

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 25, 2023

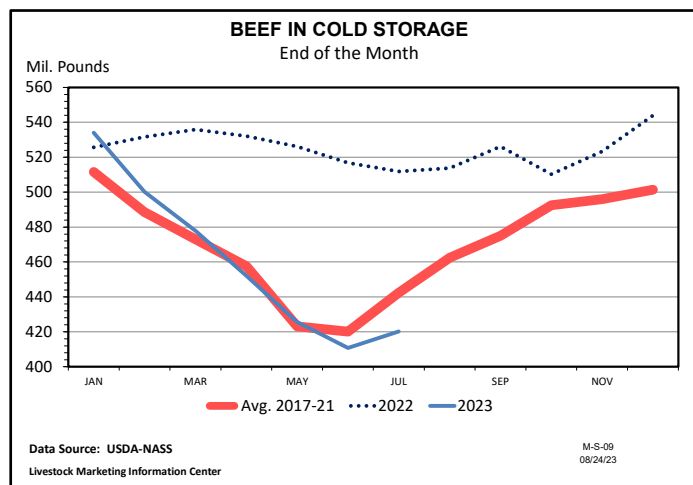
Production			Prices			
Week Ending 8/26/2023			Weekly Average (\$/Cwt)			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	626	678	Dressed Steer	185.33	185.04	144.79
FI Sheep Slaughter (Thou Hd)	2500	2412	Choice Beef Cutout	292.65	293.76	232.88
Young Chicken Str. (Mil Hd)	32	34	USDA Hide/Offal	317.04	310.40	263.29
Slaughter Cattle Live Weight	169.4	171.0	OK City Fdr. Str. (6-7 Cwt.)	13.66	13.63	13.61
Slaughter Hog Live Weight	1348	1354	National Negotiated Hogs	259.04	267.32	184.20
Slaughter Lamb/Sheep Live Wt.	279	282	Natl. Net Hog Carcass	88.66	94.48	123.97
Beef Production (Mil Pounds)	119	133	Feeder Pigs (40 Lbs) (\$/Head)	95.12	98.98	110.76
Pork Production (Mil Pounds)	510.6	555.3	Pork Cutout	33.50	23.97	63.70
Lamb, Mutton Prod. (Mil Lbs.)	518.4	505.5	Lamb Cutout	101.60	107.79	106.11
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	450.09	448.99	516.71
Total Beef (Mil Lbs)	1.9	2.3	Corn, Omaha (\$/Bu)	1.94	1.84	1.90
Total Pork (Mil Lbs)	502.6	538.2	Soybeans, Cntrl IL (\$/Bu)	5.30	5.33	7.55
Total Lamb, Mutton (Mil Lbs)	496.8	492.9		14.54	14.27	16.11

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

Trends. . . JULY COLD STORAGE

The July cold storage report showed a 12.5% decrease in total red meat stocks to 922.5 million pounds, while total poultry stocks increased 3.8% to 1.3 billion pounds. Total beef stocks were 410.1 million pounds, a decline of 17.9% from last year but 2.3% higher than the prior month. The reported categories of boneless beef and beef cuts both declined from a year ago by 16.9% and 26.9%, respectively, to 380.6 and 39.5 million pounds. Seasonally, beef stocks reach a bottom around June or July, then steadily trend higher through the remainder of the year. This year the low was met in June and stocks are likely to continue climbing for the rest of the year.

Total pork in cold storage for July was 473.8 million pounds, down 10.0% from last year and 2.3% lower than the prior month. From a year ago, hams were down 5.1% and ribs fell 40.4%. Loins rose 2.7%, picnics were up 20.9%, butts were 1.3% higher, and bellies increased 20.8% from last year. In April, pork stocks were 567.4 million pounds and the highest for the



year so far, since that point, stocks have fallen 16.5%. Possibly part of the recent drawn down has been driven by demand from pork suppliers in California who were actively working to secure pork supplies in California ahead of the July 1 implementation of Proposition 12.

Chicken in cold storage was 823.5 million pounds for July, up 3.5% from last year but 1.7% below the prior month. Increased stocks for breast meat (+22.5%), drumsticks (+9.3%), legs (9.2%), and thigh meat (+6.7%) more than offset declines in

leg quarters (-15.4%), thighs (-18.1%), and wings (-16.9%). Turkey stocks increased 3.2% to 439.5 million pounds in July, as a 5.0% decline in whole turkeys was more than offset by increased stocks for breasts (+31.2%) and legs (+140.5%). Lamb and mutton in cold storage was 27.4 million pounds in July, up 6.9% from last year but 22.9% below the five-year average. Butter stocks increased 5.2% to 331.6 million pounds. Total cheese stocks fell 2.2% to 838.2 million pounds on lower stocks of American (-2.5%) and Other (-1.8%) cheese while Swiss cheese increased marginally (+0.2%) in July.

