Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . February 20, 2004

Production	Current	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 02/21/04	Current	Year Ago	Weekly Weighted Avg. ($/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	598	621	Live Fed Steer	77.57	77.28	79.57
FI Hog Slaughter (Thou Hd)	1896	1875	Dressed Steer	125.57	123.93	122.29
FI Sheep Slaughter (Thou Hd)	49	48				
Live Yng. Chicken Slau. (Mil Hd)	152.5	152.0	Beef Cutout (Choice 600-750)	127.58	126.56	126.28
			USDA Hide/Offal ($/Cwt)	8.13	8.21	8.04
Slaughter Cattle Weight	1247	1260	GA Auction Fdr. Str. (6-7 Cwt)	90.00	85.00	74.75
Slaughter Hog Weight	268	267				
Slaughter Lamb/Sheep Weight	142	136	IA, S. MN Base Hog ($/Cwt)	60.40	61.34	46.34
			Natl. Net Carcass Hog ($/Cwt)	62.99	62.40	50.99
Week Ending 02/21/04			Feeder Pigs (40-50 Lbs)	43.50	42.50	45.00
Beef Production (Mil Lbs)	449.2	469.9	Pork Cutout (185 Lbs)	66.22	67.48	53.65
Pork Production (Mil Lbs)	379.3	372.0				
Lamb/Mutton Prod. (Mil Lbs)	3.5	3.3	Lamb Cutout ($/Cwt)	184.22	180.46	190.42
Previous 6 Week Moving Avg.			Corn, Omaha ($/Bu)	2.70	2.68	2.29
Total Beef (Mil Lbs)	427.8	497.6	Wheat, Portland ($/Bu)	4.05	4.12	3.86
Total Pork (Mil Lbs)	393.2	381.4	Wheat, Kansas City ($/Bu)	3.82	3.84	3.88
Total Lamb/Mutton (Mil Lbs)	3.5	3.5	Soybeans, S. Iowa ($/Bu)	8.72	8.20	5.60

Trends . . . U.S. FEEDLOT MARKETINGS AND PLACEMENTS DECLINE

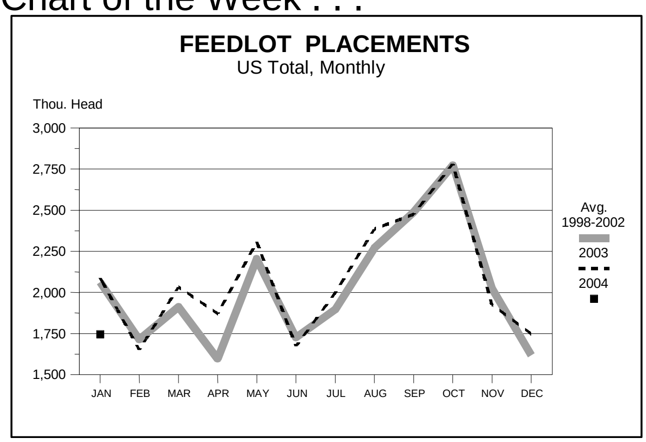
The USDA-NASS Monthly Cattle on Feed report (released February 20th) reaffirmed industry expectations that the on-feed inventory would remain above a year ago and that January marketings and placements would be very small by historical standards. As of February 1, the number of cattle on feed in U.S. feedlots with capacity of 1,000 head or more totaled 11.1 million head, 4 percent (or 423,000 head) above a year ago, but 4 percent below 2002's.

As expected, fed cattle marketings by feedlots during January were well below the previous year as cattle feeders marketed 1.75 million head. That was down 10 percent from 2003's and the smallest January total since the current monthly report began (1996). Still, U.S. feedlots have not backed-up market ready supplies. Steer and heifer slaughter weights remain well below a year ago, but that situation may begin to change in the spring quarter.

The most anticipated part of the Cattle on Feed report was the number of cattle placed into feedlots during January. According to USDA, 1.78 million head of cattle were placed in January 2004, 16 percent below 2003's and 20 percent below 2002's. That was the third smallest January placement number since 1996. Many calves and yearlings that typically enter feedlots in January were placed earlier than normal (during 2003).

