

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

November 19, 2021

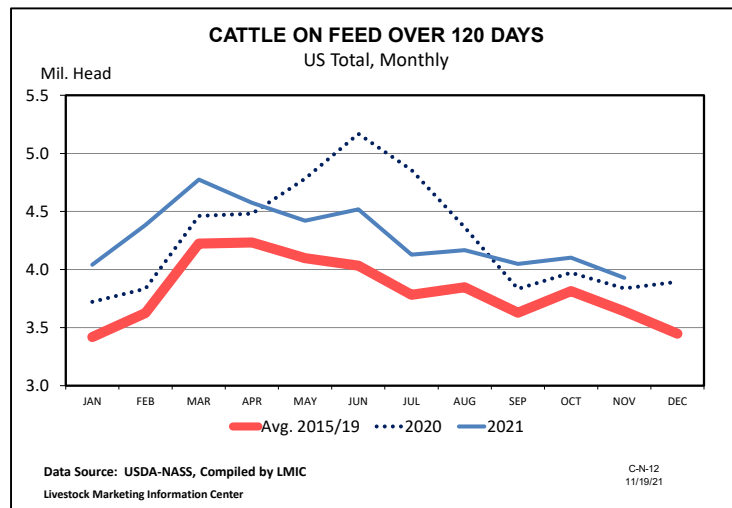
Production			Prices			
Week Ending 11/20/2021	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	677	666	Live Steer	133.01	131.47	109.57
FI Hog Slaughter (Thou Hd)	2635	2727	Dressed Steer	209.59	206.58	171.70
FI Sheep Slaughter (Thou Hd)	42	39	Choice Beef Cutout	279.67	286.28	234.51
Live Y. Chicken Sl. (Mil Hd)	165.4	166.8	USDA Hide/Offal	16.30	16.53	8.60
			OK City Fdr. Str. (6-7 Cwt.)	161.25	159.68	140.50
Slaughter Cattle Live Weight	1378	1387	National Negotiated Hogs	56.64	58.47	58.77
Slaughter Hog Live Weight	289	294	Natl. Net Hog Carcass	76.91	78.47	68.58
Slaughter Lamb/Sheep Live Wt.	126	124	Feeder Pigs (40 Lbs) (\$/Head)	69.93	67.34	50.77
Beef Production (Mil Pounds)	562.0	557.7	Pork Cutout	89.15	93.70	78.96
Pork Production (Mil Pounds)	566.7	596.0	Lamb Cutout	609.56	610.27	406.22
Lamb, Mutton Prod. (Mil Lbs.)	2.6	2.4	Cheddar, 40 lb Block(\$/lb)	1.76	1.80	2.74
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	5.60	5.64	4.19
Total Beef (Mil Lbs)	547.8	548.9	Soybeans, Cntrl IL (\$/Bu)	12.79	12.50	11.85
Total Pork (Mil Lbs)	560.3	586.3				
Total Lamb, Mutton (Mil Lbs)	2.4	2.2				

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

Trends . . . NOVEMBER CATTLE ON FEED

The November Cattle on Feed report released by USDA NASS this week showed on-feed numbers very close to even with a year ago due to larger than a year ago placements and smaller marketing figures. Marketings were down about 5% from 2020, in-line with daily slaughter levels and about even with last year's daily average marketing number. Placements in total were up 2.4% with strong growth in Colorado feedlot numbers (+6%), Idaho (+10%), Kansas (+1%), Nebraska (+12%) and Texas (+6%) during the month of October.

The breakout in placement weights were unsurprising. More lightweight cattle were placed than a year ago in the less than 600 pound category and the 600-699 pounds, but growth was seen in heavier weights too. Cattle in the 700-799 pound category were higher by 5,000 head, and 800-899 pounds increased 38,000 head. The combined weights groups aggregating cattle over 900 pounds was unchanged from last year.



Cattle on feed over 120 days supplies tightened considerably dropping 175,000 head from last month, the lowest number in 10 months. However, it's still larger than the pandemic supplies of 120+day cattle a year ago by nearly 100,000 head. The total number of cattle on feed is not small either. Cattle on feed in feedlots with over 1000 head capacity is 11.9 million head, and although slightly below a year ago (25,000 head smaller), it's still the largest inventory in seven months.

Continued placements of heifers is likely still happening to boost cattle placements and to maintain these levels of inventory. January 1 Cattle Inventory is just around the corner and its looking more and more like the beef herd will be down more than 2%.

PORK CUTOUT CHOPPY

The pork cutout value has come under fire this week dropping \$9.41 between Monday and Wednesday before moving higher, giving back about \$5 per cwt. None of the primal cuts were immune to the sell-off early in the week, but bellies and hams were among the worse declines fading \$21.81 and \$15.90 respectively. Bellies recovered only about a dollar, but Hams ended the week above Monday's level in an abrupt turn of events. Seasonal trends point to this being an unusual move for the ham primal which typically gains ground during the fourth quarter with holiday demand. The five year average does show a small decline around thanksgiving, but this year the decline this week is significantly steeper. The belly primal value in the five year average of 2015-2019 generally slips about \$20 a hundredweight in the fourth quarter. This year that decline appears to have all happened this week and may point to further declines this year.

From a competing meat standpoint, boxed beef eased lower this week also, declining \$4.76 since Monday. Although similar to pork, all the primal values declined except brisket values. However, most values are still well above last year and the five year average.

Cutout values versus live animal prices has been a topic re-visited often this year. For the pork sector, packer margins are above the five year average, but a declining cutout value will likely hurt live hog prices which have already been on a decline since summer. The opposite is largely true for beef packer margins, which have maintained historically wide levels for most of the year. The slight slip in boxed beef cutout values has not trickled into the cash cattle market this week, which saw sales top \$134 per cwt on Friday this week.

BEEF EXPORTS TO CHINA SURGE

Beef exports to China have been surging since mid-2020 far outpacing historical levels. Through the first three quarters of the year, the U.S. has shipped 394.5 million pounds to China, a more than nine-fold increase from the same period last year. Since March of this year China has ranked as the number three destination for U.S. beef exports each month. In September, China accounted for 18.1% of total exports for the month behind South Korea (22.4%) and Japan (24.0%). Beef exports to China in August 2021 were 59.4 million pounds, the largest single month shipment level recorded. September 2021 was the second highest single month at 52.3 million pounds.

USDA FAS reports weekly export data for both beef and pork which are defined as "shipments of reportable commodities exported against sales for a reporting week Friday through Thursday." Although the weekly beef export data is not an exact representation of monthly export levels the data does provide insight into likely trade flows and their magnitude. Based on available weekly data for October, beef exports for the month will likely be near the same level as September which indicates shipments to China are continuing to flow. This is positive news for U.S. beef exports and indicates Chinese demand is strong considering that the boxed beef cutout value (Choice 600-900 lbs., carcass, negotiated) averaged over \$280 per cwt during October.

The last two weeks USDA FAS has reported new sales of 8,230 and 13,751 metric tons (or 18.1 and 30.3 million lbs.) to China, last week was the highest for 2021. Net sales are new export sales which were purchased for delivery to the destination. Two consecutive weeks of large new sales of beef to China is an indication that they are likely sourcing beef supplies for the Chinese New Year (February 1, 2022) and 2022 Winter Olympics (February 4-20, 2022). Based on weekly exports and net sales data, beef exports to China are expected to remain elevated through the end of the year. This will support total U.S. beef exports which are on a record pace this year.