

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

January 22, 2021

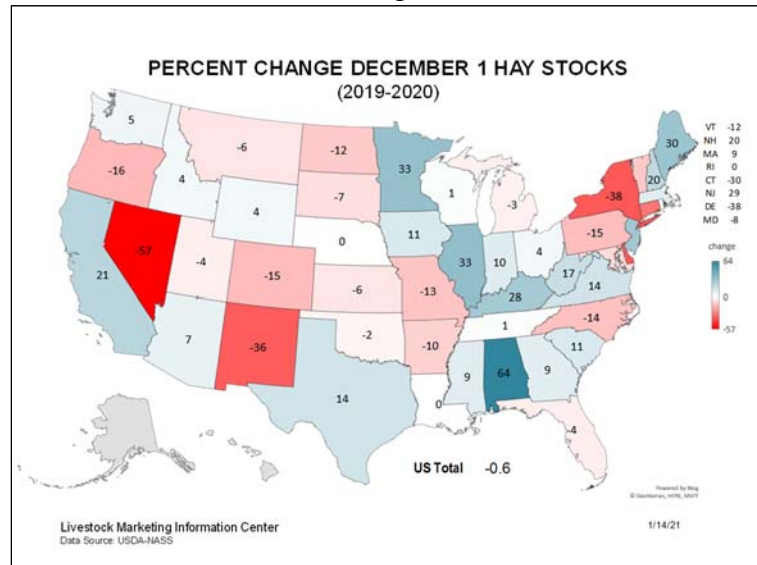
Production			Prices			
Week Ending 1/23/2021			Weekly Average (\$/Cwt)			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	657	644	Dressed Steer	109.23	109.52	124.30
FI Sheep Slaughter (Thou Hd)	2738	2707	Choice Beef Cutout	172.59	173.06	198.83
Live Y. Chicken Sl. (Mil Hd)	35	36	USDA Hide/Offal	219.09	210.82	214.78
Slaughter Cattle Live Weight	168.9	174.5	OK City Fdr. Str. (6-7 Cwt.)	9.30	9.28	9.20
Slaughter Hog Live Weight	1393	1376	Natl. Negotiated Purchase	142.59	147.64	150.32
Slaughter Lamb/Sheep Live Wt.	294	289	Natl. Net Hog Carcass	54.89	54.31	52.00
Beef Production (Mil Pounds)	127	135	Feeder Pigs (40 Lbs) (\$/Head)	67.51	67.27	65.19
Pork Production (Mil Pounds)	550.2	530.9	Pork Cutout	70.33	65.12	65.45
Lamb, Mutton Prod. (Mil Lbs.)	601.6	584.4	Lamb Cutout	79.61	80.26	78.05
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	386.64	386.68	362.03
Total Beef (Mil Lbs)	495.4	497.2	Corn, Omaha (\$/Bu)	1.70	1.67	1.89
Total Pork (Mil Lbs)	544.6	540.8	Soybeans, Cntrl IL (\$/Bu)	5.04	5.15	3.90
Total Lamb, Mutton (Mil Lbs)	2.2	2.4		13.84	14.47	9.15

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

Trends. . . DECEMBER 1 HAY STOCKS CONTRACT

December 1 hay stocks was released earlier this month by USDA- NASS, confirming that hay inventories were tighter than a year ago. The December 1 figure is an all hay measure, and showed total hay was about 500 thousand tons smaller than 2019, or down about half a percent. States across the West, northern High Plains, and Northeast states showed smaller inventories. Nevada was the hardest hit state, dropping inventories 57% from a year ago. New Mexico and New York also had substantially smaller inventories. Twenty-one states showed hay stocks below a year ago. Twenty-four states increased hay inventories, with Alabama leading that group on a percentage basis, up 64% from a year ago.

On a total tonnage basis, Texas had the highest inventory, totaling 6.4 million tons. Missouri was the second highest at 6.0 million tons, but showed significant decrease from last



year, declining 900,000 tons in inventory. This was the largest year-over-year decline of any state. New York was the second largest, dropping 600,000 tons. Unlike Missouri, New York's levels have hit a historically low value of 1 million tons. This is the lowest value for this state in our data dating back to 1973. Nevada had the third largest decline, dropping 535, 000 tons, and similar to New York, is experiencing the tightest stock levels in 47 years. Nevada produces more alfalfa than other hay, and experienced

significant yield declines this year, down half a ton per acre.

