

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

May 27, 2022

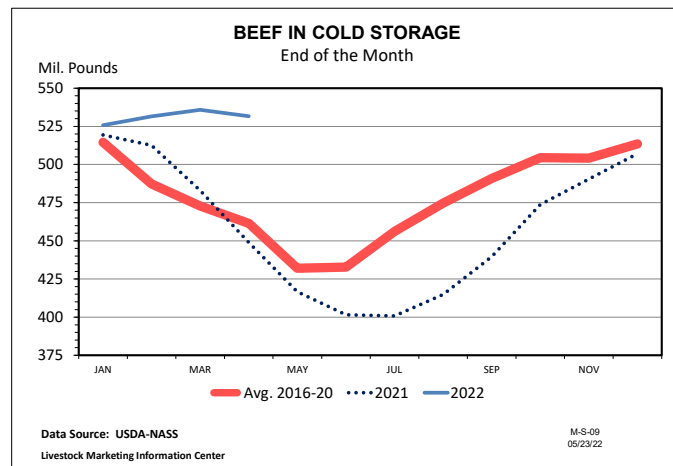
Production			Prices			
Week Ending 5/28/2022	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	644	630	Live Steer	138.93	140.25	119.64
FI Hog Slaughter (Thou Hd)	2351	2378	Dressed Steer	223.99	225.80	190.69
FI Sheep Slaughter (Thou Hd)	35	35	Choice Beef Cutout	264.05	261.03	329.64
Young Chicken Sltr. (Mil Hd)	166.7	168.6	USDA Hide/Offal	13.41	13.37	12.15
			OK City Fdr. Str. (6-7 Cwt.)	164.87	174.44	151.57
Slaughter Cattle Live Weight	1365	1355	National Negotiated Hogs	111.58	111.05	106.77
Slaughter Hog Live Weight	292	287	Natl. Net Hog Carcass	103.59	100.54	109.39
Slaughter Lamb/Sheep Live Wt.	135	125	Feeder Pigs (40 Lbs) (\$/Head)	70.22	75.32	80.13
Beef Production (Mil Pounds)	529.4	514.2	Pork Cutout	107.33	103.57	124.73
Pork Production (Mil Pounds)	513.2	508.7	Lamb Cutout	583.22	577.57	484.88
Lamb, Mutton Prod. (Mil Lbs.)	2.4	2.2	Cheddar, 40 lb Block(\$/lb)	2.37	2.40	1.82
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	8.01	8.09	6.97
Total Beef (Mil Lbs)	542.1	534.6	Soybeans, Cntrl IL (\$/Bu)	17.77	17.42	15.60
Total Pork (Mil Lbs)	519.5	518.5				
Total Lamb, Mutton (Mil Lbs)	2.4	2.6				

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

Trends. . . HIGHER RED MEAT IN COLD STORAGE

Total red meat in cold storage has been rising since the start of the year. In April, nearly 1.1 billion pounds of red meat were in cold storage, up more than 10% from the start of the year and 16% from last year. April marked the highest level in two years when total red meat in cold storage was almost 1.3 billion pounds in April 2020. Although total red meat in cold storage is the highest in two years, stock levels are still 3% below the five-year average for April. Total poultry in cold storage during April was marginally higher than last year by 1.4%, but compared to the five-year average, stocks are down 16%.

Higher red meat in cold storage was due to above normal beef stock levels. In April, 531.7 million pounds of beef were in cold storage, up 18.5% or 82.9 million pounds from a year ago. The typical seasonal pattern for beef in cold storage is for levels to generally decline during the first part of the year before rising the second half of the year. This year, beef in cold storage has stayed above 525 million pounds for the first four months.



Rising pork stocks contributed to the increased levels of red meat in cold storage in April. For the month, pork in cold storage was 530.2 million pounds, up 16% from last year and the highest level since April 2020. Typical levels for April are around 600 million pounds. Loins were the only category to post a decline (-6%) from a year ago. Notably, bellies, bone-in hams, and butts posted increases ranging from 42%-67% in April. Boneless hams, picnics, and pork trimmings saw gains between 15%-26% from 2021.

