

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

January 14, 2022

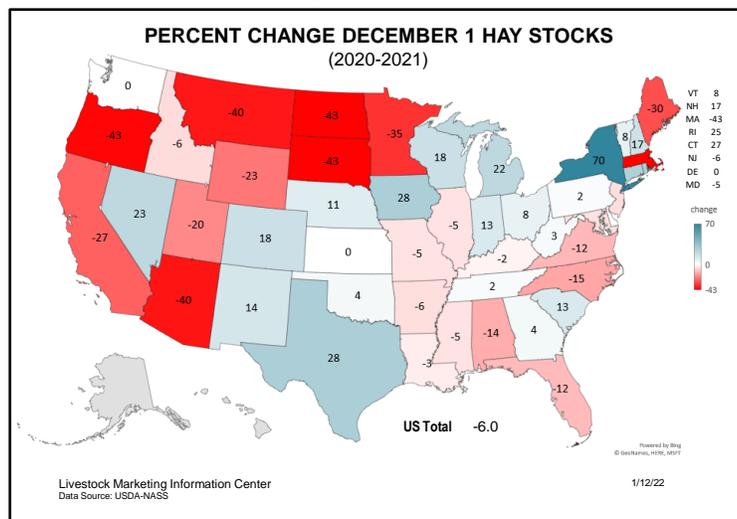
Production			Prices			
Week Ending 01/15/2022	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	621	652	Live Steer	136.58	138.41	109.52
FI Hog Slaughter (Thou Hd)	2407	2644	Dressed Steer	217.99	219.98	173.06
FI Sheep Slaughter (Thou Hd)	33	36	Choice Beef Cutout	280.27	268.03	210.82
Young Chicken Sltr. (Mil Hd)	163.2	169.8	USDA Hide/Offal	14.03	13.76	9.28
			OK City Fdr. Str. (6-7 Cwt.)	167.81	166.51	147.64
Slaughter Cattle Live Weight	1397	1403	National Negotiated Hogs	66.36	65.06	54.31
Slaughter Hog Live Weight	291	295	Natl. Net Hog Carcass	77.07	76.94	67.27
Slaughter Lamb/Sheep Live Wt.	125	133	Feeder Pigs (40 Lbs) (\$/Head)	87.18	82.43	65.12
Beef Production (Mil Pounds)	521.9	550.8	Pork Cutout	87.37	86.57	80.26
Pork Production (Mil Pounds)	522.3	583.1	Lamb Cutout	615.26	613.36	386.68
Lamb, Mutton Prod. (Mil Lbs.)	2.1	2.4	Cheddar, 40 lb Block(\$/lb)	1.93	1.92	1.67
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	5.88	6.04	5.15
Total Beef (Mil Lbs)	500.7	497.7	Soybeans, Cntrl IL (\$/Bu)	13.78	13.90	14.47
Total Pork (Mil Lbs)	517.4	546.0				
Total Lamb, Mutton (Mil Lbs)	2.2	2.3				

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

Trends. . . HAY PRODUCTION, STOCKS, AND PRICES

The recent USDA NASS Crop Production report gave valuable information on hay production and hay stocks. As of December 1, 2021, the reported U.S. total hay stocks were 79 million tons, down 6.0% from 2020. Drought stricken Western states saw the most notable declines in hay stocks. Oregon, Montana, North Dakota, South Dakota, and Arizona all posted declines in hay stocks over 40% from the prior year. Minnesota was down 35% while Wyoming, Utah, and California reported declines between 20%-27%. Nevada, Colorado, New Mexico, Texas, Oklahoma, and Nebraska all posted 4%-28% increases from a year ago.

All hay acres in 2021 declined 2.9% to nearly 50.7 million acres which is the lowest on record dating back to 1974. Most of the decline in acres were seen in Montana and South Dakota each down 20% and 21%, respectively. Declines ranging from 5%-13% were seen in most northern states (OR, ID, UT, ND, NE, MN, and WI) and some southern states (AR, LA,



TN, MS, AL, GA, and SC). Texas and Maine reported gains of 12% and 15%, respectively, while most other increases were less than 10% and generally occurred in the mid-west and plains states.

