

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

November 18, 2005

Production			Prices			
Week Ending 11/19/2005	Last	Year Ago	Weekly Weighted Avg. (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	589	603	Live Steer	90.02	91.24	84.62
FI Hog Slaughter (Thou Hd)	2137	2121	Dressed Steer	141.57	142.64	131.50
FI Sheep Slaughter (Thou Hd)	48	51	Beef Cutout (Choice 600-900)	151.40	145.52	136.05
Live Y. Chicken Sl. (Mil Hd)	164.0	162.0	USDA Hide/Offal (\$/Cwt)	8.21	8.19	7.99
Slaughter Cattle Live Weight	1285	1276	GA Auction Fdr. Str. (6-7 Cwt.)	103.65	103.26	98.38
Slaughter Hog Live Weight	271	271	Iowa/S. Minn. Base Hog (Wtd. Avg)	59.04	61.06	79.01
Slaughter Lamb./Sheep Live Wt.	140	139	Natl. Net Hog Carcass (Wtd. Avg)	61.46	61.12	75.00
Week Ending 11/19/2005			Feeder Pigs (40-50 Lbs)	58.65	57.70	63.48
Beef Production (Mil Pounds)	458.6	463.4	Pork Cutout (185 Lbs)	65.70	65.24	77.30
Pork Production (Mil Pounds)	428.8	426.9	Lamb Cutout (\$/Cwt)	216.33	212.22	200.36
Lamb, Mutton Prod. (Mil Lbs.)	3.3	3.6	Corn, Omaha (\$/Bu)	1.67	NQ	1.65
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	3.44	3.47	3.93
Total Beef (Mil Lbs)	477.5	477.1	Wheat, Kansas City (\$/Bu)	3.69	3.81	3.54
Total Pork (Mil Lbs)	428.4	421.1	Soybeans, S. Iowa (\$/Bu)	5.60	5.85	5.57
Total Lamb, Mutton (Mil Lbs)	3.5	3.7				

### Trends . . . CATTLE ON FEED NUMBERS ABOVE A YEAR AGO

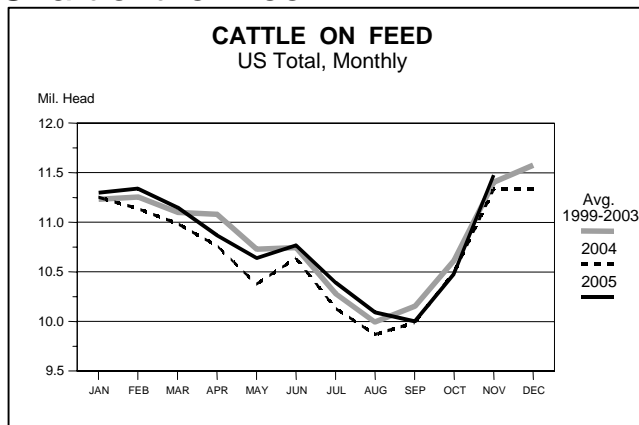
USDA released the monthly Cattle on Feed report on Friday November 18<sup>th</sup>. The overall on-feed inventory was above a year ago as of November 1, but the year-to-year increase was a bit larger than expected. Feedlot placements and marketings were both a little larger than anticipated during October. Based on slaughter data comparisons and the amount of cattle imported from Canada, U.S. feedlots with less than 1,000 head one-time capacity have apparently continued to exit the industry in 2005. Those smaller feedlots are not included in USDA's monthly reports.

As of November 1, USDA reported the number of cattle on-feed in feedlots with capacity of 1,000 head or more totaled 11.5 million head, up 1.2 percent from a year ago. Placements of cattle into feedlots for October were reported at nearly 2.8 million head (up 3.4 percent from

2004's). Adjusting for imports of feeder cattle from Canada during October, which must go directly to U.S. feedlots, placements were up a more modest 1.7 percent. USDA's feedlot marketing numbers would not include imports of Canadian cattle for slaughter. U.S. feedlot marketings were reported at 96.7 percent of a year ago.

