

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

December 3, 2021

Production			Prices			
<b>Week Ending 12/4/2021</b>	Last	Year Ago	<b>Weekly Average (\$/Cwt)</b>	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	676	670	Live Steer	140.46	138.17	109.75
FI Hog Slaughter (Thou Hd)	2667	2787	Dressed Steer	219.96	216.01	172.29
FI Sheep Slaughter (Thou Hd)	40	36	Choice Beef Cutout	273.17	279.25	240.44
Live Y. Chicken Sl. (Mil Hd)	124.2	133.7	USDA Hide/Offal	14.61	15.01	8.50
Slaughter Cattle Live Weight	1381	1394	OK City Fdr. Str. (6-7 Cwt.)	163.93	161.68	145.99
Slaughter Hog Live Weight	291	295	National Negotiated Hogs	56.68	55.33	56.43
Slaughter Lamb/Sheep Live Wt.	127	129	Natl. Net Hog Carcass	73.26	73.97	67.19
Beef Production (Mil Pounds)	562.5	561.6	Feeder Pigs (40 Lbs) (\$/Head)	73.83	71.59	54.43
Pork Production (Mil Pounds)	576.7	612.4	Pork Cutout	85.25	85.03	78.33
Lamb, Mutton Prod. (Mil Lbs.)	2.5	2.3	Lamb Cutout	607.43	617.85	407.34
<b>Previous 6 Wk. Moving Avg.</b>			Cheddar, 40 lb Block(\$/lb)	1.75	1.73	2.20
Total Beef (Mil Lbs)	540.8	538.7	Corn, Omaha (\$/Bu)	5.81	5.73	4.18
Total Pork (Mil Lbs)	552.4	580.1	Soybeans, Cntrl IL (\$/Bu)	12.62	12.83	11.80
Total Lamb, Mutton (Mil Lbs)	2.4	2.2				

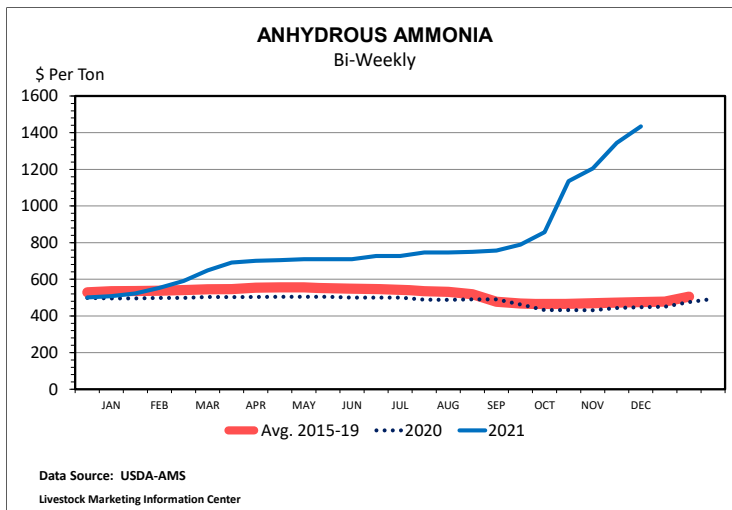
*Source: Various USDA-AMS reports. Data are preliminary.*

### Trends . . FERTILIZER PRICES SPIKE

Fertilizer prices have skyrocketed in recent weeks with most products at or near record highs. The difficulty has been how quickly fertilizer prices have risen with most seeing a significant spike starting in late-September. According to the USDA Agricultural Marketing Service (AMS) Illinois Production Cost Report (a bi-weekly report) the average price for anhydrous ammonia last week was \$1,434.38 per ton. Last week's price was the highest on record according to data going back to 2008 and a more than three-fold increase from the same week a year ago. Since the start of the year anhydrous ammonia prices have increased 186.5% or \$934 per ton and since late-September prices have jumped 82.0% or \$646.

Anhydrous ammonia prices have been the most drastic increase, but USDA AMS reported prices for other products has been impressive. Compared to a year ago, the average price for urea (46-0-0) has jumped 155% (\$557) to \$915 per ton, liquid nitrogen (28% spread) up 166% (\$351) to \$564 per ton, and potash 127% (\$439) higher to \$785 per ton. Both DAP (Diammonium Phosphate 18%N 46%P) and MAP (Monoammonium Phosphate 11%N 52%P) have gradually increased from the prior year rising 79% (\$364) and 93% (\$426), respectively, to an average price of \$826 and \$887 per ton last week. The report also provides diesel prices which have increased 60% from the last year to \$2.87 per gallon.

