Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

March 5, 2004

Production			Prices			
Week Ending 03/06/04	Current	Year Ago	Weekly Weighted Avg. ($/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	615	639	Live Fed Steer	84.96	81.86	76.96
FI Hog Slaughter (Thou Hd)	1962	1910	Dressed Steer	135.14	131.08	122.88
FI Sheep Slaughter (Thou Hd)	59	55				
Live Yng. Chicken Slau. (Mil Hd)	152.7	148.4	Beef Cutout (Choice 600-750)	139.63	131.73	128.96
			USDA Hide/Offal ($/Cwt)	8.24	8.18	8.15
Slaughter Cattle Weight	1231	1247	GA Auction Fdr. Str. (6-7 Cwt)	93.75	89.25	76.13
Slaughter Hog Weight	267	268				
Slaughter Lamb/Sheep Weight	140	142	IA, S. MN Base Hog ($/Cwt)	62.42	58.93	46.50
			Natl. Net Carcass Hog ($/Cwt)	63.12	61.88	50.60
Week Ending 03/06/04			Feeder Pigs (40-50 Lbs)	40.00	41.00	43.00
Beef Production (Mil Lbs)	457.1	477.3	Pork Cutout (185 Lbs)	68.37	66.85	53.78
Pork Production (Mil Lbs)	391.5	379.5				
Lamb/Mutton Prod. (Mil Lbs)	4.1	3.9	Lamb Cutout ($/Cwt)	193.22	189.62	205.60
Previous 6 Week Moving Avg.			Corn, Omaha ($/Bu)	2.81	2.87	2.32
Total Beef (Mil Lbs)	450.6	486.9	Wheat, Portland ($/Bu)	4.08	4.12	3.74
Total Pork (Mil Lbs)	395.4	377.3	Wheat, Kansas City ($/Bu)	3.73	3.84	3.60
Total Lamb/Mutton (Mil Lbs)	3.5	3.5	Soybeans, S. Iowa ($/Bu)	9.26	9.34	5.60

Trends . . . CORN PRICES KEY TO FEEDER CATTLE PRICES

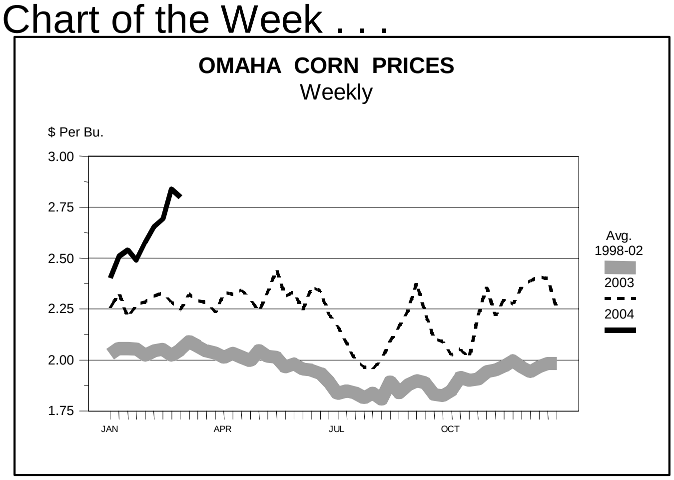
Corn and soybean prices surged in early 2004 in response to demand conditions in the domestic and international marketplace. So far, the year-to-year increases have not had a significant negative impact on calf and yearling prices. But, that situation could change quickly if there are any problems with the 2004 U.S. corn crop. In fact, at this time, the biggest question for calf prices next fall is corn price.

Weekly Omaha corn prices have been well above last year since early December. At the beginning of January, the weekly Omaha corn price was quoted at $2.41 per bushel, 7 percent or $0.15 per bushel higher than 2003's. For the weekending February 27th, corn prices were at $2.70 per bushel, 16 percent higher than the corresponding week last year. In just two months, the weekly Omaha corn prices jumped over $0.30 per bushel or 12 percent compared to a 3 percent jump for the respective period last year.

According to USDA, the average corn price received by producers in January was $2.39 per bushel, slightly higher than a year ago ($0.06 per bushel). Estimated corn price for February was reported at $2.55 per bushel, 9 percent above 2003's and 32 percent above 2002's average corn price. Based on weekly Omaha corn prices, that USDA estimate may need to be revised upwards.

