

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

October 13, 2023

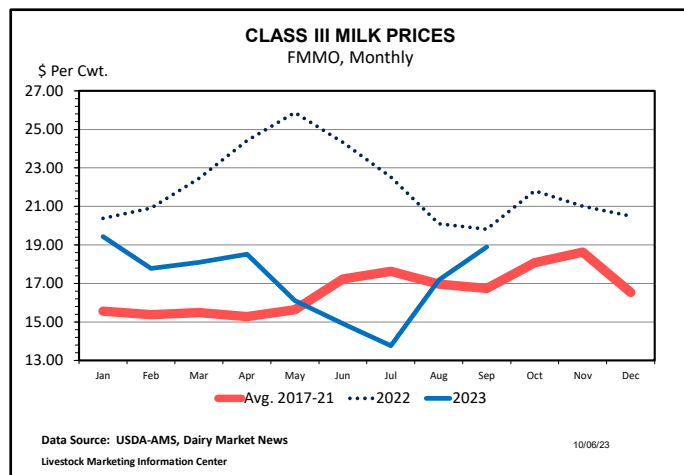
Production			Prices			
Week Ending 10/14/2023	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	617	662	Live Steer	184.14	182.72	146.99
FI Hog Slaughter (Thou Hd)	2609	2556	Dressed Steer	291.67	289.26	231.60
FI Sheep Slaughter (Thou Hd)	34	33	Choice Beef Cutout	301.35	299.94	246.31
Young Chicken Str. (Mil Hd)	170.2	178.1	USDA Hide/Offal	13.23	13.51	14.55
			OK City Fdr. Str. (6-7 Cwt.)	262.29	261.88	169.56
Slaughter Cattle Live Weight	1367	1378				
Slaughter Hog Live Weight	282	288	National Negotiated Hogs	74.07	72.56	89.03
Slaughter Lamb/Sheep Live Wt.	119	126	Natl. Net Hog Carcass	83.67	84.53	93.95
			Feeder Pigs (40 Lbs) (\$/Head)	44.35	41.87	48.67
Beef Production (Mil Pounds)	510.0	549.9	Pork Cutout	92.63	94.70	102.68
Pork Production (Mil Pounds)	545.0	546.9				
Lamb, Mutton Prod. (Mil Lbs.)	2.1	2.1	Lamb Cutout	470.23	464.11	493.36
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	1.88	1.94	2.03
Total Beef (Mil Lbs)	506.1	545.6				
Total Pork (Mil Lbs)	525.5	528.5	Corn, Omaha (\$/Bu)	4.88	4.82	7.18
Total Lamb, Mutton (Mil Lbs)	2.1	2.2	Soybeans, Cntrl IL (\$/Bu)	12.65	12.53	13.87

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

Trends. . . CLASS III CLIMBS FROM SUMMER LOW

The Class III milk price has been on a tear since bottoming in July at a multi-year low of \$13.77 per cwt. Since then, Class III milk prices have risen 37% in the last 2 months reaching \$18.89 per cwt in September. Interestingly, block prices at the CME have been a leading indicator, showing the lowest average month in June at \$1.40 per pound. Similarly, August was the high with the average moving north of \$1.90 per pound. September CME cheddar block prices fell more than \$0.10 from August indicating the October Class III price will likely weaken relative to September.

Wholesale cheddar prices released by USDA AMS on a weekly basis indicate that 40-pound cheddar blocks sold over \$2 per pound for three weeks in September. The larger format of 500-pound barrels did not quite reach those heights and sold just under \$2 per pound for only about 2 weeks before falling more than \$0.20 per pound. Last year, barrels were sold at a premium to 40-pound blocks for most of the year, a bit of an anomaly compared to the five-



year trend. This year, reverted, with barrels outpricing blocks for about a 2-month window this summer. Mid-September saw blocks and barrels trade at even money before barrel prices eroded faster than blocks in the last couple of weeks.

