Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . March 5, 2021

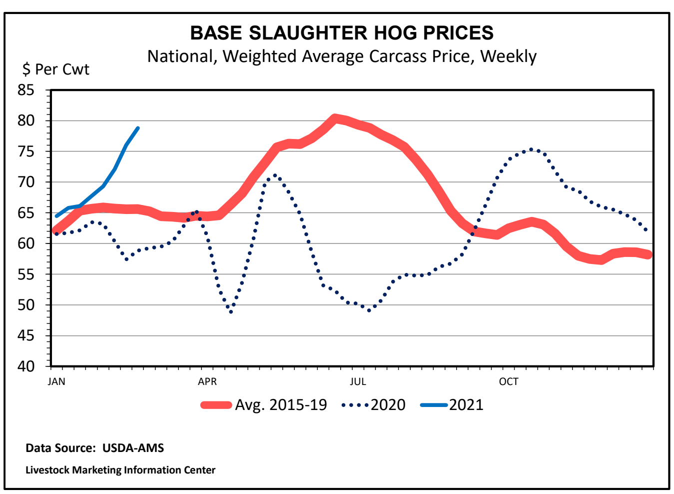
Production	Last	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 3/6/2021			**Weekly Average ($/Cwt)**			
FI Cattle Slaughter (Thou Hd)	665	649	Live Steer	113.76	114.07	113.17
FI Hog Slaughter (Thou Hd)	2563	2680	Dressed Steer	179.79	181.63	180.80
FI Sheep Slaughter (Thou Hd)	38	37	Choice Beef Cutout	234.39	240.39	206.94
Live Y. Chicken Sl. (Mil Hd)	177.4	170.7	USDA Hide/Offal	9.79	9.75	8.75
			OK City Fdr. Str. (6-7 Cwt.)	148.51	141.19	150.61
Slaughter Cattle Live Weight	1398	1379				
Slaughter Hog Live Weight	291	289	Natl. Negotiated Purchase	82.74	75.53	50.61
Slaughter Lamb/Sheep Live Wt.	136	137	Natl. Net Hog Carcass	83.43	80.88	61.36
			Feeder Pigs (40 Lbs) ($/Head)	90.21	87.43	55.48
Beef Production (Mil Pounds)	559.2	540.2	Pork Cutout	93.46	93.19	66.45
Pork Production (Mil Pounds)	557.1	576.6				
Lamb, Mutton Prod. (Mil Lbs.)	2.6	2.6	Lamb Cutout	406.64	401.44	375.87
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block($/lb)	1.62	1.66	1.90
Total Beef (Mil Lbs)	532.3	524.0				
Total Pork (Mil Lbs)	565.9	567.2	Corn, Omaha ($/Bu)	5.17	5.36	3.78
Total Lamb, Mutton (Mil Lbs)	2.4	2.5	Soybeans, Cntrl IL ($/Bu)	14.30	14.24	9.05

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

Trends. . . HOG PRICES AND FEED COSTS RISE

Since the start of the year, the base slaughter hog price (national, weighted average carcass) has been on a strong upward trend. Hog prices begin the year at $64.47 per cwt and latest week reached $78.80 per cwt, a 22.2% ($14.33) increase in two months. A similar rise has occurred in the pork cutout value which started the year at $80.26 per cwt but has since gained $12.93 (16.1%) in two months rising to $93.19. The higher hog price and cutout value are positive for the industry considering that year-to-date weekly hog slaughter through the first week of March is nearly even with last year, down 0.3% to over 25.9 million head. Year-to-date weekly pork production through the first week of March was up 1.3% to nearly 5.7 billion pounds aided by higher than usual slaughter dressed weights which have averaged 219.1 lbs. versus 215.7 lbs. during the same ten-week period last year.

As hog prices have been steadily improved since the start of the year, focus has turned to escalating feed costs. Corn and soybean prices have been progressively rising since the mid part of 2020. The Omaha corn price bottomed at $2.97 per bushel in August 2020 but has risen 74.1% ($2.20) to $5.17, a level that has not been seen since September 2013. Soybean prices have precipitously risen from a low of $8.39 in May of 2020 to $14.30 per bushel last week, a $5.91 (70.4%) increase. The rise in feed costs is being partially offset by strong hog prices which will need to remain elevated to curb any further increases in feed costs and keep producers profitable.



