

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

September 29, 2023

Production			Prices			
Week Ending 9/30/2023	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	612	667	Live Steer	183.59	184.73	144.78
FI Hog Slaughter (Thou Hd)	2604	2486	Dressed Steer	290.28	291.99	229.17
FI Sheep Slaughter (Thou Hd)	33	34	Choice Beef Cutout	300.85	302.79	246.73
Young Chicken Sltr. (Mil Hd)	172.7	174.6	USDA Hide/Offal	13.59	13.69	14.81
			OK City Fdr. Str. (6-7 Cwt.)	274.54	277.90	176.38
Slaughter Cattle Live Weight	1361	1371	National Negotiated Hogs	76.48	78.19	93.99
Slaughter Hog Live Weight	279	286	Natl. Net Hog Carcass	86.81	87.69	95.25
Slaughter Lamb/Sheep Live Wt.	118	128	Feeder Pigs (40 Lbs) (\$/Head)	42.11	40.99	53.31
Beef Production (Mil Pounds)	505.1	553.2	Pork Cutout	97.81	99.46	99.53
Pork Production (Mil Pounds)	539.4	528.1	Lamb Cutout	464.44	458.34	491.27
Lamb, Mutton Prod. (Mil Lbs.)	2.0	2.2	Cheddar, 40 lb Block(\$/lb)	1.98	2.01	1.90
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	4.77	4.65	7.02
Total Beef (Mil Lbs)	506.3	542.0	Soybeans, Cntrl IL (\$/Bu)	12.83	12.87	14.20
Total Pork (Mil Lbs)	509.9	513.1				
Total Lamb, Mutton (Mil Lbs)	2.0	2.2				

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

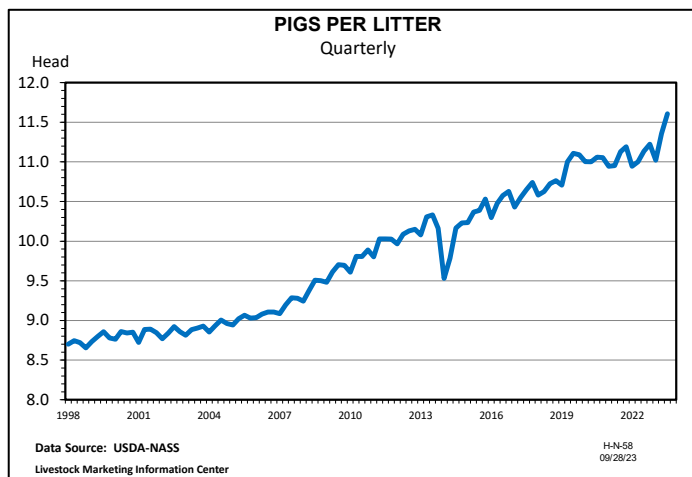
Trends. . . RECORD PIGS PER LITTER AGAIN

USDA NASS released the September 1 Hogs and Pigs report, and the big surprise was pigs per litter reaching another record high of 11.61. This is an increase of 4.3% from last year and beats the prior record of 11.36 that was set last quarter, marking two consecutive record quarters for pigs per litter. Analysts were expecting an increase in pigs per litter with a range from up 0.9% to 3.2%, so the actual was above the range of estimates. All hogs and pigs on September 1 were 74.319 million head, up marginally by 0.3% from last year; pre-report estimates were expecting a decline of 0.7%.

Market hogs were 0.4% higher than last year, increasing to 68.241 million head; pre-report estimates were expecting a 0.6% decline. The market hog categories all posted increases from last year. Hogs weighing over 180 pounds and 120-179 pounds were up 0.6% and 0.7%, respectively, to 12.463 and 14.110 million head. Hogs weighing 50-119 pounds and under 50 pounds were up to 19.756 (0.4%) and 21.913 million head (0.1%), respectively. The higher

market hog categories signal that higher hog slaughter levels should be expected through the end of the year and into 2024.

The breeding herd was close to pre-report estimates with a 1.2% decline from last year to almost 6.079 million head. Farrowings for the June-to-August period were down 3.7% to 2.949 million head; this was at the low end of the range for pre-report estimates. The lower farrowings were more than offset by the record pigs per litter leading to a June-to-August pig crop of 34.229 million head, up 0.4%. The



larger pig crop indicates larger available hog supplies going into 2024. Farrowing intentions for the September-to-November and December-to-February period were down 5.2% and 1.4%, respectively, to 2.930 and 2.912 million head, within the range of pre-report estimates.

