

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

March 11, 2022

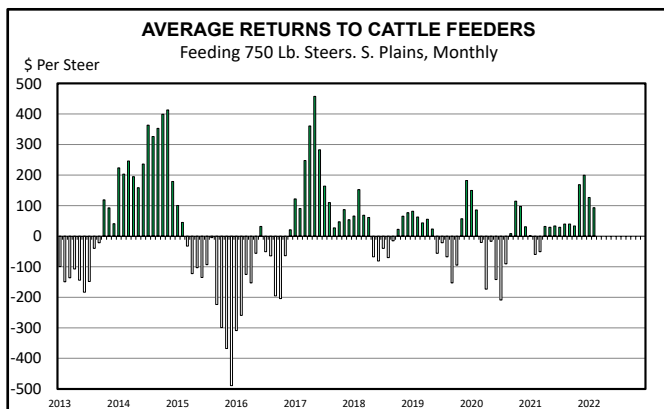
Production			Prices			
<b>Week Ending 3/12/2022</b>			<b>Weekly Average (\$/Cwt)</b>			
FI Cattle Slaughter (Thou Hd)	Last	Year Ago	Live Steer	Last	Week Ago	Year Ago
FI Hog Slaughter (Thou Hd)	644	649	Dressed Steer	138.28	140.61	113.62
FI Sheep Slaughter (Thou Hd)	2475	2583	Choice Beef Cutout	220.10	224.51	179.32
Young Chicken Sltr. (Mil Hd)	34	41	USDA Hide/Offal	253.70	255.72	227.99
Slaughter Cattle Live Weight	166.5	172.5	OK City Fdr. Str. (6-7 Cwt.)	13.76	13.97	9.90
Slaughter Hog Live Weight	1396	1374	National Negotiated Hogs	172.94	182.35	150.81
Slaughter Lamb/Sheep Live Wt.	293	291	Natl. Net Hog Carcass	103.38	95.34	85.24
Beef Production (Mil Pounds)	132	137	Feeder Pigs (40 Lbs) (\$/Head)	98.75	98.36	86.96
Pork Production (Mil Pounds)	540.7	536.1	Pork Cutout	117.71	115.85	90.38
Lamb, Mutton Prod. (Mil Lbs.)	540.1	561.5	Lamb Cutout	105.31	107.86	97.49
<b>Previous 6 Wk. Moving Avg.</b>			Cheddar, 40 lb Block(\$/lb)	592.57	597.03	406.55
Total Beef (Mil Lbs)	2.2	2.8	Corn, Omaha (\$/Bu)	1.98	1.94	1.61
Total Pork (Mil Lbs)	549.7	526.4	Soybeans, Cntrl IL (\$/Bu)	7.15	7.25	5.24
Total Lamb, Mutton (Mil Lbs)	538.9	562.1		16.81	16.65	14.36
	2.1	2.5				

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

### Trends . . . CATTLE FEEDING RETURNS STILL STRONG

February cattle feeding returns continued their positive streak in February, calculating to just under \$100 per steer. Cattle feeders have seen positive returns for the better part of the last 12 months with gains surging to \$200 per head in the fourth quarter of last year. Returns faded in the last two months due to increasing total costs. Feeder steers were 13% higher at the time of purchase compared to those that came out in November when closeouts were in the black \$200 per head. Feed costs have also continued to rise and are expected to do so for the coming months with ongoing concerns in the grain space related to the Ukraine and Russia conflict. For closeouts in February, feed costs increased 7% from November closeouts. In the wake of Ukraine/Russia, the grain markets look to challenge last year's highs again. This will likely erode some profitability, however closeouts through the next couple of months had lower feeder cattle input costs at time of placement, which should offset some of the rising feed costs for the next four months.

Expected breakeven for 750 pound steers already placed (closeouts from now through August) is between \$129-133 per cwt, but will likely rise with grain prices. Fed cattle prices are expected to remain above those levels and will likely be profitable for most of the year.



