

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

June 10, 2022

Production			Prices			
Week Ending 6/11/2022	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	674	670	Live Steer	140.52	138.07	120.03
FI Hog Slaughter (Thou Hd)	2372	2432	Dressed Steer	226.02	221.89	190.69
FI Sheep Slaughter (Thou Hd)	34	34	Choice Beef Cutout	271.03	267.22	338.33
Young Chicken Str. (Mil Hd)	150.9	116.8	USDA Hide/Offal	13.63	13.45	12.32
			OK City Fdr. Str. (6-7 Cwt.)	169.86	NQ	149.98
Slaughter Cattle Live Weight	1350	1349	National Negotiated Hogs	117.02	114.59	115.44
Slaughter Hog Live Weight	291	286	Natl. Net Hog Carcass	105.67	104.60	115.13
Slaughter Lamb/Sheep Live Wt.	138	124	Feeder Pigs (40 Lbs) (\$/Head)	67.67	72.85	70.64
Beef Production (Mil Pounds)	548.2	546.8	Pork Cutout	107.87	109.78	134.13
Pork Production (Mil Pounds)	515.1	518.2	Lamb Cutout	565.69	570.20	500.78
Lamb, Mutton Prod. (Mil Lbs.)	2.3	2.1	Cheddar, 40 lb Block(\$/lb)	2.37	2.37	1.71
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	8.17	7.63	7.08
Total Beef (Mil Lbs)	531.2	519.5	Soybeans, Cntrl IL (\$/Bu)	18.30	17.90	15.69
Total Pork (Mil Lbs)	505.2	499.2				
Total Lamb, Mutton (Mil Lbs)	2.2	2.3				

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

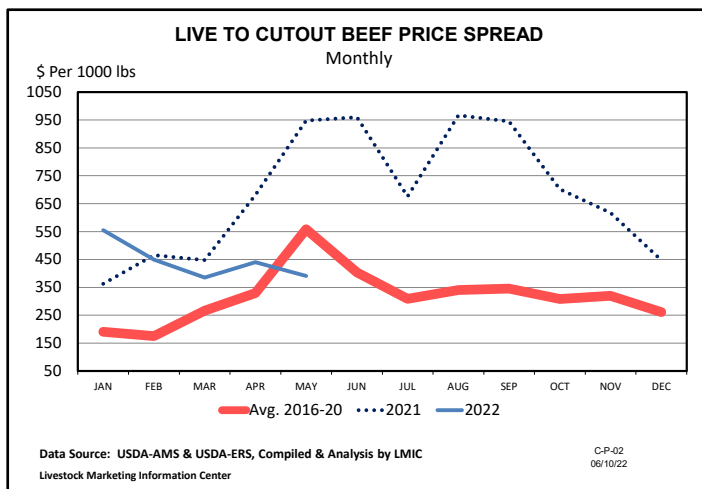
Trends. . . BEEF PACKER MARGINS NARROW

The gross margin between live prices for cattle and wholesale beef narrowed again in May, equaling \$391.17 per 1000 pounds of steer. The five year average for the month of May is close to \$550 per 1000 pounds which factors in 2020's high value of \$1,592. Tossing 2020 out, the five year average (2019-2015) is \$251 per 1000 pounds of steer. Across all months, gross packer margins have been wide for the better part of two and half years. The five year average (2019-2015) of all months is \$245 per 1000 pound of steer. The 2020 average was \$511, and 2021 was \$684. Five months into 2022, the average gross margin is \$444 per 1000 pounds of steer.

Average live cattle prices have traded a fairly narrow window since February. February through May of 2022 monthly prices have averaged within a \$2 range of \$140.72-\$138.33 per cwt. The wholesale boxed beef cutout has moved around trading a range of \$258.79 per cwt to \$282.54 per cwt. Generally by-product values have largely been supportive over the last year

and a half contributing more than \$100 per 1000 pound of steer since November 2020 than a year ago. Hides have been one of the reasons for increased by-products but other by-product values have increased as well.

Pork packer margins narrowed further in May to \$39.21 per head and drifted below the five year average. The five year average for May for pork packer gross margin is \$50 per head. Similar to beef packer margins, the five year average includes 2020's value of \$96 per head.



Removing 2020, and looking at 2015-2019 the average across all months for pork packers is \$42.27 per head. The two prior years have both averaged over \$50 per head, but the average in 2022 so far is \$48 per head. May's value is the lowest gross margin calculated since March of 2020.

MEXICO CATTLE IMPORTS LOWER

April livestock trade data showed that total cattle imports were 124,778 head, down 30.5% from last year. Year-to-date through April, total cattle imports were 595,286 head which is down 9.6% from the same period in 2021. The slower pace to cattle imports is due to lower shipments from Mexico which continue to run below year ago levels. Through the first four months of the year shipments from Mexico were 303,270 head, down 32.7% from the same period in 2021. On the other hand, cattle imports from Canada this year have been tracking above 2021 levels by 40.5% through the first four months with a total of 292,016 head.

Drought has likely been a contributing factor to changes in cattle flows as North America is now in its third year of drought. As much of the western U.S. grapples with drought conditions impacting the cattle herd and available feed and forage supplies, western Canada and northern Mexico are dealing with similar issues. According to the latest North American Drought Monitor released on May 12, 2022, southern portions of Alberta and Saskatchewan, were reported as abnormally dry (D0) with some areas categorized as moderate to extreme drought (D1-D3) but no area was considered as exceptional drought (D4). A majority of Northern Mexico continues to remain dry with most regions along the Texas border ranging from moderate to exceptional drought (D1-D4).

The most recent USDA FAS forecast has total U.S. cattle imports at 1.985 million head for this year, up 11.8% or 210,000 head. For Mexico, the USDA FAS forecast is expecting levels to be below last year while shipments from Canada are expected to be higher. USDA FAS has 2022 cattle exports from Mexico at 1.170 million head, down 30,000 head (2.5%) from 2021 which would also be the lowest level since 2013. For Canada, USDA FAS is forecasting 2022 cattle exports at 830,000 head which would be up 28.1% (182,000 head) from last year and the highest export level since 2015.

CHICKEN BREAST PRICES FALL

Boneless/Skinless chicken breast prices fell over \$9 this week with the biggest week over week correction since October of 2021, when prices fell 7% week over week. This week was an adjustment of down 2.6%. The last two weeks have been the only week over week declines in boneless skinless chicken breasts in 6 months. Legs and drumsticks also dropped significantly this week down 4% a piece.

The chicken wholesale market has been red hot over the better part of six months. Wings have been one of the few parts to see year over year declines and a generally downward trending price curve. Wing prices are down about 40% from a year ago. Boneless skinless chicken breast is up 65% even with this week's weakness, and legs are up 46%, tenderloins up 30%, and thighs up 30%.

Is this sudden price weakness a sign customers have reached the limit? Consumer sentiment came out this week and showed the lowest value on record back to 1978 at 50.2. The number is shocking, given it's lower than the great recession, but also speaks to the volume of stress consumers may be facing. How this will impact meat case purchases is uncertain, but to see chicken prices have a strong 2 weeks of pull back after so many weeks of gains might be an indication consumers have reached their limit even for one of the least expensive animal proteins. High fuel prices were one of the key citations for consumer's negative views and those seem unlikely to move lower as the war in Ukraine rages on. The June data is a preliminary number and is subject to revisions.