Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . August 29, 2008

Production	Last	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 08/23/2008			**Weekly Average ($/Cwt)**			
FI Cattle Slaughter (Thou Hd)	667	690	Live Steer	98.53	99.70	92.61
FI Hog Slaughter (Thou Hd)	2231	2072	Dressed Steer	155.69	158.74	145.19
FI Sheep Slaughter (Thou Hd)	43	46	Choice Beef Cutout	162.80	164.26	143.35
Live Y. Chicken Sl. (Mil Hd)	167.3	165.7	USDA Hide/Offal	11.73	11.74	9.71
			GA Auction Fdr. Str. (6-7 Cwt.)	97.47	99.24	104.42
Slaughter Cattle Live Weight	1279	1281				
Slaughter Hog Live Weight	261	264	Iowa/S. Minn. Base Hog	84.50	86.37	66.12
Slaughter Lamb,/Sheep Live Wt.	135	129	Natl. Net Hog Carcass	86.51	86.27	69.53
			Feeder Pigs (40-50 Lbs) ($/Head)	36.26	33.19	46.81
Beef Production (Mil Pounds)	518.7	540.9	Pork Cutout	91.15	93.75	72.49
Pork Production (Mil Pounds)	434.6	408.3				
Lamb, Mutton Prod. (Mil Lbs.)	2.9	3.0	Lamb Cutout	246.98	247.07	226.37
Previous 6 Wk. Moving Avg.			Corn, Omaha ($/Bu)	5.69	5.10	3.16
Total Beef (Mil Lbs)	521.8	527.9	Wheat, Portland ($/Bu)	8.33	8.33	6.80
Total Pork (Mil Lbs)	418.4	393.8	Wheat, Kansas City ($/Bu)	8.70	8.33	6.41
Total Lamb, Mutton (Mil Lbs)	3.0	3.0	Soybeans, S. Iowa ($/Bu)	13.02	11.87	7.51

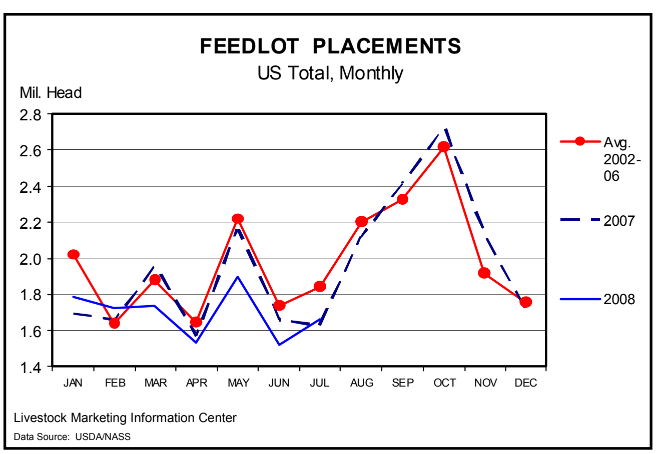
Source: Various USDA-AMS reports. Some data are preliminary.

Trends . . . FEEDLOT PLACEMENTS BELOW EXPECTATIONS

USDA provides a number of timely reports that help agricultural and food markets operate efficiently such as the monthly Cattle on Feed report released by the National Agricultural Statistics Service. The latest report showed placements of cattle into U.S. feedlots were below pre-report expectations. Overall, USDA reported that the number of cattle on-feed as of August 1st was 4 percent below a year ago, the smallest for that date since 2004.

Cattle marketed by feedlots with 1,000 head or more capacity were reported as above a year ago (up 2 percent) during July, which was equal to pre-report expectations. There was one more slaughter day in July of this year compared to a year ago, therefore daily average marketings were about 2.5 percent below a year ago. A year-to-year decline in daily average marketings is often a concern as it may reflect delayed marketings and over-finished cattle. However, this year the decline in daily average marketings largely reflects a lack of market ready fed cattle.

