

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

June 4, 2021

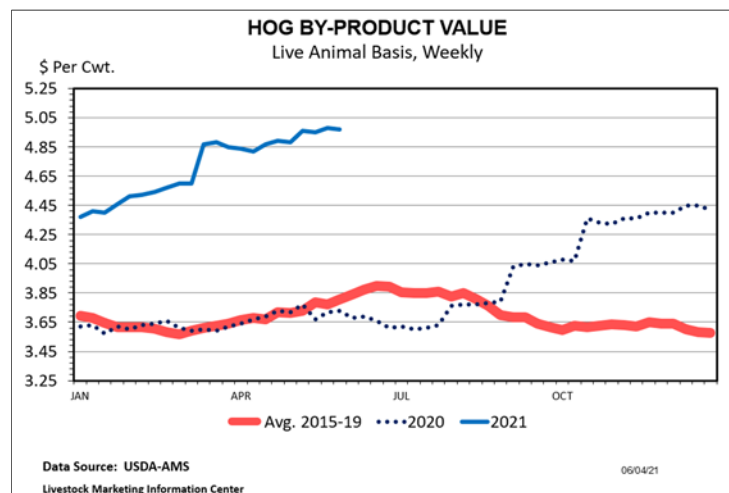
Production			Prices			
Week Ending 6/5/2021			Weekly Average (\$/Cwt)			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	538	628	Dressed Steer	119.89	119.64	112.39
FI Sheep Slaughter (Thou Hd)	1975	2473	Choice Beef Cutout	190.73	190.69	179.04
Live Y. Chicken Sl. (Mil Hd)	31	37	USDA Hide/Offal	338.56	329.64	297.90
	165.6	145.6	OK City Fdr. Str. (6-7 Cwt.)	12.23	12.15	7.13
Slaughter Cattle Live Weight	1365	1369		NQ	151.57	144.36
Slaughter Hog Live Weight	288	292	National Negotiated Hogs	109.66	106.77	33.54
Slaughter Lamb/Sheep Live Wt.	126	137	Natl. Net Hog Carcass	110.24	109.39	60.16
Beef Production (Mil Pounds)	443.0	518.9	Feeder Pigs (40 Lbs) (\$/Head)	72.39	80.13	14.65
Pork Production (Mil Pounds)	424.4	534.3	Pork Cutout	130.22	124.73	75.61
Lamb, Mutton Prod. (Mil Lbs.)	2.0	2.5	Lamb Cutout	503.91	484.88	358.09
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	1.77	1.82	1.61
Total Beef (Mil Lbs)	517.9	432.8	Corn, Omaha (\$/Bu)	6.87	6.97	3.15
Total Pork (Mil Lbs)	500.6	440.2	Soybeans, Cntrl IL (\$/Bu)	15.80	15.60	8.76
Total Lamb, Mutton (Mil Lbs)	2.4	2.7				

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

Trends. . . BY-PRODUCT VALUE UPWARD TREND

The steer, cow, and hog by-product values have been trending upward since the start of the year. According to the Weekly National Carlot Meat Report all three by-product values are at levels that have not occurred in over five years. USDA reports daily by-product values which is also consolidated into one weekly report called the Weekly National Carlot Meat Report.

Since the start of the year the steer hide and offal value has increased 34.0% (\$3.10) and reached its highest value this year at \$12.23 per cwt last week. Compared to the same week last year, the steer hide and offal value has increased 74.5% (\$5.22) and is 13.4% (\$1.44) above the five-year average (2015-19). The last time the value levels this high was nearly six years ago when it reached \$12.28 in late September 2015. Since the start of the year gains in edible tallow (up 79.9%), cheek meat (up 29.5%), and hide values (up about 32%-37%) have contributed to the steady rise in the steer hide and offal value. The cow by-product value has also been on a strong upward trend recently with last week at \$13.78 per cwt, 72.0% (\$5.77) above 2020 and up 29.6% (\$3.15) since the start of the year.