New seeding acres were just over 1.6 million acres, down 24.6% and the lowest level on record going back nearly 25 years. Increased seedings in West Virginia, Tennessee, Oklahoma, Illinois, and Texas were more than offset by declines from most states in the mid-west and western U.S. Notably, Oregon,

New Mexico, North Dakota, and South Dakota posted declines over 50% from the prior year. Remaining states with decreased seedings were noted to be down 20%-50%.

The decline in hay stocks and lower hay production has kept hay prices elevated. Alfalfa hay prices have been over \$200 per ton for the last five months while other hay prices have averaged in the upper \$140 per ton range for the last several months. Although recent alfalfa and other hay prices are not at record levels, they are still near some of the highest on record. Hay supplies will continue to be lower, especially in the Western U.S., and hay prices are expected to remain elevated which will likely limit livestock producer profitability in the near term.

MEAT PRICES AND CONSUMER PRICE INDEX

The Consumer Price Index (CPI) reached 278.8 in December, the highest on record and 7.0% above the prior year. The 7.0% year-over-increase is the fastest rate of growth for the CPI in nearly four decades when it rose 7.1% in June 1982. The annual increase in the Food CPI was 6.3%, the highest since October 2008, nearly thirteen years ago. The Poultry CPI climbed 9.5% from a year ago, which is the fastest growth rate since September 2004. The Meat CPI rose 14.8% from a year ago which slowed slightly from the prior month's rate but is still at levels only seen during the pandemic and the late 1970's.

December beef prices, all fresh and choice, both declined for the second month in a row from record levels set in October. In December, the all fresh beef price was \$7.35 per pound, down 2.7% from the record price but 18.0% higher than a year ago. The December choice beef price was \$7.66 per pound, down 3.0% from the October record price but 21.8% above a year ago. The round and sirloin were \$7.34 and \$11.05 per pound, respectively, in December which was the third highest price for both cuts. Ground beef prices moved slightly lower from the prior month to \$4.60 per pound which was the fourth highest on record and 16.5% above the prior year.

Pork prices for the month of December were \$4.74 per pound, down 1.8% from the prior month but 15.0% above a year ago. December's pork price marks the first month-over-month decline since September 2020 and ends the run of eight consecutive months with a record pork price. The bacon price in December was \$7.22 per pound, a 1.4% slide from the record price in October (\$7.32) but 23.7% above the prior year and the fourth highest on record. Boneless chops and hams both increased from the prior year by 6.7% and 8.0%, respectively, to \$4.41 and \$4.83 per pound.

The broiler composite retail price reached another record level in December at \$2.22 per pound, up 0.2% from last month and 10.4% above the prior year. Boneless chicken breast prices rose 13.1% from the prior year to a record of \$3.73 per pound which contributed to the record retail prices. Bone-in chicken legs also rose 12.1% from a year ago to \$1.73 per pound.

CATTLE FEEDING RETURNS END 2021 WITH A BANG

Average returns to cattle feeding in the Southern Plains, as calculated by LMIC jumped to \$200 per steer in December, capping off the year with two months well over \$100 per steer returns. This boosted the 2021 average for the year solidly in positive territory, about \$40 per head for the year. Positive returns would not have been possible without the astounding rally in the fed cattle market. Kansas Choice steers averaged over \$130.44 per cwt, propelling returns to over \$100 per head in both months. Feed costs remained rather high all year, which created a balancing act between a hot feeder cattle market and cost of gain. LMIC assumes a 6 month feeding window for a 750 pound steer. Feeder cattle averaged \$143.35 in June. LMIC estimated total production costs for feeding those animals increased 32% from last year (excluding cost of the feeder), from just under \$500 in last December to over \$600 in December of 2021. Over that same time period the value of that fed steer rose 26%.

Since June, the cost of the feeder animal has increased significantly. December 700-800 pound steers in Dodge City were \$161.42 per cwt, up \$18.07 or 13%. This puts the projected breakeven at time of placement for those December priced cattle at \$133.03 per cwt. Currently, LMIC forecasts for the Apr-May-Jun quarter are above that level: \$135-139 per cwt, but the summer quarter is below that level: \$126-\$131. It seems likely that cattle feeding returns will likely be positive for most of 2022, but that there may be some negative months in the 3rd quarter that will keep the annual average in check.