Placements of cattle into feedlots during July were reported at 2 percent above a year ago. But, expectations were for a 6 percent year-to-year increase. Of the major cattle feeding states, only Texas showed the full anticipated year-to-year increase in feedlot placements. The difference between expected and actual placements for July was about 100,000 head, a shortfall that may just indicate animals staying on pasture longer. If August placements are at or above the levels of four out of the last 10 years (2006, 2003, 2000 or 1999) the July shortfall will be more than compensated for. The key to monthly fed cattle prices into early 2009 will be feedlot placement patterns, information that will be provided USDA in future Cattle on Feed reports.



COLD STORAGE

On Friday, August 22nd, USDA-NASS released the monthly Cold Storage report, which reported ending stocks for red meat as of July 31st slightly less than a year ago due mostly to modest declines in frozen holdings of many export driven items. On a monthly basis, red meat stocks were down two percent from the end of June, mostly attributable to declines in pork stocks. Frozen stocks of poultry grew in July, up 16 percent from a year ago as supplies of both chicken and turkey continued to build.

As of July 31st, frozen stocks of pork totaled 492 million pounds, 8 percent larger than last year and 15 percent above the 2002-2006 average. Although pork exports have been record large this year, frozen pork stocks have continued to build. On a per item basis, the only items not post a year-to-year increase were those which have strong export markets such as variety meats which was down nearly 35 percent from 2007's, followed by bone-in picnics (down 20 percent) and boneless hams (down 11 percent). Of the remaining items, stocks of pork butts were more than double of a year ago, followed by bellies (up 87 percent), bone-in and boneless loins (up 38 percent) and trimmings which were 16 percent higher than last year.

Stocks for beef in cold storage at the end of July were at 424 million pounds, 9 percent smaller than 2007's, but slightly larger (about 1 percent) larger than the prior month. When compared to the prior five-year average frozen stocks of beef were up only two percent as of the end of July. Frozen supplies of boneless beef, which comprise the largest share of the total beef stocks were down 12 percent from a year ago, but about two percent higher than at the end of June. However, frozen supplies of bone-in beef as of July 31st, posted a near 11 percent year-to-year increase, but fell about five percent on a monthly basis.

According to the report, frozen chicken stocks at 747 million pounds were12 percent larger than in 2007's and one percent above the 2002-2006 average. Even with the rather large year-to-year increase frozen chicken the latest monthly number was the smallest reported thus far this year. Compared to a year ago, frozen turkey stocks increased mostly due to a build-up of product for processing (up 41 percent) not frozen whole birds which are largely used for Thanksgiving (up 7 percent).

CANADIAN LIVESTOCK NUMBERS

Last week, Statistics Canada released the July 1 Cattle and Hog Inventory numbers, which as expected, showed the number of cattle and hogs in Canada continued to decline relative to a year ago. Contraction in both the cattle and hog herds is due to a number of factors including significant increases in production costs which have squeezed producer profits and exchange rates. Based on the inventory reports and recent trends, further declines in Canadian livestock numbers are expected.

According to the report, the total number of Canadian cattle and calves on July 1st was 15.2 million head compared to 15.9 million head in 2007, a 4.3 percent (or 69 thousand head) year-to-year decline. That was the third consecutive decline in the Canadian cattle herd and the smallest mid-year inventory reported since 2000. As of July 1, the number of beef cows at 4.9 million head was down nearly five percent from last year, while the number of beef replacement heifers was two percent smaller than 2007's. Of note, that was the smallest mid-year beef cow inventory reported since 2003 as the reopening of the U.S. border to slaughter cows in late 2007 has provided an additional outlet for Canadian producers. Further Canadian cowherd liquidation is forecast throughout 2010.

As of July 1st, Statistics Canada reported the total number of hogs and pigs at just fewer than 13 million head, 11.6 percent or 1.7 million hogs less than reported last year and the smallest inventory number since 2000. The breeding herd at 1.5 million head was 4.6 percent below 2007's mid-year number and about one percent lower than the prior quarter. The number of sows farrowed was down one percent while the pig crop was 0.2 percent smaller than last year. The driver behind the large yearly decline in hog numbers was the number of market hogs reported, which at 11.5 million head was down over 12 percent from 2007 but only a tad smaller than reported on April 1st. Feeder pig exports to the U.S. this year have reduced Canadian market hog numbers significantly. Forecasts call for Canadian sow numbers to decline for the balance of 2008, a that trend will continue at least well into 2009.