The Iowa State University estimated returns for a farrow-to-finish operation were a loss of $6.37 per head for the month of January 2021. One year ago, estimated returns were a loss of $0.46 per head, a $5.90 per head slide. The main contributing factor to lower returns for the month were feed costs which totaled $87.44 per head in January, the highest since October 2014

($88.14). Corn costs for the month were $38.14 per head which is the highest since August 2014 and 43.6% of the total feed cost for the month. Soybean meal and dried distillers grain saw similar increases in costs reaching some of the highest levels in nearly six years, which is significant as they both make up the remaining majority of total feed costs accounting for 19.5% and 14.3%, respectively.

CANADIAN CATTLE AND HOG INVENTORY

USDA National Agricultural Statistics Service (NASS) recently released two joint publications with Statistics Canada. One report was on the cattle and sheep inventory in both countries along with one on the hog inventory in both countries. The effort provides additional information about potential supplies between both countries in one publication and is published twice a year.

Total cattle and calves for Canada was 11.150 million head, down 1.0% (115,000 head) from last year and the lowest inventory level since 1989. Beef cows and milk cows both declined moderately by 0.4% and 0.3%, respectively, to 3.544 million and just nearly 978 thousand head. The calf crop was 4.299 million head, down 0.8% or 36,500 head from a year ago and the lowest level since 2016. The number of heifers that producers expect to retain for beef cow replacement rose 4.1% (21,700 head) over last year to over 545 thousand head. Fewer heifers are expected to be retained for dairy herd replacement, down 2.4% to nearly 428 thousand head. With a smaller calf crop and higher beef cow retention rates there will likely be a smaller number of cattle available in Canada for feedlots in 2021.

The Canadian all hogs and pigs inventory was just over 14.0 million head, a marginal increase of 0.4% or 55 thousand head and the highest since 2018. The current breeding herd inventory for 2021 was 1.257 million head which is 1.0% above last year. Canada's breeding herd has remained stable over the last decade averaging about 1.23 million head. Sows farrowed was 1.261 million head, up 2.8% and the highest since 2016 which yielded a pig crop of 14.934 million head (up 4.6%). Dividing the pig crop by sows farrowed gives a pigs per litter of 11.8 which is record high. The total number of market hogs was 12.768 million head up 0.3% from 2020. Although Canada's hog inventory increased slightly, the continued improved efficiency highlighted by the pigs per litter indicates that there will be ample hogs supplies in the near term.

COLD WEATHER SLAUGHTER DISRUPTIONS

Extreme cold weather took its toll on the livestock industry the week-ending February 20, 2021. Widespread power and gas outages, along with delays in trucking took weekly livestock slaughter significantly below the previous week and a year ago. Cattle slaughter declined 10% week over week due to the weather disruption about a 56 thousand head under the prior week. Cow slaughter declined a whopping 18% from the prior week and was the lowest weekly level since the multi-day holiday week at the end of December 2020, reaching only 106 thousand head. Steer slaughter also declined significantly, down 10% from the week prior. Heifer slaughter maintained from the previous week showing very little change to weekly slaughter levels. Estimated cattle slaughter since then has rebounded but will likely push some February ready cattle into March. Saturday harvest levels have been elevated the last three weeks, but not to the extent to make up for the decline in that single week. This may too have effected feedlot placement behavior as many auctions too did not run or had limited volumes.

Hog slaughter for that same week dropped 230 thousand head, a 9% decline from the previous week. Barrows and gilts posted similar numbers, down 9% or 223 thousand head. The pace of sow slaughter dropped slightly more, down more than 9% or about 5 thousand head. Similar to cattle slaughter, estimated hog slaughter in the two weeks since has rebounded. Saturday hog kill has not jumped in quite the same way that cattle Saturday slaughter did and has actually posted lower levels over the last three weeks than it did before the week-ending February 20, 2021.

Sheep slaughter declined 12% from the previous week. Lambs and yearling slaughter fell 11%, while mature sheep were down 30% from the week before. Saturday sheep slaughter is expected to be large in the following weeks.

Cattle dressed weights were the most affected. Steer dressed weights declined 10 pounds, and heifers fell 9. These levels are only 4 pounds higher than a year ago for steers. Hog weights remained even with the week before and sheep dressed weights were up 1 pound from the prior week.