Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . March 11, 2005

Production

Week Ending 3/12/05	Current	Year Ago
FI Cattle Slaughter (Thou Hd)	599	625
FI Hog Slaughter (Thou Hd)	1918	1950
FI Sheep Slaughter (Thou Hd)	60	60
Live Yng. Chicken Slau. (Mil Hd)	160.1	153.5
Slaughter Cattle Weight	1256	1218
Slaughter Hog Weight	271	267
Slaughter Lamb/Sheep Weight	142	145
Week Ending 3/12/05		
Beef Production (Mil Lbs)	453.4	459.1
Pork Production (Mil Lbs)	386.4	389.7
Lamb/Mutton Prod. (Mil Lbs)	4.3	4.3
Previous 6 Week Moving Avg.		
Total Beef (Mil Lbs)	439.9	445.7
Total Pork (Mil Lbs)	403.8	388.9
Total Lamb/Mutton (Mil Lbs)	3.5	3.6

Prices

Weekly Weighted Avg. ($/Cwt)	Last	Week Ago	Year Ago
Live Fed Steer	92.96	89.86	87.71
Dressed Steer	149.16	142.17	140.60
Beef Cutout (Choice 600-750)	152.07	141.74	142.66
USDA Hide/Offal ($/Cwt)	7.97	7.86	8.26
GA Auction Fdr. Str. (6-7 Cwt)	103.75	102.88	92.82
IA, S. MN Base Hog ($/Cwt)	73.89	71.07	62.30
Natl. Net Carcass Hog ($/Cwt)	71.69	69.27	64.27
Feeder Pigs (40-50 Lbs)	76.14	78.87	50.43
Pork Cutout (185 Lbs)	70.18	68.74	68.95
Lamb Cutout ($/Cwt)	238.05	239.69	202.76
Corn, Omaha ($/Bu)	1.97	1.89	2.84
Wheat, Portland ($/Bu)	3.97	3.96	4.14
Wheat, Kansas City ($/Bu)	3.67	3.52	3.67
Soybeans, S. Iowa ($/Bu)	6.38	6.07	9.52

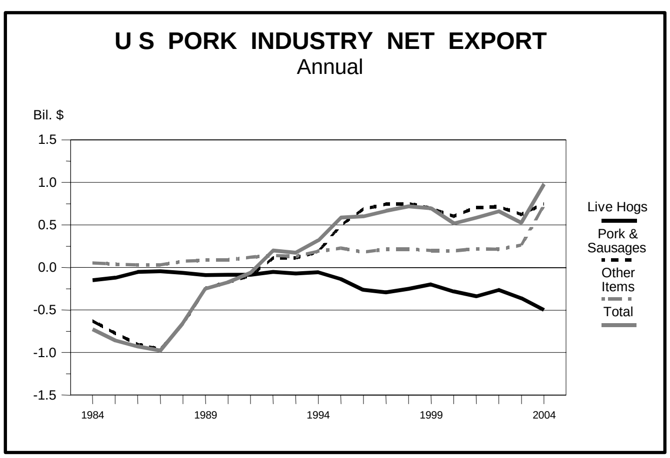
Trends . . . INTERNATIONAL TRADE: U.S. PORK INDUSTRY VALUES

International trade has emerged as a key topic when discussing U.S. livestock and meat markets. Taking a broad view of international trade provides a useful perspective. The total value of imports and exports for the pork industry is the result of summing values from several major categories: 1) meat; 2) variety meats; 3) hog and pork skins; 4) pork lard, fats and oils; and 5) live animals.

In 2004, the total dollar value of U.S. pork/hog exports was $2.74 billion, nearly 39 percent above a year earlier. The large year-to-year increase in export value is attributed to substantial gains in the dollar value of all export items except for live hogs and pigs, which was below 2003's. Of note, exports of sausage casings and variety meat exports were $617 million, more than three times greater than the $189 reported in 2003. The remaining categories reported yearly gains in the range of 19 to 21 percent higher than 2003's.