The last time fertilizer prices reached to similar levels as the current prices



was 2008 according to the USDA AMS Illinois Production Cost Report. One culprit that has caused to the spike in fertilizer prices has been the supply disruptions that have plagued not only the fertilizer industry but many sectors in recent months. Inflation has also been a contributing factor to higher fertilizer prices. The main question for producers is will fertilizer prices continue to rise into the spring? Depending on how fertilizer prices react in the coming months may drive producer decisions on how many corn and soybean acres to plant. Producers are likely to actively considering ways to minimize fertilizer costs, which will include crop planting decisions. Extension educators have been recommending producers have soil tests conducted to determine if fertilizer is needed and plan application needs as necessary.

#### HOG PRICES FOLLOW SEASONAL TRENDS

Feeder pig prices have been on a seasonal uptrend for several weeks. Early weaned pig (10-12 lbs.) prices have been trending higher since the low of \$40.79 per head in early July. Last week the price was \$52.21 per head, up 28.0% (\$11.42) since the low in July, 35.4% higher (\$13.66) than last year, and 26.9% (\$11.06) above the five-year average (2015-19). Feeder pig prices (40 lbs.) have been on a seasonal uptrend since the mid-August low of \$57.20 per head. From this year's low, feeder pig prices have gained \$14.39 per head or 25.2% to \$71.59 per head last week. Both early weaned and feeder pig prices will likely continue to rise which is the typical seasonal pattern, finishing well above last year's prices.

The base slaughter hog price (national, weighted average carcass) has been on its seasonal decline since this year's high of \$113.75 per cwt set in mid-June. Since the high, the slaughter hog price has fallen 36.3% or \$41.30 to last week's price of \$72.46 per cwt. Last week's price was still 8.4% (\$5.60) above the same week a year ago and 26.1% (\$14.98) higher than the five-year average. Typically, from the peak slaughter hog price over the summer, prices fall about 28% indicating this year's decline of 36.3% was larger than seasonal patterns. This year prices have followed a similar downward trend to the pork cutout value. In mid-June, the pork cutout value peaked at \$134.13 per cwt but has fallen 36.6% (\$49.10) to \$85.03 per cwt last week, a similar percentage decline to the slaughter hog price.

The December 1 Hogs and Pigs report is scheduled for release on December 23 which will give more insights into current hog supplies. The September 1 Hogs and Pigs report indicated that the September-November farrowing intentions were 3.0 million head, down 4.2% from the prior year. The strength and upward trend of early weaned and feeder pig prices would support lower farrowings for the September-November period. Recent reports from the Swine Health Information Center (SHIC) have noted a spike of PRRSV in the grow-finish pigs since September which usually leads to increased cases in breeding herds. The reports have also noted that the recent PRRSV positivity rate is still within expectations. Regardless, an increase in PRRSV cases and lower farrowings would be supportive of feeder pig prices and slaughter hog prices into 2022.

#### CHICKENS & EGGS

In October, broiler-type chicks intended for hatcher supply flocks jumped 6% over a year ago. This is on the heels of four of the last five months posting year over year gains. Cumulative placements in U.S. based facilities are up 3 million birds compared to a year ago. Growing the hatchery supply flock is deliberate and may be showing exacerbated numbers as the industry continues to struggle with fertility. Broiler-type layer productivity is also still below the five-year average. October broiler-type chicks hatched was up 1% over last year, even though flock size has increased in recent month.

Livestock Marketing Information Center (LMIC) estimates 2022 broiler production numbers increasing 3% over 2021 numbers but based on hatchery supply flock data so far that estimate may be too small if improvements are seen in laying abilities. It appears the broiler sector will have the ability to produce more than 3% more chicken if it is profitable in 2022. However, much of that profitability will depend on feed costs moving forward. Despite large increases intended for placement in the breeding herd, the average number of layers during the month only increased 1.7% or about 1.4 million birds in October.

Chicken remains well positioned as an animal protein to capitalize from the price strength of competing meats as well as expanded broiler production. The short production cycle of broilers will also provide an added ability to change course should the system need to slowdown or speed up.