New seedings of alfalfa indicated the lowest new seedings rate in 47 years, indicating acres are unlikely to increase in alfalfa. This is expected to support prices indefinitely, and may reach a level where livestock producers will be forced to substitute away in some regions. The regional nature of hay prices and hay supplies will be highly impactful. The LMIC predicts national alfalfa price to be above a year ago in 2021. Other hay prices may weaken with normal yields, but the first part of the new marketing year supplies are expected to be tight.

PORK CUTOUT VALUE

In the first three weeks of 2021, the pork cutout value has been above last year and five-year average, starting 2021 at \$78.77 per cwt and rising to \$80.26 last week, a 1.9% (\$1.49) increase. The strength in the pork cutout has been aided by the belly, ham, and rib primal values. At the start of 2021, the belly value jumped \$24.00 per cwt (23.4%) above the last week of 2020 to \$102.63 per cwt. The following week, belly values cooled some declining 2.7% to \$123.17 per cwt. This week the belly value further softened decreasing to about \$120 per cwt. Ham values have also started the year off showing strength by gaining \$15.42 per cwt (25.2%) to \$76.64 per cwt in just the first three weeks of the year. The rib value has shown improvement to start the year with a 3.9% increase through the first three weeks reaching \$148.92 per cwt.

The pork cutout value starting the year off stronger has helped bolster the live to cutout spread with the first three weeks averaging near \$50 per head. The five-year average live to cutout spread has been about \$45 per head. The strong pork cutout value has helped buoy the live to cutout spread but another contributing factor is due to pork by-product values which have been holding near an average of \$4.40 per cwt for several weeks. The five-year annual average for pork by-products is \$3.70 per cwt. Combining both the pork cutout and pork by-product value has partially offset rising hog prices to keep the live to cutout spread elevated.

The base slaughter hog price (national, weighted average carcass) finished 2020 with a typical seasonal decline during the fourth quarter ending the year at \$61.85 per cwt. The first week of 2021, hog prices rose \$2.62 per cwt (4.2%) to \$64.47 per cwt in one week. This was followed by another 2.1% increase the following week to \$65.80 per cwt. If hog prices continue to climb, they may partially offset gains in the pork cutout and narrow the live to cutout spread.

CATTLE ON FEED PLACEMENTS HIGHER THAN EXPECTED

Cattle on feed beat analyst expectations, placing cattle at a rate greater than a year ago. Placements came in at 0.7% higher than last year, or 1.842 million head. Stronger placements seemed to be primarily in drought stressed areas. Colorado saw a large percentage increase. Other states with higher placements included California, Arizona, Idaho, Kansas and Nebraska. Iowa added 21 thousand head as well. Texas placements fell 30 thousand head from a year ago. Oklahoma was down 16 thousand head.

The weight breakdown, showed larger animals were mostly moved. Weight categories between 700 pounds and under 1000 pounds were all over a year ago. Heavy cattle, 900-999 pounds, saw the largest gains up 16% compared to last year. The 800-899 pound animals were the second highest percentage gained, up 7%, followed by 700-799 pound animals up 3%. The two lighter weight categories, under 600 pounds, and 600-699 pounds, were both below a year ago. Colorado had higher placements in the lightweight categories, but Nebraska and Kansas both showed greater numbers in the heavier categories.

Overall, the dryness in the West likely played a role in moving animals on feed. Hay supplies are tighter and the whole feed complex has moved up significantly. LMIC has feedlots break-evens for cattle placed in December around \$109 in the Southern Plains. There has been opportunities to lock in profits, but January placements may look different. Feed costs have escalated significantly since December. In the last week, boxed beef cutout values have climbed as well on better demand which has helped support cattle prices. If these prices hold, they will offset the higher feed costs, and help stabilize cattle feeding margins.