

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

February 19, 2021

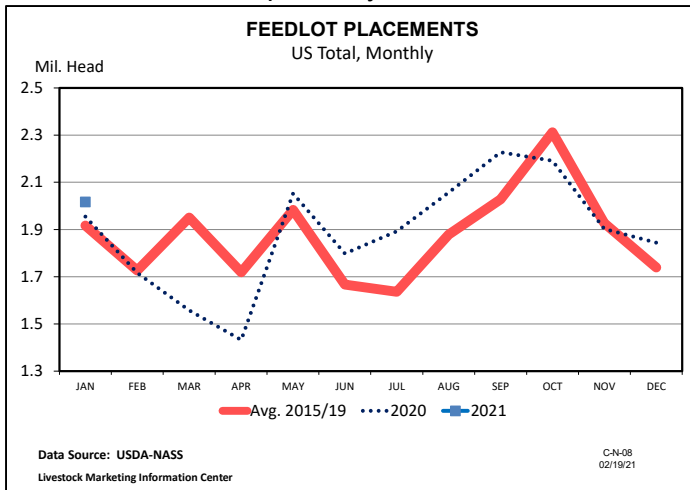
Production			Prices			
Week Ending 2/20/2021	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	552	626	Live Steer	114.11	113.83	119.71
FI Hog Slaughter (Thou Hd)	2438	2611	Dressed Steer	180.71	180.10	190.07
FI Sheep Slaughter (Thou Hd)	33	33	Choice Beef Cutout	236.56	233.77	205.71
Live Y. Chicken Sl. (Mil Hd)	163.9	171.0	USDA Hide/Offal	9.65	9.61	9.07
			OK City Fdr. Str. (6-7 Cwt.)	NQ	141.81	158.83
Slaughter Cattle Live Weight	1403	1377	Natl. Negotiated Purchase	68.89	64.59	49.74
Slaughter Hog Live Weight	294	288	Natl. Net Hog Carcass	77.74	74.00	60.80
Slaughter Lamb/Sheep Live Wt.	135	136	Feeder Pigs (40 Lbs) (\$/Head)	81.05	77.78	57.79
Beef Production (Mil Pounds)	465.9	517.9	Pork Cutout	90.49	86.87	64.26
Pork Production (Mil Pounds)	534.0	561.3	Lamb Cutout	398.43	398.62	361.49
Lamb, Mutton Prod. (Mil Lbs.)	2.2	2.2	Cheddar, 40 lb Block(\$/lb)	1.68	1.75	1.97
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	5.32	5.23	3.78
Total Beef (Mil Lbs)	532.2	522.8	Soybeans, Cntrl IL (\$/Bu)	13.88	13.80	9.05
Total Pork (Mil Lbs)	577.3	566.5				
Total Lamb, Mutton (Mil Lbs)	2.4	2.4				

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

Trends. . . HIGHER CATTLE ON FEED AND PLACEMENTS

The USDA Cattle on Feed report was recently released which set total inventory levels on February 1, in feedlots of +1,000 head capacity, at 12.106 million head, 1.5% (178,000 head) above a year ago. The range of pre-report estimates was from down 0.4% to up 1.1% from last year. The actual cattle on feed number falls just above the highest pre-report estimate and contrary to those analysts expecting the inventory to be below a year ago. January marketings were 1.822 million head which is 5.6% below a year ago and closer to the lower end of the range for pre-report estimates (down 1.6% to 5.7%). The lower marketings level is reflective of the fact that there were two less slaughter days during January.

Cattle placed on feed for the month of January was 2.017 million head, up 3.2% (62,000 head) from last year and above analysts' expectations. Prior to the report the range of estimates was wide, from down 4.9% to up 3.0% with the actual just exceeding the highest estimate. Iowa saw the highest annual increase, rising 15.2% followed by increases in Texas, Kansas, and Nebraska, which were up 9.4%, 7.9%, and 3.9%, respectively. The remain states in the report all posted lower placement levels.



With higher placements in January, rising feed costs are likely to become more of a focus and concern. The weekly Omaha corn price for January averaged \$5.04 per bushel, which is a 15.2% (\$0.67 per bushel) rise over December 2020 and 32.0% (\$1.23 per bushel) higher than last year. High feed costs may incentivize cow-calf operators to add more weight to calves before placing into feedlots. This may be a challenge as much of the western U.S. remains in drought, potentially limiting available pasture and feed supplies. The harsh winter weather in mid-February likely depleted hay stocks in some areas.