U.S. corn stocks at the end of the current crop-year are now forecast to be about 900 million bushels, 17 percent below a year ago and the smallest since 1997. Two factors are

Chart of the Week . . .



behind the tightening of U.S corn stocks: 1) robust exports (estimated for the 2003-04 crop year to be the largest since 1995-96) and 2) increased domestic usage due to produce ethanol.

The USDA planting intentions report and early season crop conditions will all provide keys to how large the U.S. calf and yearling operations will need to pay attention, as any shortfall will quickly be reflected in corn prices paid by feedlots and bid into (lower) calf and yearling prices. On the other hand, a "normal" or larger corn crop could easily support Southern Plains 500-to 600-pound steer calf prices this fall at or a little above $100.00 per cwt.

2003 FEEDLOT CLOSEOUTS

In 2003, feedlots participating in Kansas State Extension's "Focus on Feedlots" posted reported improvements in feed efficiency for both steers and heifers. The feedlots marketed 445,346 thousand head in 2003, about 29,000 less head than in 2002. Heifers accounted for 60 percent of the mix of cattle marketed by the participating feedlots, while the share of steers increased slightly from 37 percent in 2002 to about 40 percent of the total marketed in 2003.

During 2003, the average closeout weight for steers was 1262 pounds, down 22 pounds from 2002's, but 20 pounds heavier than 2001's. Heifers averaged 1148 pounds, only 13 pounds below a year earlier. In 2003, steers were on a feed an average 140 days compared to a 153 days in 2002, while heifers were on feed 17 days less than in 2002. The smaller number of days on feed reflected aggressive marketing rates by cattle feeders.

Steer and heifer performance during 2003 improved from last year. Average daily gains for steers was 3.45 pounds, 2.3 percent higher than 2002's, whereas heifers were 5.4 percent higher at 3.1 pounds per day. On a dry matter basis, the amount of feed required per pound of gain for steers was 5.91 pounds and 6.08 pounds for heifers, both below 2002's.

The average corn price was $2.70 per bushel compared to $2.51 in 2002 and $2.29 in 2001. As of January of 2004, Kansas feedlots reported the average corn price at $2.75 per bushel, unchanged from 2003's. Hay prices for 2003 were well below the year prior at $93.44 per ton, down 12 percent due to a dramatic drop in alfalfa prices in the second half of the year. In 2003, the average feeding cost of gain (including feed, yardage, processing, medication and death loss) was $53.23 per cwt. for steers and $56.10 per cwt. for heifers, up $3.08 and $2.76, respectively from 2002's.

JANUARY 1 CANADIAN NUMBERS

In late February, Statistics Canada released its annual livestock inventory estimates for cattle, hogs, and sheep. Overall the direction in livestock numbers was about as anticipated. The major surprise was that sow numbers in Canada did not moderate much in 2003.

Canadian cattle numbers increased dramatically during 2003 to a record 14.7 million head as of January 1, 2004. Canadian producers reported increased numbers of cattle on cow-calf and backgrounding operations, while the number of cattle in feedlots declined. Beef producers reportedly had 1.2 million head or 8.7 percent more cattle on farms and ranches than a year ago. As of January 1, compared to a year ago, Canadian beef cow numbers were up 5.7 percent, steers over 1 year of age increased 4.3 percent, and calves under 1 year of age increased 15.4 percent.

The 8.7 percent annual increase in the number of beef cattle was mostly due to reduced marketings, resulting from Canadian cattle being banned from export and limitations on beef exports. As of February 1, the number of cattle on feed was down 8.5 percent from 2003's and down 16.6 percent from 2002's.

As of January 1, 2004, the calculated feeder cattle supplies outside commercial feedlots in Canada are well above a year ago (up about 700,000 head). In contrast, that calculated number in the U.S. was dramatically below a year ago (down about 1.3 million head from a year earlier). So, when Canadian and U.S. estimated feeder cattle supply numbers are combined, as of January 1, 2004 the availably of cattle to enter feedlots remained tight by historical standards.

According to Statistics Canada, as of January 1, 2004, the total hog and pig inventory was 14.6 million head, slightly smaller than a year earlier (down 0.4 percent). Despite low prices, the Canadian breeding herd continued to grow in 2003. As of January, the Canadian breeding herd was reported at 3.1 percent larger than a year earlier. As of January 1, the large number of feeder pig exports to the U.S. last year resulted in a decline in the Canadian market hog inventory of nearly 1 percent.