BEEF REPLACEMENTS INCREASE

Bred cows, 1-3 months along that are classified Medium and Large 1-2 sold on a per head basis, have shown significant uptick across many of the USDA AMS reported August auction data. These cows are generally timing spring-born calves in 2024. Generally speaking, replacement costs have moved substantially higher in the South. The Southeast, in particular, has seen upward movement to the tune of 40-60% from a year ago. Kentucky, on the other hand, is one of the few states to see replacement values rise only 21% from last August. Many of the northern tier states lacked data, including Kansas, during the month of observance. Missouri, in which LMIC tracks two replacement auctions, saw increases of up 24% in West Plains to up 53% in Joplin. Oklahoma City has increased 57% over a year ago, which is interesting as cull cow values there have recently plummeted.

Bred cows further along in the 4-6 months bred category, which will be calving this year, have seen similar increases: Clovis, NM saw these prices jump 29% in August from last year, Colorado, up 21%, West Plains, MO up 36%, Mississippi was up 11%, and Kentucky, up 28%. Many of the auctions lack data consistently through the year. Out of the 15 replacement auctions LMIC tracks only three had enough bred heifer data to make comparisons. Kentucky combined auctions had both data in bred heifers 1-3 months, and 4-6 months and those were up 22-25%. West Plains, MO which reports all bred heifers together (1-9 months), saw price data in August that registered 6% above last year. Arkansas had some of the most data, and also showed the strongest increases. Bred heifers 4-6 months increased 49% from last year, while those categorized as 4-9 months rose 35%. Bred heifers sold in Arkansas that were 7-9 months bred called prices 32% higher.

Prices are expected to only escalate from here as we continue to move into tighter supplies next year. Auction data moved exponentially higher back in 2014 and 2015, however, that expansion effort was propelled by record high profits. Producers are already seeing better calf prices in some areas of the country than they did back then but costs have increased substantially as well. It is a different environment that this cattle cycle will turn in. Profits are likely to not be as good, and interest rates are substantially higher. While these are not expected to limit expansion, it may be a headwind for some producers.

HOG RETURNS, FEEDER PIG PRICES, AND SOW SLAUGHTER

Iowa State University's July estimated returns for a wean-to-finish hog operation indicate that losses continued for the tenth month in a row. July, the most recent month available, posted a loss of \$13.50 per head, which is an improvement over June's \$30.76 per head loss but much lower than the \$17.41 per head profit just a year ago. Over the last ten months, estimated returns have ranged from losses of \$13.50 to \$44.75 per head with an average monthly loss of nearly \$30 per head.

On the cost side, July's total feed costs were 7.7% lower (\$9.05 per head) than a year ago to \$108.70 per head, which is due partly to a 14.8% (\$9.29 per head) decline in corn feed costs. Iowa State University's estimated returns assume a market hog sold in July was purchased as a feeder pig back in January, which was at a price of \$63.26 per head at that time. During December to about February is when feeder pig prices seasonally peak as these pigs will typically be marketed during the summer grilling season from about June through August. Feeder pig prices continue to track seasonally lower with last week's early weaned (10-12 lbs.) feeder pig price at \$17.94 per head and 40 lbs. feeder pigs at \$23.97 per head. Based on the seasonal pattern, feeder pig prices should start to see improvement in the coming weeks.

Since June, weekly sow slaughter has been trending higher than year ago levels by about 7,400 head (15%) per week on average, excluding the July 4th week. Most weeks have had weekly levels in the mid-60,000 head area with a couple of weeks in mid-July that were around 70,000 head. Last year, during June and July, weekly sow slaughter averaged about 58,000 head per week. The elevated sow slaughter levels could be reflective of the limited profitability in the hog industry. If higher sow slaughter levels continue, this will likely lead to lower farrowings in the near term. The June USDA NASS Hogs and Pigs Report has June-to-August and September-to-November farrowing intentions down 3.6% and 4.4%, respectively, to 2.942 and 2.953 million head. This would lead to lower market hog supplies during the first half of 2024.