Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . October 21, 2022

Production

Week Ending 10/22/2022	Last	Year Ago
FI Cattle Slaughter (Thou Hd)	673	662
FI Hog Slaughter (Thou Hd)	2571	2607
FI Sheep Slaughter (Thou Hd)	33	41
Young Chicken Sltr. (Mil Hd)	174.4	168.1
Slaughter Cattle Live Weight	1370	1377
Slaughter Hog Live Weight	286	288
Slaughter Lamb/Sheep Live Wt.	127	125
Beef Production (Mil Pounds)	557.4	549.2
Pork Production (Mil Pounds)	547.0	558.7
Lamb, Mutton Prod. (Mil Lbs.)	2.1	2.5
Previous 6 Wk. Moving Avg.		
Total Beef (Mil Lbs)	554.4	538.7
Total Pork (Mil Lbs)	539.0	548.6
Total Lamb, Mutton (Mil Lbs)	2.2	2.3

Prices

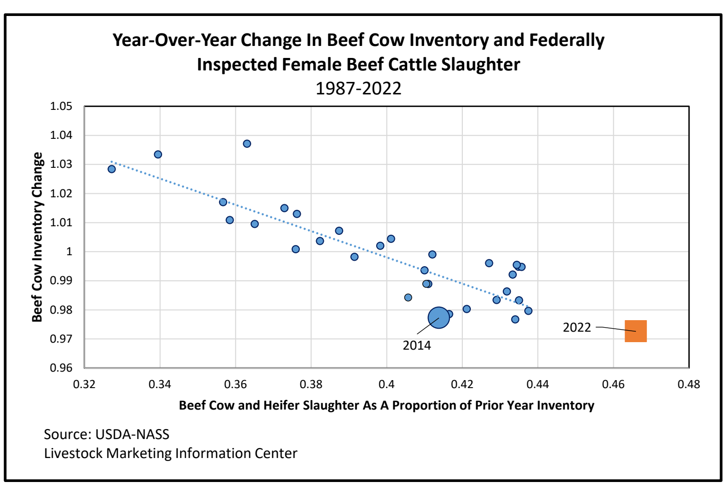
Weekly Average ($/Cwt)	Last	Week Ago	Year Ago
Live Steer	150.06	146.99	124.39
Dressed Steer	235.26	231.60	195.83
Choice Beef Cutout	251.93	246.31	280.70
USDA Hide/Offal	14.65	14.55	16.33
OK City Fdr. Str. (6-7 Cwt.)	172.81	169.56	158.39
National Negotiated Hogs	94.67	89.03	66.48
Natl. Net Hog Carcass	93.80	93.95	83.91
Feeder Pigs (40 Lbs) ($/Head)	51.38	48.67	70.64
Pork Cutout	102.46	102.68	98.69
Lamb Cutout	496.31	493.36	635.63
Cheddar, 40 lb Block($/lb)	2.03	2.03	1.81
Corn, Omaha ($/Bu)	7.04	7.18	5.23
Soybeans, Cntrl IL ($/Bu)	13.84	13.87	12.26

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

Trends. . . FEMALE BEEF SLAUGHTER UNPRECEDENTED

Female beef cow slaughter is approaching 750 thousand head more than a year ago this week. Total heifer kill through weekending 10/1/2022 was 364 thousand head over last year, while beef cow slaughter was 336 thousand head over last year. Last year, fourth quarter female beef animal slaughter outpaced 2020 by 154 thousand head. Given the pace of current slaughter, a reasonable estimate would conclude U.S. female slaughter will be over 800 thousand head by the end of the year. Using a simple regression analysis of data back to 1987 that would imply a January 1 beef cow herd number of down 4.8%, greater than the largest decline seen in the 2011-2015 time period. The difference has been the larger number of heifers moving through slaughter channels. It would suggest an unprecedented proportion of female slaughter in the last several decades relative to herd inventory. The proportion is fairly off trend line from what is typically seen based on the LMIC regression analysis.

