normal. Usually, Chuck primal values decline heading into the end of the year before increasing in the first quarter. Similarly, Rounds and Loins also do not typically have



high points around this time of year but all are above a year ago and showing strength. Demand for beef seems to be what is helping these products, but other beef cuts have faded into the background. Lean beef trimmings have declined significantly since summer and have not recovered, even though total cow slaughter is down. It seems demand for this ground product has eroded significantly as the pandemic has persisted.

DAIRY TRADE UPDATE

USDA Foreign Agricultural Service released the October trade data today. Dairy imports have been large in 2020 with most of the six Harmonized Tariff Codes that LMIC tracks showing year-over-year higher volumes. Whey (0403) and Cheese (0406) products tracking year to date import volumes are below a year ago. Fluid milk and Cream (0401) has seen the largest increase, more than double last year's volumes through October. For October, dairy imports were largely down. Fluid milk and cream was the only category that was above October of last year and that figure was 92% higher. Whey products posted the largest decline down about 40% followed by cheese imports down 20% from 2019. Canada has shipped an unprecedented amount of fluid milk to the U.S. this year. The first 10 months of the year are easily at a record high import level from Canada. Imports of fluid milk and cream in 2020 from Canada are more than double any single total year volumes.

Dairy exports, year-to-date, have been mixed. Fluid milk and cream are close to a year ago as well as butter and other fats (0405) are down 2.4%. Buttermilk (0403) exports have shown the largest weakness, down about 15% year to date. Cheese, milk and cream concentrates (0402), and whey exports are up through the first 10 months of the year between 1.5%, 20%, and 23% respectively. For the month of October, export results were largely positive with all categories up except for cheese, which was down 23%. Whey exports had the strongest showing, up 65% from 2019, followed by Buttermilk exports, up 28%. Butter was up 17%, and milk and cream concentrates were up 8%. Fluid milk and cream exports were up only about half a percent.

November and December can be large export months for milk and cream concentrates, which was nearly 20% of the total volume last year. Imports in those months were large last year for fluid milk and cream exports, representing 23% of total volume. Normal seasonal trends may struggle to hold this year, but October suggests the U.S. is backing away from the high volumes of imports seen earlier this year. Exports had a strong month, which may signal a better November and December ahead.

NORTH AMERICAN LIVESTOCK TRADE

Livestock trade between the U.S., Mexico, and Canada experienced some disruptions resulting from the pandemic this year but flows have recovered and are generally tracking above last year. Total cattle imports through ten months of the year were nearly 1.73 million head, up 6.4% from the same period a year ago. Shipments from Mexico account for the majority of the increase with a 14.6% rise year-to-date to almost 1.17 million head. Cattle shipments from Canada are down 7.4% through October totaling 561,654 head. Mexico primarily supplies feeder cattle destined for backgrounding operations or placement while Canadian cattle are typically market-ready cattle for slaughter.

Although the U.S. does not export a significant amount of cattle, the amount has increased 2.7% through October to 242,892 head. A majority of the cattle are shipped to Canada which is down marginally (0.6%) to 207,096 head. Shipments to Mexico have seen a 21.1% rise, year-to-date, totaling 22,032 head which is not a large amount relative to total U.S. cattle supplies, but it is an atypical movement of cattle. Most of the cattle exported to Mexico this year have been classified as cattle other than purebred breeding animals which means they are likely slaughter-ready cattle.

Hog imports have been rising steadily since the onset of the pandemic, totaling almost 4.29 million head through October, a 1.1% increase. Canada is the primary supplier of hogs to the U.S. and over 80% are feeder pigs destined for finishing barns. As the pandemic started to take hold, feeder pig prices declined to record lows which also lead to a drop in feeder pig shipments. In late July and early August, feeder pig prices started to rise which also coincides with a rise in feeder pig shipments from Canada. Year-to-date through October, shipments of feeder pigs have totaled nearly 3.61 million head, a marginal increase (0.1%) over a year ago. Weekly import data is showing a larger number of imports in November which will likely boost shipments during the fourth quarter. Despite the pandemic, the flow of livestock between the U.S., Mexico, and Canada has continued which highlights the integration of these North American markets.