The hog by-product value was \$4.96 per cwt, up \$1.19 (31.6%) from last year and 33.0% (\$1.23) higher than the five-year average. This is the highest hog by-product level for the year and a level that has not been seen since the first week of January 2015 when it was \$5.56 per cwt. Year-to-date through the end of May, the hog by-product value has increased 13.5% or \$0.59 per cwt. Much of the gain in the hog by-product has come from

hearts (slashed, domestic) and inedible choice white grease which have each increased 72.7% and 51.1%, respectively, since the start of the year. Gains have also been made in lard, cheek meat, and bonemeal each increasing 41.5%, 23.2%, and 20.2%, respectively. The only category to decline since the start of the year has been blood meal (down 10%).

BEEF COW SLAUGHTER CLIMBS

The drought impact of beef cow slaughter is taking its toll in several regions around the U.S. The start of pasture and range conditions was the worst start since the 2012 and 2013 growing seasons. These early weeks are showing a large portion of the U.S. was already requiring supplemental feed to maintain herds. For the west this is a second year of continued hardship and will result in a second year of beef cow culling. As of this week pasture and range indicated that about 25% of the beef cow herd is in pasture conditions assessed as poor and very poor. This has been an improvement from a few weeks ago, when 40% of the cow herd was assessed to be in those conditions. Still, pasture and range is not improving evenly.

According to the regional slaughter, most of the slaughter regions are seeing an increase in beef cow slaughter with the exception for regions 1, 2, and 3 (representing CT, ME, NH, VT, MA, RI, NY, NJ, DE-MD, PA, WV & VA). The Pacific Northwest region indicates beef cow slaughter above a year ago, year to date up 5%. Regions 5, 6, and 9 have the largest percentage increase, up 29%, 12%, and 18% respectively. Total U.S. beef cow slaughter in federally inspected plants is up 10.1% year to date. In the last couple of weeks, beef cow slaughter has accelerated hitting above 70 thousand head per week. The percent change is being amplified by below average slaughter levels of last year during April and May.

The last two years have seen increased slaughter after breeding season for spring born calves has occurred, resulting in surging beef cow slaughter at the end of the year. The biological cycle would indicate that again may be the case, but producers may not have the carrying capacity to wait this year. In addition to the west, drought has been creeping into the Southeast as well, and the Northern Plains continue to struggle with limited moisture.

SOW SLAUGHTER

Weekly sow slaughter through April was tracking above the prior year for most weeks with an average weekly slaughter of about 64,000 head. Since the start of May weekly slaughter has trended slightly lower (about 4,000 head per week) averaging around 60,000 head which has resulted in year-to-date slaughter down about 2.4% into late-May. Producer decisions about sow slaughter have likely been influenced by both hog prices and feed costs. Hog prices have steadily improved since the start of the year (up 73.5% or \$45.49 per cwt) with last week at \$107.34 per cwt, the highest value is nearly six years. The rise in hog prices have been partially offset by escalating feed costs which were \$102.24 per head (up 34.8%), the highest in seven years according to the April Iowa State University estimated returns for a farrow to finish operation. Another aspect that potentially influenced sow slaughter during the first quarter of the year were sow prices.

The National Daily Direct Prior Day Sow and Boar Report (AMS_3452) shows that on average about three-quarters of the sows are sold on a negotiated basis each week. About half of the total weekly sows sold fall in the 450-499 lbs and 500-549 lbs categories. Prices for sows in these two weight categories started off the year in the low-\$40 per cwt range but quickly rose to the upper-\$80 per cwt area by the end of March. The last time sow prices reached well into the \$80 per cwt range was August 2014. The strong sow prices likely gave producers an economic incentive to refresh the herd which possibly contributed to some of the higher pace of sow slaughter during the first quarter of the year. Sow prices have since declined since the highs in March, dropping to the mid-\$50 per cwt range.

Lower sow prices have likely contributed to some of the curtailed sow slaughter in recent weeks. In the near-term producers will likely be weighing hog prices and feed costs as they make farrowing decisions. The December lean hog futures contract has been trading in the mid-to low-\$80 per cwt range which is just above the April breakeven carcass price of \$79.75 per cwt reported by the Iowa State University estimated returns. If hog prices continue to remain elevated and offset any potential rise in feed costs than sow slaughter will likely remain near typical levels.