Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 8, 2008

Production

Week Ending 08/09/2008	Last	Year Ago
FI Cattle Slaughter (Thou Hd)	668	671
FI Hog Slaughter (Thou Hd)	2128	2005
FI Sheep Slaughter (Thou Hd)	44	47
Live Y. Chicken Sl. (Mil Hd)	166.7	163.7
Slaughter Cattle Live Weight	1274	1278
Slaughter Hog Live Weight	263	264
Slaughter Lamb,/Sheep Live Wt.	136	129
Beef Production (Mil Pounds)	517.6	527.1
Pork Production (Mil Pounds)	417.6	395.7
Lamb, Mutton Prod. (Mil Lbs.)	3.0	3.0
Previous 6 Wk. Moving Avg.		
Total Beef (Mil Lbs)	513.9	514.1
Total Pork (Mil Lbs)	404.3	379.3
Total Lamb, Mutton (Mil Lbs)	2.9	2.9

Prices

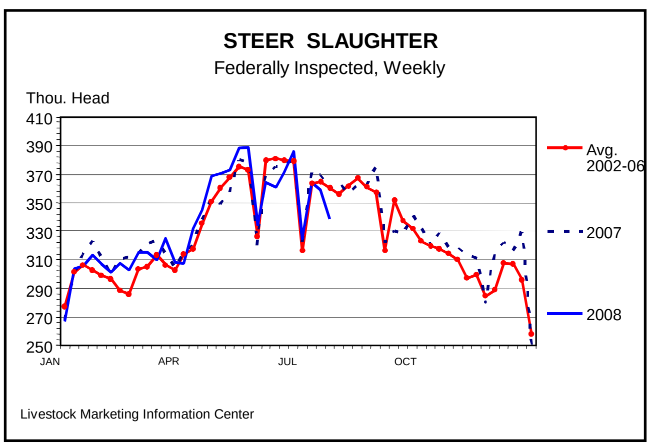
Weekly Average ($/Cwt)	Last	Week Ago	Year Ago
Live Steer	99.53	97.04	90.41
Dressed Steer	158.36	153.53	142.64
Choice Beef Cutout	160.94	158.84	144.53
USDA Hide/Offal	11.91	11.89	9.76
GA Auction Fdr. Str. (6-7 Cwt.)	96.18	97.59	107.12
Iowa/S. Minn. Base Hog	85.15	80.17	73.05
Natl. Net Hog Carcass	82.90	81.58	73.94
Feeder Pigs (40-50 Lbs) ($/Head)	32.75	31.65	44.14
Pork Cutout	90.56	86.99	70.85
Lamb Cutout	246.51	245.39	226.97
Corn, Omaha ($/Bu)	4.72	5.26	3.20
Wheat, Portland ($/Bu)	8.04	8.19	6.73
Wheat, Kansas City ($/Bu)	7.84	8.02	6.45
Soybeans, S. Iowa ($/Bu)	11.60	13.15	7.87

Source: Various USDA-AMS reports. Some data are preliminary.

Trends . . . SLAUGHTER WEIGHTS IN THE RED MEAT COMPLEX

Average slaughter weights for livestock and poultry so far this year have been somewhat of a mixed bag, which may surprise some people given well above a year ago feedstuff costs. Steer and heifer carcass weights have generally been heavier than a year ago, while slaughter cow weights have been down. Hog weights on the other hand, have been averaging well below last year. Lamb weights have been similar to 2007's but quite variable, while calf slaughter weights have been considerably lower than last year.

On a weekly basis, steer dressed weights started off the year slightly less than 2007's but rose rather quickly and have posted a year-to-year increase each week since mid-January. Unlike prior years, the seasonal decline in steer weights was rather sluggish as steer weights didn't noticeably decline until April and even then, there were some weeks that average weights posted year-to-year gains. By early May, steer carcass weights bottomed out at an average 810 pounds versus 796 pounds in 2007. Thus far this year, steer weights on a weekly average basis were one percent over last year. Heifer weights have followed a similar pattern compared to steers, with weekly dressed weights through mid-July averaging 2 percent heavier than last year. Despite higher grain prices, heavier dressed weights are mostly indicative of heavier placement weights and rather good cattle feeding conditions as indicated by feedlot performance measures mostly better than last year.