The consecutive record pigs per litter highlights the gains in productive efficiency in the hog industry. It also sheds light on the fact that disease pressure (e.g., PRRS) has limited productive gains in the hog industry over the last few years. Pigs per litter from December 2019 to March 2023 averaged 11.05 pigs per litter. Jumping to 11.61 pigs per litter in the September report is a gain of almost half a pig. Moving forward, assuming disease pressure remains muted, the lower reported farrowing intentions could be offset by a rise in pigs per litter.

FED CATTLE QUALITY PREMIUMS AND DISCOUNTS

USDA Agricultural Marketing Service (AMS) provides a weekly summary of the premiums and discounts for cattle in the LM_CT155 report. Over time this report has provided some valuable trends on carcass quality and how preferences have influenced packers' willingness to pay for that quality. The industry has progressively moved towards more Choice beef, offers incentives to those that deliver better than Choice, and discounts carcasses that are lower than Choice. The average paid for Choice has maintained an average premium/discount of \$0 per cwt since 1996.

Discounts for lower quality grades have gotten steeper in that timeframe. The average discount for Standard-graded beef has nearly doubled since 1996 and is sitting at almost -\$40 per cwt. Select discounts have slightly more than doubled in that timeframe and last week averaged -\$21.67 per cwt. Premiums for higher quality products have shifted, too. Prime-graded beef has moved from just over \$5 per cwt to about \$15 per cwt, and Natural premiums are more than \$30 per cwt on average. All natural premiums only began to be reported in 2016. Interestingly, Certified Angus Beef (CAB) has maintained the least volatility in the premium space compared to the others but has risen substantially in the last two decades but is still not as largely incentivized as Prime. Today's premium for CAB beef averages just under \$5 per cwt.

The USDA AMS report covers more categories such as NHTC (Non-Hormone Treated Cattle), Dairy Type discounts, hardbone, Dark Cutter, and Over 30 months of age. Today, the largest average discounts though are in the quality categories led by bullocks, then hardbone, standard-graded beef, and Dark Cutters all averaging more than a \$30 per cwt discount.

AUGUST COLD STORAGE

Cold storage inventory statistics for August were released by USDA NASS last week, and total red meat stocks were 920.5 million pounds, 15.4% below last year. Beef in cold storage was 421.6 million pounds, down 17.9% from last year. Compared to a year ago, boneless beef and beef cuts declined 17.1% and 25.2%, respectively, to 383.2 and 38.4 million pounds. Lamb and mutton stocks fell 2.8% from last month and 8.8% from last year to 26.6 million pounds. August was the first month this year that lamb and mutton stocks fell below year ago levels. Compared to the five-year average, lamb mutton stocks continue to track below typical levels.

Total poultry stocks were nearly 1.3 billion pounds in August, up 0.9% from last year. Chicken in cold storage was 834.9 million pounds in August, up slightly (0.3%) from last year. Compared to last year, breast meat, legs, and thigh meat posted gains of 15.4%, 15.0%, and 7.4%, respectively. Declines were seen for drumsticks (-4.1%), leg quarters (-27.1%), and wings (-17.1%) compared to last year. On the turkey side, total stocks were 447.1 million pounds, up 1.7% from last month and up 2.0% from last year. Whole birds were down 6.4% from last year to 244.4 million pounds, while breast meat and legs both increased 46.9% and 141.4%, respectively, from last year to 70.3 and 6.8 million pounds.

August pork in cold storage was 471.1 million pounds, down 13.2% from last year. Compared to a year ago, higher inventory levels were reported for loins (+1.3%), picnics (+24.3%), butts (+1.7%), and bellies (+3.3%). Lower stocks levels were reported for hams (-6.1%) and ribs (-47.4%). Although bellies were above last year, and ribs were lower than last year, over the last two months, inventory levels for both categories have fallen 47.3% and 9.2%, respectively. Part of the decline follows a typical seasonal pattern for bellies and ribs, but part of the rapid draw down could be inventory that was staged prior to the implementation of Proposition 12 in California on July 1, 2023.