However, to put this year back to normal relationships, several things would need to happen. The first is female slaughter in the fourth quarter would need to register below a year ago to the point of generating a net negative relative to last year. The highest proportion of female and cow slaughter (x-axis) relative to the previous January 1 inventory prior to 2022 was 43.7%. Even if 4th quarter was even with a year ago, 2022's proportion would be 46.8% of the January 1, 2022 beef cow herd. The second metric LMIC looks at is the relative decline in the cow herd compared to the number of females



slaughtered. The 2022 data point is assuming female slaughter in the fourth quarter is 50 thousand head under last year and is well below trend. To put this forecast more in line with historical relationships the beef cow number on January 1 would only decline 2.8% These are certainly unique times, and beef cow and heifer slaughter analysis may be less helpful then in history due to the already very high proportion female slaughter represents of January 1, 2022 beef cow herd data.

CATTLE ON FEED

Cattle on feed numbers on October 1st registered just below a year ago in the latest USDA NASS cattle on feed report released on Friday October 21st, 2022. The report posted a marketings number up 4% from a year ago on the same number of slaughter days. Placements in September were down compared to last year by 3.9%

Heifers on feed accounted for a striking 40% of all cattle in feedlots on October 1, one of the highest proportions since October 2001. Arizona, Texas, and states outside the 13 states in the report were the only figures over a year ago, but the increases were large. Arizona was 5,000 head more, Texas was 140,000 head more, and other states were 10,000 head higher. Compared to last quarter several states have added to the heifer count. Nebraska was the highest, adding 90,000 heifers followed by Texas, adding 30,000 heifers to feed. South Dakota and Other states added 15,000 head each. Arizona, Idaho, and Oklahoma added 5,000 heifers each. A few states showed smaller numbers: California (-20,000), Colorado (-10,000), and Kansas (-30,000).

Weight breakdowns of placements was just as interesting. After months of heavy placements, cattle under 700 pounds were down 20,000 head from last year. Those weighing 700-799 were down 55,000 head, primarily from reductions in Kansas. Cattle placed at 800-899 were down 3.6% or 18,000 head. The only category to increase was 900-999 pound placements, which does not provide the four state breakout due to confidentiality. Drought pressure continues, and compounded by time of year. Early in October the auctions are showing signs of significantly lower prices, and follows with seasonal trends. In the Southern Plains steer calves 500-600 pounds have adjusted $10 per cwt lower in the last two weeks, narrowing the spread between 700-800 pounds to under $5 per cwt last week.

CORN AND SOYBEAN PRODUCTION

Crop harvest is well underway in the U.S. with parts of the nation having completed harvest for some crops. Key corn and soybean producing regions of the U.S. are in the middle of harvest and more attention is being focused on yield potential and available supplies. The most recent October World Agricultural Supply and Demand Estimates (WASDE) placed corn and soybean harvested acres at 80.8 and 86.6 million acres for the 2022/23 marketing year for a combined total of 167.4 million acres, about 4.2 million acres below the 2021/22 marketing year.

Corn harvest for the U.S. showed that the week ending October 16th was at 45% which is on a similar pace to the prior five years. The most recent October WASDE placed the national average yield at 171.9 bushels per acre which is below the trend line and could be the lowest since the 2019/20 marketing year. WASDE is expecting production to be 13.895 billion bushels, the lowest in three years, and ending stocks of 1.172 billion bushels, the lowest since 2012/13. LMIC is forecasting a lower yield of 171 bushels per acre leading to a production of 13.824 billion bushels and ending stocks of 1.102 billion bushels. The lower production numbers are leading to higher expected prices of $6.80 per bushel for the WASDE while LMIC is forecasting $7.05 per bushel for the 2022/23 marketing year.

Progress for soybean harvest showed improvement over the last couple of weeks with the week ending October 16th at 63% complete which is better than last year's 58%. The October WASDE expects soybean harvested acres for the 2022/23 marketing year to be 86.6 million acres just above last year's 86.3 million acres. Yield is forecast at 49.8 bushels per acre for 2022/23, 1.9 bushels per acre lower than the 2021/22 marketing year. Production for the 2022/23 marketing year is expected to be 4.313 billion bushels, down 3.4% from the 2021/22. Ending stocks are expected to be 200 million bushels which would be the lowest since the 2015/16 marketing year. LMIC has a similar production forecast to the current October WASDE with the exception being a slightly better price of $14.40 per bushel compared to the WASDE $14.00 per bushel.