

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

April 9, 2021

| Production | | | Prices | | | |
|-----------------------------------|-------|----------|--------------------------------|--------|----------|----------|
| Week Ending 4/10/2021 | | | Weekly Average (\$/Cwt) | | | |
| | Last | Year Ago | | Last | Week Ago | Year Ago |
| FI Cattle Slaughter (Thou Hd) | 641 | 529 | Live Steer | 121.87 | 118.08 | 105.00 |
| FI Hog Slaughter (Thou Hd) | 2487 | 2393 | Dressed Steer | 195.21 | 189.36 | 168.00 |
| FI Sheep Slaughter (Thou Hd) | 35 | 31 | Choice Beef Cutout | 266.08 | 246.86 | 225.37 |
| Live Y. Chicken Sl. (Mil Hd) | 161.9 | 164.7 | USDA Hide/Offal | 10.70 | 10.46 | 8.01 |
| | | | OK City Fdr. Str. (6-7 Cwt.) | 155.97 | 154.64 | 134.57 |
| Slaughter Cattle Live Weight | 1375 | 1357 | Natl. Negotiated Purchase | 98.72 | 96.29 | 40.54 |
| Slaughter Hog Live Weight | 291 | 288 | Natl. Net Hog Carcass | 98.17 | 96.27 | 54.69 |
| Slaughter Lamb/Sheep Live Wt. | 136 | 130 | Feeder Pigs (40 Lbs) (\$/Head) | 98.72 | 100.96 | 32.69 |
| Beef Production (Mil Pounds) | 530.9 | 431.6 | Pork Cutout | 110.71 | 108.41 | 53.55 |
| Pork Production (Mil Pounds) | 540.5 | 513.5 | Lamb Cutout | 422.86 | 421.11 | 378.62 |
| Lamb, Mutton Prod. (Mil Lbs.) | 2.4 | 2.0 | Cheddar, 40 lb Block(\$/lb) | 1.78 | 1.75 | 1.82 |
| Previous 6 Wk. Moving Avg. | | | Corn, Omaha (\$/Bu) | 5.79 | 5.59 | 3.13 |
| Total Beef (Mil Lbs) | 530.4 | 522.1 | Soybeans, Cntrl IL (\$/Bu) | 14.51 | 14.29 | 8.74 |
| Total Pork (Mil Lbs) | 549.1 | 568.4 | | | | |
| Total Lamb, Mutton (Mil Lbs) | 2.7 | 2.4 | | | | |

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

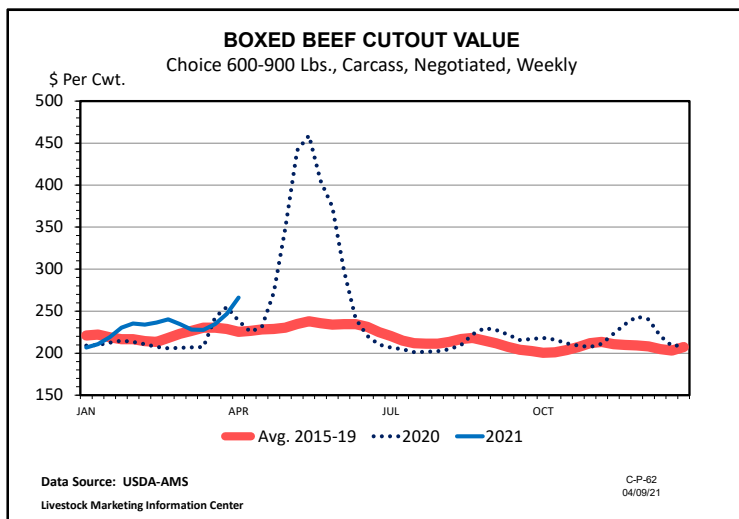
Trends . . . NEGOTIATED BOXED BEEF CLIMBS

Negotiated Choice boxed beef weekly average was \$19.22 per cwt higher than the previous week, extending the 5 week rally to \$266 per cwt. There is likely some pipeline refilling in preparation for a more open U.S. restaurant industry. It remains to be seen how demand will actually behave once the U.S. is open at full capacity.

Middle meats have led the cutout higher. The focus on the rib primal cuts have boosted that value over \$400 per cwt last week. There is also likely some demand rationing occurring, as Choice rib primal values have only elevated over \$400 per cwt on a weekly basis on a handful of occasions back to 2004. The first was December 2014 and only lasted two weeks, followed by June 2017 lasting 6 weeks, one week in December 2017, 6 weeks in November 2018, one week in August 2019, seven weeks in May/June of 2020. The fourth quarter of 2020 persisted 6 weeks. Most of these rallies built over several weeks, showing week-over-week gains for

about 13 weeks before the market broke. The shortest was 7 weeks. The current rally has been climbing week-over-week for 5 weeks. The drop from \$400+ rib primals usually occurs swiftly, averaging more than an 8% drop week-over-week when the break does occur.