The total dollar value of U.S. pork/hog imports in 2004 was $1.76 billion, which was 21 percent or $309 million above 2003's. Imports of live hogs and pigs were up nearly 36 percent from 2003's while imports of pork and sausages posted a $175 million increase (18 percent). That was the largest import value for pork and sausages since 1987 when the import value reached $110 million.

Chart of the Week . . .



Net export value is simply the dollar difference between imports and exports. Since 1992, the U.S. has been a net exporter of pork products, with the dollar value climbing each year. Last year, net pork exports totaled $981 million compared to $527 million in 2003. That represented an 86 percent year-to-year increase in net export value. Last year's net export value was well above the $200 million reported in 1992 when the U.S. became a net exporter of pork. The aggregate net pork industry trade values in 2004 provided significant support to hog prices in 2004. Clearly, some of the surge in U.S. pork exports has resulted from restrictions on U.S. and Canadian beef exports.

CHOICE VERSUS SELECT

Current market supply conditions and market demand (domestic and foreign) for Choice and Select beef cuts are reflected in the price premium of Choice wholesale beef compared to Select. This price premium is referred to as the Choice to Select spread. As of January 3, 2005, USDA-AMS began reporting a single cutout value for Choice and Select product (600-900) thus eliminating the light and heavy cutout previously reported. In response, LMIC developed a historical series for both the Choice and Select (600-900 lbs) boxed beef value to be used in calculating a historical Choice to Select Spread series.

The Choice to Select spread is highly seasonal. Normally, the Choice to Select spread widens in the spring and early summer grilling months when consumer demand for choice meat cuts is greater and then narrows at the onset of the third quarter. Typically, the Choice to Select spread will widen again in the fall quarter.

Unlike last year at this time, the Choice to Select spread has returned to a rather normal situation. In the first two months of 2005, the Choice to Select spread averaged $4.81 per cwt., $2.05 per cwt. below 2003's. However, compared to the prior five-year average Choice to Select spread of $4.95 per cwt., the Choice to Select spread for the first two months of 2005 was only down 3 percent. Recently, at the wholesale level, Choice beef prices have gained quickly compared to Select. For the weekending March 4th, the Choice to Select spread was at $2.46 per cwt. By the second week, the spread further widened to $4.78 per cwt. in the second week of March, a weekly gain of $2.34 per cwt. In fact, for weekending March 11th, the Choice cutout surpassed the $150 per cwt. level, the first time since mid-January 2005.

CATTLE AND HOG WEIGHTS

On average, dressed weights for cattle have been above a year ago in 2005 in response to slower than anticipated marketing rates. Despite being above a year ago, cattle weights have been declining seasonally and should post yearly lows early in the spring quarter. At the same time, hog weights have trended heavier than 2004 but are expected to mirror their normal seasonal pattern for the balance of 2005.

In January, Federally Inspected (FI) cattle weights averaged 765 pounds, 12 pounds above a year ago. Average FI weights for steers in January were 815 pounds, slightly above 2004's, and heifers posted an 11pound year-to-year increase. Based on weekly data, dressed cattle weights in February should average around 762 pounds compared to 750 pounds last year. Steer dressed weights for February should be about 807 pounds, much lower than the prior month, but still one percent above 2004's. For calendar year 2005, average cattle dressed weights will likely average about 1 percent (9 pounds) above 2004's.

Average hog weights, like cattle, have also been above a year ago so far in 2005. On a weekly basis, so far in 2005, FI barrow and gilt weights have ranged between 198 and 199 pounds. Normally, the seasonal decline in average hog weights begins to appear in the spring quarter and then weights continue to decline through August. In January, FI hog weights average 202 pounds, only one pound heavier than last year, while barrow and gilt weights averaged 199 pounds, two pounds heavier than 2004's. Based on weekly data for February, barrow and gilt weights will once again average 199 pounds, three pounds heavier than last year. So far for 2005, barrow and gilt weights have averaged 3 percent higher than the prior five-year average.