Chicken in cold storage was 770.3 million pounds, up 7% from last year but 10% below the five-year average. Turkey stocks were 331.8 million pounds and continue to track below the prior year's levels by 8% and 26% beneath the five-year average. Lamb and mutton stocks were 24.4 million pounds, 1% below last year and 34% lower than the five-year average.

HOG AND PORK PRICES

Hog prices have been generally moving sideways for several weeks now. In mid-February, hog prices (national weighted average base carcass) were \$92.75 per cwt and since that point weekly prices have averaged about \$98 with the high for the year so far being \$99.99 the last week of April. Last week prices finally crested the \$100 per cwt mark with a weekly average price that will likely be over \$101. Compared to the five-year average for the same week, last week's hog price was about \$25 or 35% higher than the typical level. From the same week last year, prices are down about \$7 or 7%.

The pork cutout value reached its highest value so far for the year in February at \$111.08 per cwt. Since that peak the cutout value has averaged about \$106 per cwt. Since late-March the pork cutout value has been tracking below 2021 levels and for the last three weeks the cutout has been 12% or about \$14 per cwt below last year. Although the cutout has been below the prior year's levels for several weeks, compared to the five-year average the cutout is still about 16% or \$14 higher than typical levels. The loin and butt primal values have been around \$1.00-\$1.10 per pound, which is at or slightly above typical levels for this time of year. Both the picnic and hams have risen in recent weeks to around \$0.65 and \$0.85 per pound, respectively, which is just below the prior year. Ribs have been on a seasonal rally with last week near \$2.00 per pound while the belly value has been under some pressure with recent weeks around \$1.50.

Modest concern has developed as hog and pork prices are down from a year ago. Post-COVID spending was unprecedented and led to a substantial rise in hog and pork prices last year. The difficulty has been determining if consumer spending at the retail level was sustainable and to some degree this is still playing out. Inflationary pressures and record pork prices have started to effect consumer spending with many starting to reevaluate purchases and possibly back away from higher priced meats. Compared to typical levels, the pork cutout and pork primal values indicate pork demand is still robust.

COW SLAUGHTER UPDATE

Through 20 weeks of the year cow slaughter is up 6%, faster than last year's pace of 4% over 2020 in the same timeframe. The U.S. has processed about 150 thousand head more than 2021 at this time. Beef cow slaughter has been the primary driver, averaging over 75 thousand head a week this year compared to last year's 65 thousand head. Drought is listed as one of the key reasons, and the regional slaughter confirms that Region 6 (AR, LA, NM, OK, & TX) has processed 30% more beef cows than last year and region 7 (IA, KS, MO, & NE) is up 29%. Regions 3 (DE-MD, PA, WV & VA) and 4 (AL, FL, GA, KY, MS, NC, SC & TN) have slaughtered greater than 20% more beef cows this year while regions 9 (AZ, CA, HI & NV) and 10 (AK, ID, OR & WA) increased by 8% each. Nationally, cull cow values are still elevated, but Southern Plains (region 6) data suggests prices have come down substantially reflecting the high volumes of cull cows coming to market. July 1 inventory is fast approaching and this slaughter pace would imply more than a 2% decline in the beef cow herd. Weekly data bears watching as the last two weeks have been closer to 80 thousand head than 70 thousand head.

Dairy cow slaughter is following the opposite problem and has slowed significantly as milk prices have approached all-time record highs. Federally inspected dairy cow slaughter is down 3% year-to-date and in the last 5 weeks averaged below 60 thousand head per week. The latest milk production report held dairy cow inventory constant at 9.402 million head, but expect that to change in the month of May. Dairy farmer margins have improved substantially, and it would not be surprising to see dairy cow numbers build while milk prices are high.