Loin primal values have been very strong, also. Over the last 5 weeks, the loin primal value has averaged 5-49% higher than last year. Other primal values have seen increases last week and this week over prior weeks. Based on history, the rib primal value could remain elevated for several more weeks, but when this rally



does run out of steam could break rather sharply. History may also not offer much guidance due to the uncharted territory of post-pandemic beef demand. Beef demand at the grocery level was very good during 2020, which begs the question if restaurants re-open fully, does that translate to more pounds of beef demanded. This rally is likely necessary to prepare the hospitality sector for re-boot but seems unlikely to have long term staying power.

MARCH 1 HOGS & PIGS REPORT

The March 1 Hogs and Pigs report was recently released by USDA NASS which indicated hog supplies are tighter than expected. The report showed that all hogs and pigs were down 1.8% to 74.773 million head which was opposite of pre-report estimates expecting a 0.1% increase from a year ago. The breeding herd was reported at 6.215 million head, down 2.5% and a sharper decline than pre-report estimates, which expected a 1.1% decline.

The average pre-report estimates for the market hog categories were expecting moderate increases of 0.6%, 0.4%, and 0.5%, respectively, for the under 50-, 50-119-, and 120-179-pound categories with the 180 and over category estimated to be down 1.2%. Actual numbers reported were lower than anticipated with the 50- and 50-119-pound categories decreasing 1.3% and 1.2%, respectively, to 21.288 and 19.118 million head. The 120-179 pound and 180 pound and over categories both declined 2.5% to 14.705 and 13.446 million head, respectively.

The December to February sow farrowings were reported at 3.041 million head, a 0.9% decrease from a year ago. Pigs per litter also posted a decline of 0.5% to 10.94 which is likely due to cases of PRRS and PEDv impacting the breeding herd over the winter months. Lower sow farrowings and pigs per litter led to a 1.4% decrease in the pig crop to 33.270 million head. Pre-report estimates were opposite of the Hogs and Pigs report with sow farrowings and pigs per litter both expected to increase 0.5% and 0.1%, respectively, leading to a 0.7% rise in the pig crop.

Farrowing intentions for the March to May and June to August periods were much lower than expected, both down 2.5% and 4.2%, respectively, to 3.070 and 3.124 million head. Pre-report estimates were expecting declines of 0.8% for both periods. Feed costs were likely on producer's minds when they would have been surveyed for the report in early March. At that time, the national weighted average base carcass hog price was \$83.78 per cwt, the Omaha corn price was \$5.17 per bushel, and Central Illinois soybean prices were \$14.30 per bushel. Feed costs will likely continue to be a factor, but those costs will be partially offset by stronger hog prices.

FEBRUARY MEAT EXPORTS SLIP

Trade data for the month of February was released showing beef and veal exports of 250.3 million pounds, down 2.6% from a year ago. South Korea was the top destination with 66.7 million pounds shipped for the month (up 6.6%) which was followed closely by Japan with 66.3 million pounds exported, down 11.7%. Mexico, China, and Canada round out the top five destination for beef exports with shipments of 26.1, 24.2, and 18.0 million pounds, respectively. Exports to Mexico and Canada each posted year-over-year declines of 23.6% and 23.1%, respectively. Shipments to China were well above the prior year's level of just 1.6 million pounds and has quickly become a top destination for U.S. beef exports.

Pork exports were 591.9 million pounds, down 10.1%, with shipments to the top five destinations for U.S. pork each posting declines for the month. In February, the 2021 export level is still the second highest for the month trailing behind 2020's record level of 658.2 million pounds. China remained the top destination at 138.3 million pounds, down 28.2%. Mexico followed closely with 127.7 million pounds shipped, down 7.6% from last year. Exports to Japan, Canada, and South Korea were down 9.8%, 0.8%, and 19.3%, respectively, to 99.1, 46.8, and 42.3 million pounds. These top five destinations accounted for over three-quarters (76.7%) of the total pork exports for the month of February.

Broiler exports in February were 572.0 million pounds, down 1.7% from a year ago. Shipments to China were 33.2 million pounds and although the amount is lower than prior month's levels. It is still more than double the amount shipped just a year ago. Shipments to Canada remained consistent at 24.7 million pounds, up 2.8% from last year. Turkey exports were 41.5 million pounds down 5.0% from 2020.