Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . March 28, 2003

Production			Prices			
Week Ending 03/29/2003	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	629	627	Live Fed Steer	78.09	77.99	70.26
FI Hog Slaughter (Thou Hd)	1906	1865	Dressed Steer	126.33	125.10	112.38
FI Sheep Slaughter (Thou Hd)	64	64				
Live Y. Chick Slau. (Mil Hd)	153.0	151.6	Beef Cutout (Choice 600-750)	126.03	125.21	116.46
			USDA Hide/Offal ($/Cwt,)	8.16	8.01	7.34
Slaughter Cattle Weight	1245	1235	GA Auction Fdr. Str. (6-7 Cwt)	76.50	72.88	76.94
Slaughter Hog Weight	268	268				
Slaughter Lamb, Sheep Wt.	139	134	IA, S. MN Dir. Hogs ($/Cwt, Carc.)	50.95	52.06	49.38
			Natl. Net Carcass Price (Wtd. Avg.)	52.31	52.10	50.66
Week Ending 03/29/2003			Feeder Pigs (45 Lbs)	52.18	51.43	53.12
Beef Production (Mil Lbs)	470.1	468.9	Pork Cutout (185 Lbs.)	54.71	57.09	53.87
Pork Production (Mil Lbs)	379.6	370.1				
Lamb, Mutton Prod. (Mil Lbs)	4.5	4.3	Lamb Cutout	220.89	218.50	146.47
Previous 6 Week Moving Avg.			Corn, Omaha ($/Bu)	2.23	2.27	NQ
Total Beef (Mil Lbs)	479.0	485.0	Wheat, Portland ($/Bu)	3.26	NQ	NQ
Total Pork (Mil Lbs)	377.7	370.1	Wheat, Kansas City ($/Bu)	3.41	3.45	NQ
Total Lamb, Mutton (Mil Lbs)	3.8	4.9	Soybeans, S. Iowa ($/Bu)	5.80	5.77	NQ

Trends . . . HOGS AND PIGS REPORT SHOWS LESS HOGS

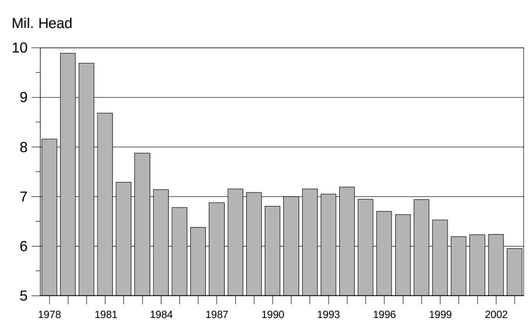
The USDA-NASS quarterly Hogs and Pigs report (released March 28th) confirmed expectations that slaughter will moderate later this year as the report indicated producers have continued to adjust hog numbers. The report showed producers have reduced the breeding hog inventory and have also reduced their farrowing intentions. In addition, the report confirmed industry expectations that USDA-NASS would make revisions in prior reported data based on slaughter numbers since the last (December 1, 2002) Hog and Pig report. The June to August pig crop was adjusted upwards by two percent, which helps to explain the larger than expected slaughter numbers during January and February.

USDA reported that the U.S. inventory of all hogs and pigs on March 1st was 58.1 million head, 2 percent smaller than a year ago. The breeding herd was reported at 5.96 million head, 4 percent below 2002's and 2001's. Overall market hogs totaled 52.2 million head, down 2 percent from a year ago. The smaller number of market hogs suggests year-to-year decreases in hog slaughter during the summer and fall months. The number of market hogs reported was down 2 percent from a year ago for all weight categories with the exception of the180 pounds and over group. The number of slaughter ready hogs (180 pounds and over) was one percent larger than last year, which corresponds to revisions made in prior report data and recent slaughter levels.

Smaller hog and pig numbers for 2003

Chart of the Week . . .

