Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . February 5, 2021

Production

Week Ending 2/6/2021	Last	Year Ago
FI Cattle Slaughter (Thou Hd)	653	631
FI Hog Slaughter (Thou Hd)	2691	2672
FI Sheep Slaughter (Thou Hd)	36	38
Live Y. Chicken Sl. (Mil Hd)	166.6	172.0
Slaughter Cattle Live Weight	1403	1380
Slaughter Hog Live Weight	296	289
Slaughter Lamb/Sheep Live Wt.	133	134
Beef Production (Mil Pounds)	551.3	523.0
Pork Production (Mil Pounds)	594.2	575.9
Lamb, Mutton Prod. (Mil Lbs.)	2.4	2.5
Previous 6 Wk. Moving Avg.		
Total Beef (Mil Lbs)	532.5	514.5
Total Pork (Mil Lbs)	577.2	560.2
Total Lamb, Mutton (Mil Lbs)	2.3	2.4

Prices

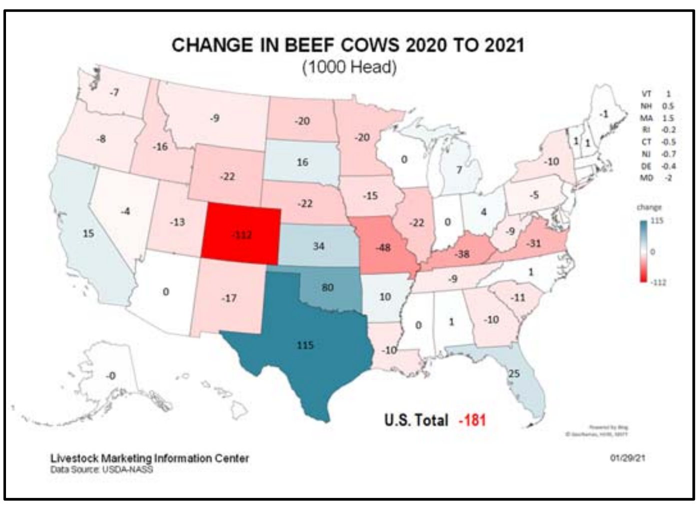
Weekly Average ($/Cwt)	Last	Week Ago	Year Ago
Live Steer	113.28	112.44	121.05
Dressed Steer	179.32	177.56	193.18
Choice Beef Cutout	235.31	230.28	210.85
USDA Hide/Offal	9.56	9.41	9.12
OK City Fdr. Str. (6-7 Cwt.)	147.76	147.28	148.77
Natl. Negotiated Purchase	59.66	56.46	51.22
Natl. Net Hog Carcass	70.78	69.35	62.29
Feeder Pigs (40 Lbs) ($/Head)	74.76	67.76	52.67
Pork Cutout	82.80	82.60	66.69
Lamb Cutout	389.56	386.73	363.59
Cheddar, 40 lb Block($/lb)	1.78	1.79	1.94
Corn, Omaha ($/Bu)	5.29	5.15	3.79
Soybeans, Cntrl IL ($/Bu)	13.84	13.64	8.89

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

Trends. . .CATTLE INVENTORY

The USDA NASS released the highly anticipated January 1 cattle inventory report last week, giving the cattle industry confirmation that the cattle cycle continues to contract. Beef cows were down from a year ago about half a percent. Analysts expected beef heifers held for replacement to also be down from a year ago but that number was stable, indicating cow-calf producers continue to be in a holding pattern. The calf crop reflected the changes and revisions to the beef herd, and was revised down in 2019 to 35.591 million head, about a half a million head lower than the first estimate. Last year's calf crop was estimated to be down 1.3% from this revised number, or 35.135 million head.

The dairy herd was up from a year ago on January 1, at 9.440 million head compared to 9.342 million head in the prior year. Dairy producers seemed to show less enthusiasm about the coming year, and dairy heifer replacements were below a year ago, the opposite of pre-report expectations.