The most perplexing part of the report was the reported breakdown on weights of cattle placed into U.S. feedlots. Nationwide, in October the number of head placed into feedlots weighting under 600 pounds was below a year ago, but all other categories

### Chart of the Week . . .



posted increases. Where did all those heavy weight placements come from?

### COW SLAUGHTER AND PRICES

Federally Inspected (FI) cow slaughter in 2005 has generally been well below a year ago in response to expansion of the U.S. beef cowherd. As a result of smaller slaughter supplies, slaughter cow prices and wholesale cow beef prices have been strong. Despite seasonal weakness in prices this fall in response to larger supplies, cow prices will average well above a year ago for 2005 and remain relatively strong well into 2006.

During the first three quarters of this year, FI cow slaughter was down 7 percent from 2004's and 16 percent lower than the prior five-year average (1999-2003). Despite being well below normal, cow slaughter continues to follow the normal seasonal pattern; with slaughter numbers noticeably increasing into the fall months as producers cull a greater percentage of cows than earlier in the year. According to weekly data, October cull cow slaughter averaged about one percent below last year. In fact, during each of the last three weeks of October, slaughter levels surpassed the 100,000 head mark, a weekly level not posted since January this year. On a monthly basis, cull cow slaughter numbers climbed about 3 percent from September to October.

Weekly live slaughter cow prices for the Southern Plains (85 to 90 percent lean) were 6 percent higher than last year during January through September. In July, slaughter cow prices fell below a year ago and have continued to slowly decline; but were still above the prior five-year average (1999-2003). In September, slaughter cow prices averaged \$52.43 per cwt. then softened in October to \$49.84 per cwt. Compared to a year ago, cull cow prices were 5 percent lower than 2004's but nearly \$12 per cwt. higher than the prior five-year average in October. Wholesale cow beef cutout values have paralleled live cull cow prices, down 5 percent both in the third quarter and in October from last year. In fact, in October the cull cow cutout at \$102.77 per cwt. was the lowest since March of 2004.

### PORK AND BEEF TRADE

The U.S. sells and buys many livestock products including live animals, variety meats, and hides/skins/pelts. Of course, one of the

major items traded with foreign countries is meat of which the U.S. both buys and sells beef and pork items. This year, pork exports have surpassed expectations and set new records, while beef exports have been disappointing. Imports of pork have been relatively small and beef import tonnage has been record large.

According to the latest trade data for September, U.S. pork exports continued to surpass year ago levels, compensating for the weakness in domestic consumer demand for pork. As expected, pork imports remained below last year's tonnage, marking the 13th consecutive month for below year ago imports. Although U.S. exports of beef and veal were larger than a year ago, compared to prior months, export tonnage slipped in September.

In September, exports of U.S. pork items totaled 204 million pounds (carcass weight basis) versus 170 million pounds last year, a 20 percent yearly increase and 76 percent above the prior five-year average (1999-2003). In September, exports to all major trading partners with the exception of Mexico were larger than 2004's, with the largest yearly percentage gains reported in shipments to Asian nations. For the first three quarters of 2005, pork export tonnage was nearly 26 percent higher than 2004's and up 56 percent from 2003's. U.S. imports of pork items were smaller than last year, down 6.6 million pounds from January through September.

The U.S. exported 42.9 million pounds (carcass weight basis) of beef and veal items in September, 7.5 percent more than 2004's, but still well below the 207.7 million pounds exported in 2003. Beef export tonnage in September to Canada was up 45 percent from 2004's while Mexico purchased less than a year ago from the U.S. On a monthly basis, U.S. beef exports declined 19 percent from August to September.

In September, U.S. beef imports were actually smaller than 2004's, down 7 percent at 259.6 million pounds, only the third time that imports were below a year earlier in 2005. The trading partners that sold more beef to the U.S. than a year ago were Mexico, Uruguay, and Canada. For January through September, U.S. beef import tonnage was 2 percent above 2004's and nearly 20 percent over the prior five-year average.