

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

September 11, 2009

Production			Prices			
Week Ending 09/12/2009	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	562	655	Live Steer	82.83	83.74	98.21
FI Hog Slaughter (Thou Hd)	2050	2296	Dressed Steer	130.43	129.91	152.33
FI Sheep Slaughter (Thou Hd)	42	47	Choice Beef Cutout	142.12	142.83	159.90
Live Y. Chicken Sl. (Mil Hd)	165.6	144.9	USDA Hide/Offal	9.46	9.46	11.78
			GA Auction Fdr. Str. (6-7 Cwt.)	89.52	89.67	95.57
Slaughter Cattle Live Weight	1297	1298	Iowa/S. Minn. Base Hog	50.49	49.01	70.22
Slaughter Hog Live Weight	268	266	Natl. Net Hog Carcass	54.15	52.91	73.58
Slaughter Lamb./Sheep Live Wt.	135	131	Feeder Pigs (40-50 Lbs) (\$/Head)	22.15	17.87	34.34
Beef Production (Mil Pounds)	442.6	514.7	Pork Cutout	54.06	55.02	75.46
Pork Production (Mil Pounds)	410.4	455.2	Lamb Cutout	214.99	219.78	241.91
Lamb, Mutton Prod. (Mil Lbs.)	2.8	3.1	Corn, Omaha (\$/Bu)	3.11	3.03	5.40
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	4.55	4.73	6.94
Total Beef (Mil Lbs)	499.0	515.8	Wheat, Kansas City (\$/Bu)	4.26	4.40	7.10
Total Pork (Mil Lbs)	436.8	427.2	Soybeans, S. Iowa (\$/Bu)	9.18	9.33	11.50
Total Lamb, Mutton (Mil Lbs)	3.0	3.0				

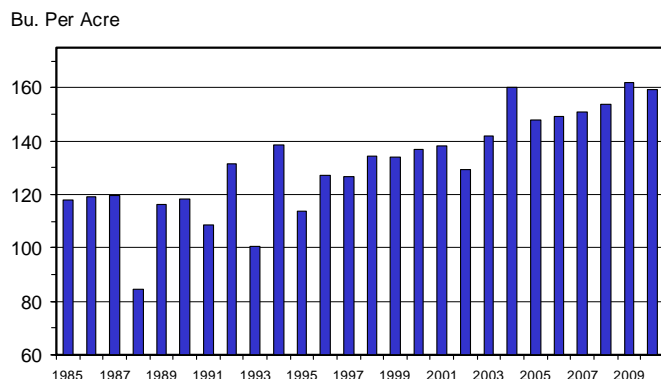
Source: Various USDA-AMS reports. Some data are preliminary.

Trends . . . U.S. CROPS KEEP GETTING BIGGER

USDA-NASS released the September 1 Crop Production report on Friday September 11th. That report raised the national average corn yield 1.5 percent (2.4 bushels) above a month ago. If realized, the national average corn yield for 2009 will be record large at 162 bushels per acre (prior record was just over 160 bushels per acre in 2004). U.S. corn production in 2009 is now expected to be just below 13 billion bushels, the second largest ever. Expectations compared to a month ago were increased for U.S. soybean yield (up 1.4 percent from August).

Based on evaluation of the corn production numbers, the USDA-WAOB has lowered their corn 2009-2010 crop marketing year price by 15 cents per bushel in the last month. For the 2009/10 crop marketing year, USDA-WAOB now has corn prices posting a year-to-year decline of over 70 cents per bushel (decline of 18 percent). If realized, that annual corn price will be the lowest since 2006/2007.

NATIONAL AVERAGE CORN YIELD
Crop Year



For soybeans and soybean meal, USDA-WAOB reduced their 2009/2010 marketing year price forecasts slightly compared to those made a month ago. For the 2008/09 crop marketing year the average soybean price received by U.S. farmers was \$10.00 per bushel and Decatur soybean meal (48 percent protein) was \$330.00 per ton. Current forecasts by USDA-WAOB are for annual declines in soybean and meal prices this year, with soybeans averaging 60 cents per bushel below 2008/09 and meal posting a \$50.00 per ton decline. Like

corn, those would be the lowest annual average prices in three years.