Another feature of USDA's February Cattle on Feed report are data on the number of U.S. feedlots by size. The number of feedlots that are not included in the monthly USDA Cattle on Feed report, those under 1,000 head capacity, continued to decline in 2003 (down about 2

Chart of the Week . . .



percent from 2002's). Still those feedlots are a significant factor representing about 15 percent of all feedlot cattle marketed in 2003. The number of U.S. feedlots with 1,000 head or more capacity was nearly unchanged in 2003.

2003 TRADE UPDATE

U.S. exports of beef and veal (on a tonnage basis) in 2003 set a new record as U.S. exports substituted the lack of Canadian product in the world market during the summer months. In 2003, U.S. beef and veal export tonnage (carcass weight equivalent) totaled 2.52 billion pounds, 3 percent above 2002's. But, in terms of major export destinations, Japan was the only to post a year-to-year increase (up 19 percent). As expected, U.S. exports of beef to Canada were down from last year about 6 percent, while exports to Mexico were 6.5 percent below 2002's.

In 2003, U.S. imports of beef and veal were down about 6.6 percent from the prior year. Nonetheless, the U.S. remained a net importer of beef during 2003 despite a few months when the U.S. actually exported more beef and veal than was imported. Imports of beef and veal totaled a little over 3 billion pounds (carcass weight equivalent), compared to 3.2 billion in 2002. Imports of beef and veal from Australia were slightly below a year ago, while imports from New Zealand were up around 7 percent. Similar to exports, U.S. imports of beef from Canada were down 32 percent due to BSE related restrictions on Canadian beef that began in May.

U.S. exports of pork set a new record in 2003 and totaled 1.7 billion pounds (carcass basis) about 105 million pounds (or 6.5 percent) larger than 2002's and up 10 percent from 2001's. Japan, which accounted for almost half of U.S. pork exports in 2003, posted a 2 percent year-to-year increase, while Mexico was up 11 percent, South Korea increased 13 percent, and Hong Kong (which only accounts for 3 percent of U.S. pork sales) reported a 57 percent year-to-year increase. U.S. imports of pork (on a tonnage basis) were 11 percent larger than 2002's as imports from Canada, Denmark, and Hungary were well above a year ago. Still, U.S. imports of pork were about one million pounds below the record number of 1.20 billion set in 1987.

In 2003, U.S. broiler exports totaled nearly 5 billion pounds (ready-to-cook basis), up about 3 percent from 2002's but 11 percent below the record set in 2001. Exports to Mexico and Canada were up 12 and 5 percent, respectively. However, U.S. broiler exports to Japan and Russia were below a year earlier (down 15 and 4 percent, respectively). So, 2003 was the second year in a row that U.S. broiler exports to both Japan and Russia had significant yearly declines.

WEEKLY POULTRY

Last fall, the broiler industry showed signs that it was planning to boost production in response to stronger broiler prices and market spillover from high beef prices. That trend has carried over into 2004, as the broiler industry continues to modestly increase production in response to stronger broiler prices and industry expectations for strong foreign markets. In the fourth quarter of 2003, weekly eggs set averaged 2.3 percent higher than the respective period last year, with placements up around 2.6 percent. That trend has continued in 2004 as eggs sets and placements have ranged 2 to 3 percent above 2003's.

Additional expansion by the broiler industry will likely occur in response to new record high wholesale chicken prices. In January, the weekly 12-City Composite broiler price averaged 17 percent above 2003's. Boneless chicken breast prices are also well above 2003 levels in early 2004 and Northeast chicken leg and wing prices have averaged 45 and 64 percent above 2003's, respectively. Northeast chicken leg prices have posted an increase each week since December. For the week ending February 14th, leg prices reached $52.27 per cwt., the highest since 1994.

Unlike the broiler industry, the U.S. turkey industry appears to be in the process of pulling back production. Since November, turkey slaughter and production have been below a year ago. On a monthly basis, slaughter was down on average 5 percent for November and December, with production down 7 percent due to smaller bird weights. Recently, on a weekly basis, turkey production has been running about 7 to 8 percent below a year ago. Prices have been modestly strong running about 2 percent above 2003's. From January through mid-February, hen (8 to 16 lbs) prices have averaged $62.33 per cwt. compared to $60.96 per cwt. in 2003. Nonetheless, as slaughter and weights continue to run below last year, prices should strengthen.