One of the large risks for cattle feeders will be feeder cattle prices moving forward. The LMIC bases its cattle feeding returns on cash prices of raising a 750 pound steer to slaughter weight. So far, 700-800 pound steer prices have been limited in their upward mobility. The opposite has been true for lighter weight calves, whose prices across different regions of the country have ranged from \$187-230 per cwt for 400-600 pound animals. At those prices, and current grain prices, putting a 500 pound animal on feed that was bought north of \$185 per cwt would need a breakeven fed cattle price of \$160 or higher.

Placements for January indicated higher than a year ago placements in both under 600 pound categories and 600-699 pound. Our assessment is that some of the price increase is linked to the availability of feeder cattle supplies after so many months of strong placements. Additionally, feedlots are flush with cash from the last couple of months of closeouts, and even though it does not appear that these expensive light weight cattle will be profitable, cattle feeders may be using them for other strategies such as keeping pens full to maintain cash flow.

## BEEF IMPORTS CONTINUE TO SURGE

Recently released January trade data showed continued growth in beef exports while pork and poultry exports both fell from a year ago. Beef exports totaled 287.6 million pounds in January, up 17% or 41.6 million pounds from last year. Gains in shipments to South Korea (+39%), Taiwan (+78%), and China (+114%) were offset by declines to Japan (-0.3%), Mexico (-37%), and Canada (-24%). Japan was the top destination in January at 82.9 million pounds shipped which was the second highest single month shipment level only behind May 2021 (83.7 million pounds). Beef imports continue to track above typical levels with January up 57% or 127.5 million pounds from a year ago to 351.9 million pounds. January's import level was the fourth highest on record. Brazil was the top supplier in January with nearly 100 million pounds shipped, a more than six-fold increase from 2021. Higher shipment levels were also seen from Mexico (+62%), Australia (+18%), Canada (+14%), and Nicaragua (+69%).

January pork exports were 510.2 million pounds, a 16% (95.8 million pound) decline from the prior year. Pork exports to most major destinations were down: Japan (-21%), Canada (-15%), China (-71%), and South Korea (-3%). Mexico increased 49% over last year to 218.3 million pounds which was also the highest single month shipment level on record. Pork imports continue to remain elevated with January at 108.8 million pounds, up 34% (27.6 million pounds) from last year. Canada, Denmark, and Mexico were the top three suppliers. Imports from Canada rose 32% to 66 million pounds for the month. Denmark posted a 53% increase from a year ago to 10.6 million pounds. Shipments from Mexico were 37% higher from 2021 to 9.4 million pounds.

Lamb imports increased 17% from a year ago in January to 21.6 million pounds. Higher shipments were seen from both Australia (+12%) and New Zealand (+31%). Broiler exports totaled 557.9 million pounds in January, down 10% from last year. The decline was due mainly to a 13% decrease in shipments to Mexico. Turkey exports in January fell 4% from the prior year to 36.3 million pounds.

## ELEVATED RETAIL PRICES AND RISING INFLATION

Retail meat prices continue to move higher. Although beef and pork prices have moderated lower from records highs only a few months ago, prices are still well above last year and the five-year average. The February All-Fresh and Choice retail beef prices remained essentially level with last month. Compared to a year ago the All-Fresh retail price was \$7.28 per pound, up 16% or \$0.98 per pound while the Choice retail beef price rose \$1.20 per pound (18%) to \$7.62. Retail beef prices have been above \$7 per pound for the last nine months.

February's retail pork price was \$4.77 per pound, a 14.7% (\$0.61) increase from the prior year. Since June 2021, retail pork prices have been above \$4.50 per pound with an average of \$4.71 during those nine months. The Composite retail broiler price reached a new record in February at \$2.27 per pound, up 14% (0.28) from a year ago. In April 2020, the Composite retail broiler price topped \$2 per pound. The only other time the price went above this mark was mid-2013 and late 2014. For most of the last two years the Composite retail broiler price has averaged above \$2 per pound.

Recently released CPI data for all items is showing inflation continues to rise with February up 7.9% from last year, the fastest growth rate in over four decades. The food and beverages CPI increased 7.6% from a year ago which is also the highest rate in more than four decades. The meat CPI rose 14.0% from 2021 which continues the trend of double-digit growth for the last six months. The poultry CPI jumped 12.5% from the prior year making this the first month to hit double digit growth since August 2004.