Cheese supplies in cold storage remain similar to a year ago and well above the five-year average. Cheddar production in August of 2023 was slightly below last year, but year-to-date production is up about 1.7% from last year. The U.S. is entering the time of year when holiday demand tends to control

pricing. Both blocks and barrels usually see the highest prices of the year in October and early November, and so it is odd to see prices retreating in the early part of the month. Cheddar prices are not expected to continue to fall during this time period and may still set a high for the year between now and the end of December. The high in barrels this year so far was in April at \$2.05 per pound. Blocks saw the highest point in early January at \$2.13 per pound. If wholesale cheese prices do rally into year-end, it likely means Class III will be able to see strong prices at the end of 2023 as well.

PASTURE AND RANGE

Range and pasture condition ratings for the U.S. are ending the year on a slightly sour note, ranging from 32% to 39% rated as poor and very poor for the last several weeks. At this time last year range and pasture conditions were above 40% and trending higher. Typically, range and pasture conditions rated poor and very poor are around 30% for this time of year. Range and pasture conditions for the western region of the U.S. are tracking similar to last year with ratings just above 30% rated as poor and very poor. Condition ratings for the Great Plains region have been doing better than a year ago and the five-year average. The last several weeks have ranged from about 16% to 26% rated as poor and very poor, compared to over 50% at this time last year.

The southern U.S. has seen range and pasture conditions improved in recent weeks. The Southern Plains region hit 60% rated poor and very poor in early-September but ratings are now below 50%. The southeast region of the U.S. reached 29% rated poor and very poor last week, which is the highest rating so far this year. Ratings have been trending higher each week since August with ratings easily above last year and the five-year average. Last week's rating for the Corn Belt region was 39% rated as poor and very poor, which is the highest so far for the year and above the five-year average, which is usually in the mid-20% area.

The U.S. will close out the grazing season with mixed results with some pastures much better off than a year ago and others far worse. Hay supplies across the U.S. have improved though, with the national yield and production numbers increasing. Stocks may still be tight by historical standards, but for the most part it seems the U.S. was able to have not only a better grazing year, but also was able to rebuild hay inventory.

THE CHICKEN OR THE EGG?

Broiler production for most of 2023 has been very similar to a year ago and has only just started to dip in recent weeks. Year-to-date the percent change is flat, but changes are expected as broiler egg sets have dipped dramatically in recent weeks. For the last nine weeks broiler egg sets have been more than 2% below a year ago with some weeks listing as much as 4% down. The resulting chicks placed have been more than 2% down for the last eight weeks.

Last year, egg sets and chicks placed showed tremendous growth during this time of year. Egg sets listed routinely 6-11% growth in weeks during the last third of the year, but the resulting broiler chicks placed was up mostly 4-6% with a weekly high of 9% one week. Weekly broiler production did hit some high notes towards the end of 2022, also logging some very high slaughter weeks coupled with higher weight weeks leading to even larger production weeks than chicks placed would have suggested. Those numbers quickly adjusted, though, back down to a much more even growth pattern in early 2023.

Against the backdrop of last year's aggressive expansion, the declines in egg sets and chicks placed look large and even extreme. However, both categories are still well above the five-year average. The latest week's chicks placed number is more than 5 million birds ahead of the five-year average. Using a live weight of 6.5 pounds that increase over the five-year average is roughly 26.4 million pounds of ready to cook chicken meat. Chicken weights grew heavier last year at this time and appear to be doing the same this year. The last four weeks average live weights for chicken was 6.5 pounds compared to 6.3 pounds over the previous six months. Profitability will likely determine if egg sets and chicks placed continue to dog last year's growth pattern by high percentages. A likely scenario is that without the rapid expansion of last year, there will likely be less volatility in the production numbers next year. First quarter of 2024 is expected to be down, before a large expansion phase occurring later in the year. We are several weeks away from chicks placed confirming those expectations but will be watching more closely as 2023 comes to a close.