

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 11, 2023

Production			Prices			
Week Ending 8/12/2023			Weekly Average (\$/Cwt)			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	613	646	Dressed Steer	187.55	184.81	144.39
FI Sheep Slaughter (Thou Hd)	2338	2328	Choice Beef Cutout	294.99	293.63	229.93
Young Chicken Sltr. (Mil Hd)	32	33	USDA Hide/Offal	302.97	303.32	264.13
Slaughter Cattle Live Weight	167.2	171.5	OK City Fdr. Str. (6-7 Cwt.)	13.55	13.44	13.79
Slaughter Hog Live Weight	1345	1350	National Negotiated Hogs	264.15	262.52	186.18
Slaughter Lamb/Sheep Live Wt.	282	281	Natl. Net Hog Carcass	102.43	105.69	129.21
Beef Production (Mil Pounds)	122	132	Feeder Pigs (40 Lbs) (\$/Head)	104.96	104.84	118.39
Pork Production (Mil Pounds)	498.5	527.3	Pork Cutout	30.78	30.75	69.61
Lamb, Mutton Prod. (Mil Lbs.)	489.1	487.7	Lamb Cutout	114.68	114.24	123.34
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	441.13	438.61	511.27
Total Beef (Mil Lbs)	2.0	2.2	Corn, Omaha (\$/Bu)	1.54	1.45	2.04
Total Pork (Mil Lbs)	491.7	525.7	Soybeans, Cntrl IL (\$/Bu)	5.41	6.01	7.34
Total Lamb, Mutton (Mil Lbs)	477.4	473.9		14.40	15.04	16.58

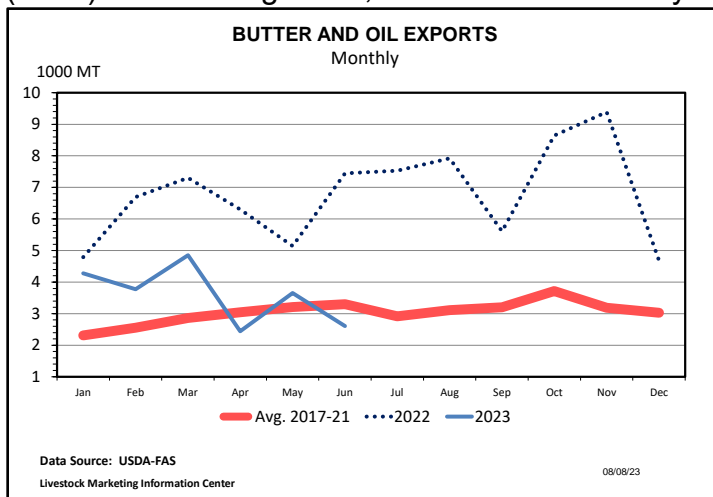
Source: Various USDA-AMS reports. Data are preliminary.

Trends. . . DAIRY TRADE

USDA Foreign Agricultural Service (FAS) released the June trade data this week, providing the cap to the first half of 2023. The Livestock Marketing Information Center (LMIC) tracks the six major Harmonized Tariff Schedule (HTS) codes for dairy products. Imports of dairy products have largely increased this year with two categories increasing imports by more than 20%: Buttermilk, Cream, Yogurt, etc. (0403) and Butter and Other Oils Derived from Milk (0405). Fluid Milk or Cream Not Concentrated or Sweetened (0401) was only slightly ahead of last year, up 1.9%. Concentrated of Sweetened Milk and Cream (0402) increased slightly more, up about 3.2% over 2022.

Exports of dairy products were mostly below a year ago, but 2022 was a strong export year. The first half of 2023 showed that Fluid Milk (0401), Whey, and Natural Milk Products (0404), and Butter (0405) all dropped more than 10% from last year's first-half totals. Butter (0405) saw the largest hit, down 43% from last year. Concentrated (0402) and Cheese and Curd (0406) products both saw lower volumes as well, down 3.5% and 6.8%, respectively. Buttermilk (0403) was the only category to increase, up 1.4%.

June data alone seemed to agree with the 2023 trends already established in the first half of the year. Only Buttermilk (0403) exports were up year over year while the other categories were down 1% to 65%. June imports saw greater declines in volumes than the year-to-date figures in several categories. Fluid Milk



(0401) was down 13% year over year, and Butter (0405) products were down more than 20%.

Dairy product prices have fallen considerably in 2023, which is at least in part because of the pull back in the export market. Last year, dairy export and import values hit new record highs built both on stronger volumes and better prices.

CATTLE FEEDING RETURNS

Cattle feeding breakevens soared for cattle placed in July. LMIC is estimating those cattle to close out in January and will need a closeout price exceeding \$188 per cwt to generate profits. Feeder steer prices have been the primary drivers to the cattle feeding return breakevens' steady climb. Feeder steers in Dodge City have increased since December of last year, jumping from \$172 to the \$180s, then the \$190s, and are now at \$242 per cwt in July, a 40% increase in eight months. During that time, breakeven prices have increased 27%.

On a per head basis, LMIC estimated returns were as high as \$400 per head earlier this summer, but July's closeouts dropped nearly \$100 per head due to higher costs, almost all of which can be attributed to the increase in feeder price. Still, returns are expected to be more than \$300 per head in July, and the outlook is for positive returns to continue. Through the rest of 2023, breakevens are estimated to be between \$150 per cwt and \$176 per cwt. The futures market has most contracts ahead of breakevens by \$10 to more than \$20 per cwt, ensuring that cattle feeding returns will likely be profitable in 2023. LMIC is estimating the average per head return annually will be close to \$250 per head, like the 2014 average.

Next year's expectations are not as optimistic with breakevens surging to \$188 per cwt. This is very close to the current futures Live Cattle February contract price of \$189 per cwt. April's Live Cattle contract offers a bit more breathing room at \$191 per cwt, but that will mean feeder cattle prices will need to stabilize if cattle feeders are going to return to profits seen in 2023.

LOWER FERTILIZER PRICES

Fertilizer prices have started to seasonally decline in recent weeks with prices much lower than were seen this time last year. In the USDA AMS Illinois Production Cost Report, last week's average price for anhydrous ammonia was \$585.88 per ton, a 50.5% (\$596.62) decline from the same week last year and just above the five-year average. Prices for anhydrous ammonia have been on a decline since the start of the year, but in recent weeks prices have quickly declined 46% from \$1,091.25 per ton in late June. Prices for urea have fallen seasonally lower and last week's average price was \$473.33 per ton, down 45.5% (\$395) from last year but remain above the five-year average price of about \$410 per ton.

The liquid nitrogen average price was \$396.60 per ton last week, a step decline of 26% from the prior reported price and 36% below last year price. Liquid nitrogen prices are still above the five-year average price of about \$270 per ton for this time of year. The average price for diammonium phosphate (DAP) was \$645 per ton last week, a drop of 22% from the prior reported price. Compared to last year, the DAP price is down 34% or about \$325 per ton. Prices for monoammonium phosphate (MAP) have gradually decreased since the start of the year with last week's average price at \$690.40 per ton. This is a 27% decline from last year but remains above the five-year average price of about \$520 per ton. Prices for potash were \$491.63 per ton last week, a step decline from prices that were over \$700 per ton at the start of the year. Compared to last year, potash prices are 43% lower and approaching the five-year average price which is around \$410 for this time of year.

Seasonally fertilizer prices move lower during this time of the year. The recent lower fertilizer prices compared to what was seen a year ago is a welcome sign for crop farmers. During the second half of the year, the typical pattern is for prices to move higher, but compared to last year, prices are expected to be lower.