

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 27, 2021

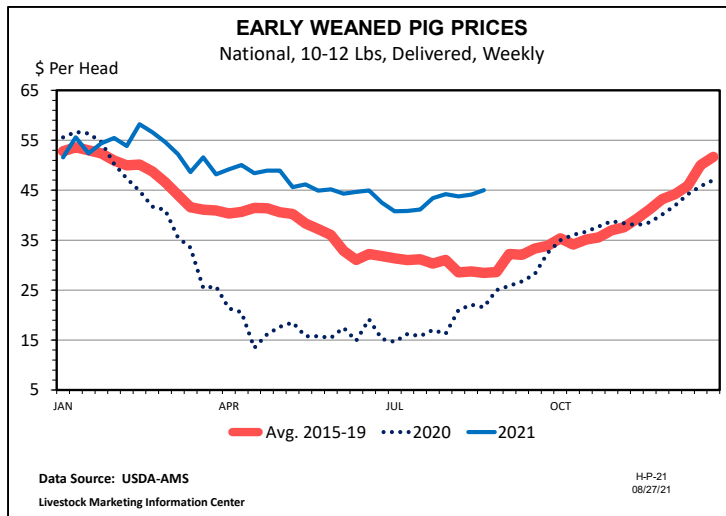
| Production                        |       |          | Prices                         |        |          |          |
|-----------------------------------|-------|----------|--------------------------------|--------|----------|----------|
| <b>Week Ending 8/28/2021</b>      |       |          | <b>Weekly Average (\$/Cwt)</b> |        |          |          |
| FI Cattle Slaughter (Thou Hd)     | Last  | Year Ago | Live Steer                     | Last   | Week Ago | Year Ago |
| FI Hog Slaughter (Thou Hd)        | 651   | 654      | Dressed Steer                  | 125.98 | 125.47   | 105.09   |
| FI Sheep Slaughter (Thou Hd)      | 2444  | 2653     | Choice Beef Cutout             | 204.18 | 201.15   | 166.53   |
| Live Y. Chicken Sl. (Mil Hd)      | 31    | 35       | USDA Hide/Offal                | 347.02 | 338.93   | 229.91   |
|                                   | 167.5 | 171.1    | OK City Fdr. Str. (6-7 Cwt.)   | 15.14  | 15.03    | 7.82     |
| Slaughter Cattle Live Weight      | 1352  | 1374     | National Negotiated Hogs       | 165.45 | 165.01   | 150.06   |
| Slaughter Hog Live Weight         | 280   | 281      | Natl. Net Hog Carcass          | 95.07  | 97.54    | 42.45    |
| Slaughter Lamb/Sheep Live Wt.     | 118   | 126      | Feeder Pigs (40 Lbs) (\$/Head) | 101.79 | 103.78   | 59.08    |
| Beef Production (Mil Pounds)      | 531.9 | 548.7    | Pork Cutout                    | 60.93  | 64.54    | 23.49    |
| Pork Production (Mil Pounds)      | 510.9 | 556.4    | Lamb Cutout                    | 113.50 | 119.75   | 73.09    |
| Lamb, Mutton Prod. (Mil Lbs.)     | 1.8   | 2.2      | Cheddar, 40 lb Block(\$/lb)    | 629.95 | 623.87   | 357.06   |
| <b>Previous 6 Wk. Moving Avg.</b> |       |          | Corn, Omaha (\$/Bu)            | 1.70   | 1.65     | 2.04     |
| Total Beef (Mil Lbs)              | 530.9 | 536.3    | Soybeans, Cntrl IL (\$/Bu)     | 6.28   | 6.15     | 3.32     |
| Total Pork (Mil Lbs)              | 497.3 | 544.5    |                                | 13.55  | 13.59    | 9.45     |
| Total Lamb, Mutton (Mil Lbs)      | 1.9   | 2.3      |                                |        |          |          |

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

### Trends. . SOW AND FEEDER PIG PRICES

Sow prices have been gaining strength in recent weeks while feeder pig prices have been maintaining value through the summer months. Sow prices (450-499 lbs. negotiated purchase, live) started out the year with a strong upward trend reaching \$84.62 per cwt in late-March before taking a counter seasonal move down during the summer months. Prices dipped to a low of \$50.16 per cwt in mid-June and have since risen 78.1% to \$89.33 last week which is the highest price for the year and the highest since August 2014. Part of the rise in sow prices is likely due to increased demand for processed products such as sausages. A slower pace of sow slaughter this year has partially contributed to higher sow prices.