CULL COW PRICES

Last year, faced with drought and rising production costs the U.S. beef cattle industry reduced the breeding herd. This year, the dairy industry is in a contraction mode having faced rising costs and very low milk prices since last year. The reduction in the dairy breeding herd this year has been prodded by the industry's Cooperatives Working Together (CWT) program, which is currently in its second round of dairy herd buyouts. A third CWT buyout is likely later this year. Therefore, unlike last year, total cow slaughter so far this year has averaged above a year ago due to a larger number of dairy cows in the slaughter mix.

As of the end of August, (latest actual data), Federally Inspected (FI) total cow slaughter on a weekly average basis in 2009 has been nearly 2 percent larger than last year and over 16 percent higher than the 2003-2007 average. FI dairy cow slaughter through the end of the August was 15 percent higher than in 2008 and about 21 percent larger than the prior five-year average. FI beef cow slaughter on the other hand for the eight-month period was on average nearly 8 percent smaller than a year ago, but when compared to the 2003-2007 average was still roughly 13 percent larger. Of interest, last year dairy cows as of mid-August represented around 42 percent of the cow slaughter mix, this year dairy cows have accounted for about 48 percent of slaughter.

Cull prices in the Southern Plains have averaged lower than last year during the first eight months of 2009, due to many factors including, but not limited to: larger imports of lean beef (especially from Australia and New Zealand), a year-to-year decline in cow byproduct (e.g. hides) values, very low wholesale pork prices, and increased U.S. cow slaughter. From January through August, lean cull cow prices on a weekly basis in the Southern Plains averaged just under \$48.00 per cwt., 12 percent lower than 2008's and 6 percent less than the 2003-2007 average price. So far this year, cull cow prices peaked in late June at just below \$55.00 per cwt. but have eroded since this summer. Looking ahead, fall cull cow prices will likely continue to erode at least well into the fourth quarter of this year as

dairy cow slaughter remains large and pork prices keep beef sales on the defensive. Rather large dairy cow slaughter is expected to continue into at least early 2010. Overall, in 2010 cull cow prices are forecast to rebound compared to 2009's as supplies of cull cows are expected decline.

KANSAS FEEDLOT CLOSEOUTS

According to Kansas State University's "Focus on Feedlots" survey, steers closed out in July did not perform quite as well as a year earlier, while heifer performance was similar. However, the average cost of gain for steers and heifers was below a year ago in July, mostly due to lower feedstuff costs. In the survey, average cost of gain has been below a year ago since May.

In July, the average steer closeout weight was 1330 pounds, 19 pounds less than a year ago but still 30 pounds heavier than the 2003-2007 average. Heifers closed out at an average weight of 1192 pounds in July versus 1200 pounds in 2008 and 23 pounds above the prior five-year average.

For the month of July, steers sold were on feed an average of 160 days, 8 days longer than last year while heifers were on feed an average of 5 days less (162 days on feed). Steers sold in July did not post spectacular gains, as the average daily gain was 3.47 pounds compared to 3.62 pounds a year ago. Average daily gains for heifers sold in July were similar to last year with an average of 3.04 pounds per day compared to 3.06 pounds in 2008. The amount of feed needed per pound of gain for steers averaged 5.99 pounds (dry matter basis) in July, slightly more than last year, while heifers averaged 6.32 pounds per day, slightly less than a year earlier.

Kansas feedlots reported below year ago feeding cost of gain in July, with costs of gain falling below \$80 per cwt. for steers this summer while heifers are still averaging in the low \$80s per cwt. For the month of July, the average cost of gain for steer closeouts was \$76.75 per cwt. versus \$87.28 per cwt. a year ago, the lowest posted since February of 2008. The projected cost of gain for steers placed on feed in August was \$73.75 per cwt. Since August, cost of gain has continued to decline.