

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

February 8, 2008

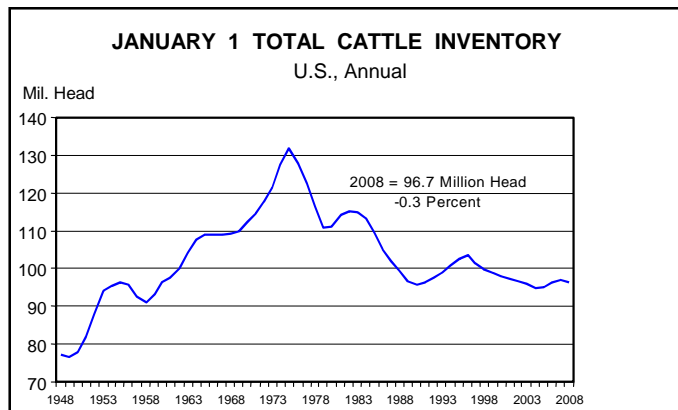
Production			Prices			
Week Ending 2/9/2008	Last	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	620	621	Live Steer	90.47	89.47	90.52
FI Hog Slaughter (Thou Hd)	2210	1958	Dressed Steer	147.34	143.34	144.23
FI Sheep Slaughter (Thou Hd)	47	49	Beef Cutout (Choice 600-750)	148.57	143.44	143.34
Live Y. Chick Sl. (Mil Hd)	166.1	155.6	USDA Hide/Offal (\$/Cwt)	10.44	10.30	9.63
Slaughter Cattle Live Weight	1293	1276	GA Auction Fdr. Str. (6-7 Cwt.)	98.29	92.58	87.62
Slaughter Hog Live Weight	273	269	Iowa/S. Minn. Base Hog (Wtd. Avg)	56.44	52.87	64.12
Slaughter Lamb/Sheep Live Wt.	141	141	Natl. Net Hog Carcass (Wtd. Avg)	59.32	56.81	65.46
Week Ending 2/9/2008			Feeder Pigs (40-50 Lbs)	45.81	45.86	62.21
Beef Production (Mil Pounds)	478.2	475.9	Pork Cutout (185 Lbs)	60.82	59.32	68.37
Pork Production (Mil Pounds)	452.5	394.4	Lamb Cutout (\$/Cwt)	224.70	226.64	208.64
Lamb, Mutton Prod. (Mil Lbs.)	3.3	3.5	Corn, Omaha (\$/Bu)	4.80	4.78	3.84
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	NQ	NQ	5.26
Total Beef (Mil Lbs)	474.3	468.9	Wheat, Kansas City (\$/Bu)	11.00	9.45	4.70
Total Pork (Mil Lbs)	465.5	408.5	Soybeans, S. Iowa (\$/Bu)	12.64	12.15	7.09
Total Lamb, Mutton (Mil Lbs)	3.2	3.2				

Trends . . . U.S. CATTLE NUMBERS GENERALLY DECLINE IN '07

USDA-NASS released the January 1 U.S. cattle inventory numbers on February 1st. The U.S. had 96.7 million head of cattle and calves as of January 1, 2008, down 0.3 percent from a year ago. As expected, most numbers related to the beef industry showed year-to-year declines and the dairy numbers increased. USDA estimated the national beef cowherd at 32.6 million head (down 1 percent from a year earlier) and the dairy cowherd at 9.2 million head (up 1 percent).

Nationwide, 29 states had fewer beef cows than a year ago. USDA revised the cow-herd numbers for a year ago down, which was unexpected given the significant downward revisions made just a year ago. In recent years, U.S. beef cow numbers peaked at just fewer than 33 million head as of January 1, 2006. The long-term decline in the number of operations in the U.S. with cattle and calves continued in 2007 (down 0.4 percent or about 4000 operations).

USDA reported that the 2007 calf crop was slightly below 2006's. So, the calculated



number of feeder cattle outside feedlots that are not designated for breeding herd purposes remains tight. As of January 1, 2008, the calculated available feeder cattle supply outside feedlots was 28.3 million head, down about 100,000 head (0.3 percent) from a year ago.