Year-to-date sow slaughter through the second week of August has been tracking about 4.5% below the same period last year. The pace of sow slaughter may be tracking lower than last year but 2020's sow slaughter of just over 3.3 million head was the highest in more than a decade. Compared to the five-year average, year-to-date sow slaughter is 9.2% above the same period indicating producers may be taking the economic incentive of higher sow prices to rebuild the herd with gilts. The most recent June 1 Hogs and Pigs report showed farrowings were down 2.6% in the most recent quarter. Farrowing intentions are expected to be down 1.8-4.4% this summer, and the breeding herd was down 1.5% on June 1 from a year earlier.



These supply factors point toward reduced feeder pig supplies in the near term which is lifting feeder pig prices.

Typically, feeder pig prices (10-12 lbs. and 40 lbs.) start out the year strong before declining through the summer months then gaining during the fourth quarter of the year. This year, the 10-12 lbs. feeder pig price fell \$17.44 per head in 20 weeks from a high of \$58.23 in February to the low of \$40.79 in early July. Last year the price decline was \$42.01 over 25 weeks while the five-year average price decline was \$25.15 over 32 weeks. Prices for 40 lbs. feeder pigs made a counter seasonal move higher during the first quarter before moderating lower during the summer. Recent prices have averaged above \$60 per head, a more than three-fold increase from a year ago and more than \$20 per head above typical levels for this time of year.

## MILK PRODUCTION INCREASES

Dairy cow numbers in the U.S. appear to be plateauing a bit in the middle of 2021, settling in at 9.5 million cows in July. June and July showed month over month declines in inventory after 13 consecutive monthly increases. Milk cow productivity had a very strong 2<sup>nd</sup> quarter, increasing more than 2%. The combination of higher cow numbers than a year ago and higher milk per cow led to the U.S. milk production number averaging 3% higher than a year ago for the last 5 months. The highest month was May, at 4.65% above a year ago followed by April which registered nearly 3.5%.

The top 24 milk producing states showed similar trends to the U.S. totals but gains in these states collectively were slightly higher than the U.S. average. Milk production average gains were up 3.23% from the prior year over the last 5 months. The top 24 states also saw a slip in cow numbers in July from the previous month, down 5,000 head. Colorado, Kansas, New Mexico and Washington were responsible for the decline. Arizona, Indiana, South Dakota, Texas, Vermont, and Wisconsin all increased month over month. Wisconsin saw the highest growth up 4,000 head. New Mexico was the largest decline, down 5,000 head.

Milk per cow across the top 24 milk states showed hot weather and feed costs took its toll on a few western states. July data indicated California, Colorado, Idaho, New Mexico, Oregon, and Washington saw smaller milk per cow figures than a year ago. The aggregate average across this group was down 1.2% from last year. Washington had the largest decline, down 4%. Interestingly, the Northeast states of New York and Vermont were among the highest milk per cow increases up 2.17% and 3.11% respectively. Georgia and Wisconsin were the other states in July to exceed 2% or more above a year ago.

## CALF PRICES ROBUST

Steer calf prices in the Southern Plains have been robust in 2021. Calves weighing 500-600 pounds have averaged between 6% and 16% higher from June through mid-August. The calf market is incredibly hot given the higher cost of feed. Reports of droughts and liquidation would have implied early weaning was a given in 2021 but the data has shown little signs that is happening to a large degree.

Cattle on feed numbers were released Friday by USDA-NASS. Placements of cattle weighing under 700 pounds were 15% below last year, implying fewer numbers of light weight animals have moved to feedlots this summer. High feed costs should drive calf prices lower, reducing the incentive to place lighter weight cattle into feedlots. Drought affected areas should have started early weaning and shipped more small animals to feedlots.

Given the limited forage and high hay costs, it would seem likely that more calves would be moving at these prices that are substantially higher than a year ago. These incongruent signals point towards a smaller calf crop than was estimated on July 1 by USDA NASS. That would explain both the higher prices and limited number of placements seen in July. August might show greater movement of smaller feeders, and the timing may be slower than initially thought. Revisions to the calf crop estimate, if any, will not be available until January. Our assessment is these calf prices feel very robust based on July placements and on-going drought patterns.