In contrast to steer and heifer weights, slaughter cow weights have been below a year ago each week of 2008. From January through mid-July cow dressed weights averaged 7 pounds below a year ago. Three factors have kept cow slaughter weights down; 1) high feedstuff costs have sent many beef cows directly to slaughter with limited extra feeding; 2) relatively more beef cows are being slaughtered than dairy cows (beef cows typically weigh less than dairy cows at slaughter); and 3) cull cow prices have been strong due to increased demand for hamburger and a reduction in U.S. beef import tonnage.

After starting off the year above a year ago, hog dressed weights declined seasonally averaging slightly near a year ago through mid-April. From mid-April into July, hog carcass weights declined a little more than the seasonal norm. On a weekly basis, barrow and gilt carcass weights were at 203 pounds in early January; by mid-July average weights had fallen to 192 pounds, which represented a five percent or 11-pound decline. As of mid-July, barrow and gilt carcass weights were two pounds below a year ago. Still, as of mid-July, compared to the 2002-2006 average, barrow and gilt weights are up one percent. The recent decline in barrow and gilt weights can be attributed not only higher feeding costs, but also aggressive marketings in response to high hog prices driven by robust export demand.

CATTLE IMPORTS FROM MEXICO DROP

The U.S. traditionally has imported feeder cattle from Mexico. In the 10-year period from 1997 through 2006, the U.S. imported an average of 1.06 million head of Mexican feeder cattle a year. This year, U.S. feeder cattle imports from Mexico have been significantly less than last year, at least in part reflecting some declines in the Mexican cowherd. In 2008 and likely for at least several more years, U.S. imports of Mexican feeder cattle are forecast to remain well below 1 million head. Recent projections for 2008 put those imports at about 750 thousand head. The decline in the feeder cattle imports from Mexico is and will continue to have an impact of the available of supple of feeder cattle in the U.S., particularly in the Southern Plains.

As of weekending August 2nd, year-to-date U.S. imports of feeder cattle from Mexico were estimated at just fewer than 390 thousand head. Last year by this time, the U.S. had imported nearly 585 thousand head and nearly 716 thousand head were imported during the first seven-months of 2006. On a yearly basis, the U.S. is importing about two-thirds of the number of feeder cattle this year from Mexico compared to 2007 and 38 percent less when compared to the 2002-2006 average for the respective period.

WEEKLY U.S. BEEF EXPORTS

In late 2001, USDA-FAS introduced the Weekly Beef Export report as directed under Mandatory Price Reporting (MPR) legislation. The weekly beef report provides data for U.S. exports and outstanding export sales (i.e. orders) of fresh, chilled, and frozen whole muscle beef cuts. The weekly report provides data for all U.S. beef trading partners, which is reported on a metric ton basis. This report has been quite useful in assessing changes in the market as the data are much timelier than the monthly trade data, which have a two-month reporting lag. However, the weekly data is not strictly comparable to the monthly trade data and should be utilized with some caution.

Of course, the recent attention regarding beef exports has been on South Korea. In recent weeks, USDA reported beef sales have increasing quickly, however those data do not have a timeframe for actual export. For the last week of July (latest data available) U.S. weekly beef exports to South Korea were reported at 2.3 thousand metric tons (product weight). That was the largest since mid-July 2007. Based on sales data and recent trends, weekly exports to South Korea will soon be the largest since 2003 when BSE was discovered in the U.S. Further growth in beef exports to South Korea will depend on how well U.S. beef is accepted by consumers.

The key markets for U.S. beef since late 2003 have been Mexico, Canada, and Japan. U.S. beef exports to those markets have been toward the high end of weekly shipments so far this year. During the first seven months of 2008, on a percentage basis, the largest year-to-year increase in whole muscle beef exports was to Japan, followed by Canada and Mexico. Still, Mexico by far represents the largest foreign market for U.S. beef.