The cyclical build-up in the total U.S. cattle and calf inventory has been dampened significantly and likely truncated. Given the number of heifers held as beef cow replacements (3.5 percent below a year ago and the smallest

since 2004) and very low to negative cow-calf returns, U.S. beef cowherd growth in 2008 is unlikely.

SHEEP INVENTORY DECLINES

USDA-NASS released the January 1, Sheep and Goat report last week which reported a decline in the U.S. sheep and lamb flock from a year ago. As of January 1st, there were a total of 6.06 million head of sheep and lambs in the U.S., about two percent or 110 thousand head less than in 2007. The number of breeding sheep at 4.51 million head was down over two percent from last year and nearly three percent below 2006's. However, the number of sheep and lamb operations in the U.S. did increase compared to a year ago.

As of January 1, the number of ewes one year and older was reported at 3.62 million head versus 3.70 million last year, a larger than anticipated decline. It appears, sheep producers are not planning for much flock rebuilding in 2008, most likely due to a very high feedstuff costs and lower feeder lamb prices in 2008. As reported by USDA, the number of replacement lambs one year or younger totaled 695 thousand head versus 719 thousand head last year, a yearly decline of over 3 percent and an 11 percent decline when compared to 2006.

Despite generally improved range conditions, the 2007 lamb crop, which was reported by USDA at 4.05 million head, was the smallest ever reported. Breeding ewe efficiency did not improve in 2007, as the lambing rate at 110 lambs per 100 ewes was slightly below the prior year. Nonetheless, the lambing rate was much better than reported in years prior to 2004 and should increase some given normal weather conditions in 2008.

As of January 1st, there were 1.47 million head of market lambs reported, 4,000 head larger than a year ago, but three percent less than in 2006. Looking ahead, the supply of market lambs will be limited in 2008, which should be quite supportive to slaughter lamb prices and possibly help to ease feeder lamb price declines in spite of higher feedstuff prices.

2007 FEEDLOT REVIEW

According to the Kansas State University "Focus on Feedlots" survey for calendar year

2007, feeding performance for steers and heifers deteriorated compared to 2006's. Average closeouts weights were about unchanged in 2007 compared to 2006. As expected, in 2007, the cost of gain for both steers and heifers was well above the prior year, reflecting surging corn and hay costs.

In 2007, the average closeout weight for steers was 1314 pounds or about 2 pounds heavier than 2006's and 43 pounds above the 2001-2005 average. Heifers closed out at an average 1189 pounds, down a tad from the 1192 pounds reported for 2006 and 3 percent higher than the prior five-year average. In November steer closeout weights peaked at 1404 pounds while heifer weights topped out at 1242 pounds in October. In 2007, placement weights for steers averaged 781 pounds, 5 pounds heavier than 2006's, while heifer placements weights were down about 12 pounds.

For reporting feedlots, steers in 2007 were on feed an average 162 days, nearly 4 days longer than in 2006, while heifers were on feed an average 9 days more than a year earlier. Average daily gains for both steers and heifers worsened compared to 2006's, as feedlots reported an average daily gain for steers at 3.31 pounds per day versus 3.40 pounds, with heifers at an average 2.94 pounds per day which was 3.5 percent lower than 2006's. For steers and heifers sold in 2007, the amount of feed needed per pound on gain (dry matter basis) was higher than in 2006. Steers required an average 6.19 pounds of feed, up from the 5.95-pound average for 2006, whereas heifers needed an average 6.42 pounds well above the prior year's 6.19-pound average.

As expected, feedlots reported record high feeding cost of gain for 2007 due to higher corn and hay prices. For 2007, the cost of gain for steers was \$73.51 per cwt. versus \$53.94 per cwt. in 2006 and over \$21 per cwt. higher than the 2001-2005 average. Heifers closed out at an average \$77.91 per cwt., \$20.81 per cwt. higher than 2006's average. For 2007, feedlots reported an average corn price of \$4.12 per bushel, \$1.43 per bushel higher than 2006's, with corn prices only dropping below the \$4 mark twice late in the year. The annual price for alfalfa hay at \$135.12 per ton was the highest ever reported and was nearly \$28 per ton above 2006's.