The inventory report was decidedly bullish for cattle prices over the next 3 years. Tighter supplies of cattle will move through the system lowering beef production. The cow herd is unlikely to return to expansionary phase this year. Cow-calf returns face considerable drought and feed cost pressure this year which could significantly shorten expected returns. Still, with higher calf prices, cow calf returns are still expected to be positive. Government payments likely played a significant role in negating negative returns in 2020, which could continue to be a factor affecting cattle industry production decisions this year, but a repeat of that government policy provision is not guaranteed again.

The dairy industry is expected to have another volatile year. Feed costs are expected to significantly erode dairy margins. This sector will be watching demand carefully, and the switch back towards food service will help move large supplies. However, that re-opening of the economy still seems to be moving rather slowly. The gains in milk cow inventory are expected to slip in 2021, as producers will likely be forced into higher turnover rates. Western states are most at risk, given the prospects for hay supplies. Substitution may be possible but the entire feed cost profile has been challenged by the aggressive run up in corn and soybeans.

SHEEP AND GOAT INVENTORY

The annual sheep and goat inventory report was released by USDA NASS on January 29, 2021. On January 1, the all sheep and lambs inventory was 5.17 million head, down 0.6% (30,000 head) from a year ago, a record low for the U.S. The all goats and kids inventory on January 1 was down 2.7% (73,000 head) to 2.58 million head, also the lowest inventory level recorded.

Total breeding sheep inventory declined 0.8% (30,000 head) to 3.78 million as ewes one year and older fell 20,000 head (0.7%) and replacement lambs decreased 10,000 head (1.5%) to 2.96 million and 650,000 head, respectively. Rams one year and older remained unchanged at 170,000 head. The lamb crop declined 15,000 head (0.5%) to 3.21 million head which is the lowest ever reported. Lambing percent remained unchanged from last year at 107.7%. Total lambs rose slightly (0.3%) to 1.309 million head which was offset by a 3.6% decline in market sheep to 81,000 head leading to total market sheep and lambs remaining unchanged at 1.39 million.

The decline in all goat and kids inventory levels occurred in Angora, Milk and Meat goat categories. Angora goats fell 10.0% to 117,000 head, its lowest level ever. Milk goats decreased 3.4% to 420,000 head, the lowest level in three years. Meat goats declined 2.2% to 2.045 million head; its lowest level recorded. The breeding goat inventory was down 2.8% to 2.117 million head and market goats dropped 2.7% to 465,000 head from last year. The kid crop was up 0.9% to 1.655 million head which is the highest level since 2014 when the kid crop reached 1.666 million head.

The gradual decrease in sheep and lamb inventories will likely continue as persistent drought in the western U.S. will limit forage and feed availability. A majority of goats and kids are located in the South-central U.S., especially Texas and Oklahoma, which is also experiencing dryness and drought conditions. If drought conditions persist, the goat inventory may continue to decline.

DAIRY TRADE 2020

USDA FAS released December trade data today, closing the books on 2020 data. Imports ended the year mixed. Most of these categories completed the year with annual totals higher than 2019 totals. December, though, showed whey products and concentrated milk and cream products well below the prior year. On the year, fluid milk and cream imports were the largest increases from the prior year up 123%. Concentrated milk and cream products had the second largest increase of 11%, followed by butter and oil products (+6%), and buttermilk products (+2%). Annual totals for cheese imports were down 7%, and whey products imported were down 14%.

December export data was above a year ago for 4 of 6 dairy product categories, putting a strong end to the year. Annually, dairy exports were very mixed, some categories posting strong gains, while others significantly retracted from 2019 levels. Whey exports were the strongest up 23%, followed by concentrated milk and cream, up 14%, and butter exports up 6%. Butter exports were helped significantly by large shipments in December (115% over a year ago). Buttermilk products had the largest decline down 12%, while fluid product exports lost 1.5%. Cheese exports were even on the year.

Dairy trade was likely affected by extreme volatility in product pricing due to pandemic disruptions and demand shocks. This year there should be more stability as the world emerges from the pandemic. U.S. milk herd inventory was about 100,000 head higher on Jan 1 heading into the spring, the highest production period of the year. The U.S. is re-opening but absorbing expanding milk supplies could be challenging if timing is not well aligned.