ANNUAL MEAT EXPORTS END 2020 ON HIGH NOTE

February release of USDA FAS data put a wrap on 2020, and what was a volatile year to say the least. Beef exports posted a nearly record high in December, lifting the annual total to only down 4%. Beef imports pulled back in December and was the lowest monthly figure since 2017. Still, 2020 beef imports had large gains on 2019, up 9% and the highest annual value since 2015. Pork exports had a tremendous year. Annual totals increased 15% over 2019, despite excessive volatility. Pork imports were down, falling 2% from the prior year. Lamb imports declined 2%, driven by a pull back from New Zealand quantities. Mutton on the other hand soared, up 63% over 2019, and New Zealand doubled those quantities from a year ago. Australia, too, had strong increases in mutton shipments. Mutton exports from the U.S. had an unusual year, up 273%, driven by high demand from Mexico. Mexico purchased more than 10x the volume in mutton in 2020 compared to 2019. We surmised that U.S. imports of mutton were likely transshipped to Mexico and/or ended up in pet food channels in the U.S. Lamb exports fell 19% and were the lowest since 2015.

Broiler exports jumped 4% over 2019 in quantities shipped. China was a star player, but increases were seen in Canada, Iran and Mexico as well. Other major destinations fell short of 2019's total. Broiler imports increased 10%, mainly from U.S. purchases from Chile. Turkey imports also increased, up 73%. Canada sent 3 times as many ready-to-cook turkey pounds as it did in 2019. Chilean shipments of turkey increased as well. Turkey exports fell backward, down 21%. Mexico, the largest turkey market for the U.S. declined 6%. Mexico last year bought 73% of total U.S. turkey exports. Egg exports and egg product exports increased. Egg products jumper 17%. Canada and Mexico had the largest year-over-year change, increasing more than 30%.

As the world emerges from the COVID-19 pandemic, consumers are expected to operate under more normal eating/consuming patterns in 2021. Exports for most U.S. meat categories are expected to rise. However, the competitiveness of the U.S. product in these markets will likely come into play if world economies do struggle. LMIC's current forecasts for beef exports up 3-5%, pork up 1-3%, broiler meat up 5-7%, and turkey increasing 1-3%.

EARLY 2021 POULTRY PRODUCTION TO SLIP FROM A YEAR AGO

The chicken and turkey industries during 2020 were struggling with the challenge of sizing up consumer demand for their products, similar to the rest of the economy. Production plans were reigned in to keep inventories in line with consumption. Broiler-type chicken production was up 1% from 2019 with all of the increase accounted for by larger average bird sizes. Slaughter was up 4 million birds compared to total birds processed for the year of 9.2 billion birds. Turkey production in 2020 was down 1% from the prior year as turkey slaughter declined by 2%. Both industries registered year-over-year production declines during the last 9 months of the year, mirroring the impacts of the pandemic.

The prevailing downward momentum for poultry production at the end of 2020 should extend into the first half of 2021. Broiler production during the first half of the year should come in below a year earlier. Comparisons for the January-March quarter match up to an 8% increase that was recorded in the first quarter of 2020. Leap year was a factor last year, as were average bird weights that were 2% heavier than in the first quarter of 2019. Average bird weights this quarter are expected to be up less than a percent from a year ago, helping to moderate the decrease in the number of birds harvested. Hatchery output in the last quarter of 2020, which will provide the source of birds to be processed this quarter was down close to 2% from a year earlier. Restrained hatchery output is a response to industry profitability that was declining compared to a year earlier in each of the four quarters of 2020, albeit holding at positive levels.

Turkey production for the first quarter of this year should come in about 5% less than a year ago. Comparison to a Leap Year is a factor. Average bird weights that will be similar to early 2020. Turkey hatchery output during the last quarter of 2020 was down 6% from a year earlier, setting the template for birds to be processed this quarter. Consumer demand for turkey was hit hard by pandemic restrictions to the foodservice industry in last spring and summer, but the holiday whole bird business late in the year was a pleasant profitable surprise. Consumption, however, fell 2% from the prior year holidays.