MARCH 1 HOG BREEDING HERD
U S Inventory (Prior to 1988 Estimated)



should support higher hog and pork prices for the remainder of 2003. Hog prices should move above a year ago prices during the second quarter as slaughter numbers begin to decline. Slaughter hog prices could average nearly 20 percent above 2002's depressed values this spring. Year-to-year price increases are forecast to be even larger this summer (up about 30 percent). For the fourth quarter, slaughter hog prices are forecast to be 20 to 25 percent above 2002's. At this point, if breeding herd reductions persist for several more months as expected, hog slaughter is likely to post further declines at least well into the in third quarter of 2004. That will support further year-to-year increases in hog prices.

HEIFER AND COW SLAUGHTER

January and February Federally Inspected (FI) heifer slaughter totaled 1.8 million head, down about 5.5 percent from last year and 2.6 percent from 2001. January slaughter was about 4 percent below 2002's while February posted a 5 percent decline. As of mid March, heifer slaughter for 2003 totaled 2.2 million head, down 5.6 percent (131 thousand head) from 2002 and 4.1 percent from 2001 for the respective period. FI heifer slaughter, on a weekly average, is running 7 percent below the 1997-2001 average.

First quarter heifer slaughter may be down 3 to 4 percent from last year. That number, when compared to steer slaughter (down about 2 percent), suggests producers in non-drought regions have begun to retain heifers for breeding herd expansion. But, nationwide the retention of heifers has been very modest.

In contrast to reduced heifer slaughter compared to a year ago, cow slaughter in 2003 has been increasing. Total FI cow slaughter (beef and dairy) in January and February totaled 994 thousand head. That was 6.4 percent larger than 2002's and about one percent larger than 2001. Beef cow slaughter for the first two months was up 3 percent, while dairy cow slaughter was 10 percent larger that 2002's. However, both beef and dairy cow slaughter are about even with its respective prior five-year (1997-2001) average.

For the week ending March 15^{th}, year-to-date cow slaughter totaled about 1.3 million head, 9 percent above a year ago. Compared to a year ago, dairy cow slaughter was up 13 percent, while beef cow slaughter only posted a 5 percent increase for the respective period. The large dairy cow slaughter is attributed to low milk prices, while beef cow slaughter is still being supported by dry conditions in much of the Great Plains and West.

CATTLE ON FEED

The USDA-NASS monthly Cattle on Feed report (released March 21^{st}) continued to show a year-to-year decline in the number of cattle on-feed. As of March 1, USDA reported the number of cattle on-feed totaled 10.52 million head, 9 percent below 2002's and 10 percent below 2001's. The decline in cattle numbers further confirms tighter fed cattle supplies this year. However, recent events in the Middle East and concerns of its effects on the economy have put pressure on cattle and beef prices.

During March, feeders continued to be current in their marketing of fed cattle. USDA reported marketing's at 1.73 million head, only 4 percent lower than 2002's. Calculated marketing rates (marketings as percentages of on-feed inventory numbers) were better than 2002's but did drop off from the prior month.

Placements of cattle during March were 8 percent below last year, but 5 percent larger than 2001's. Only the 600 pound and under placement weight breakdown category (lightest weight category) posted a slight (less than one percent) yearly increase in March. On average, placements of middleweight calves (600-699 and 700-799) were down 9.5 percent from the previous year. Of the 12 individually reported states, all states with the exception of New Mexico placed fewer cattle into feedlots than last year. In particular, placements were down 11 percent for Colorado, 11 percent for Nebraska, 16 percent for Oklahoma, and 28 percent for Washington.

In the first quarter of 2003, fed cattle prices averaged $78.46 in the Southern Plains, up 11 percent from a year earlier. For the second quarter of 2003, fed cattle prices will decline compared to the first quarter, but should remain 10 to 15 percent above the depressed levels of a year ago. Seasonally, fed cattle prices will reach their lows in July and then may gain some ground throughout September, averaging $69 to $72 per cwt. for the quarter. Then prices could strengthen seasonally, averaging in the mid $70's this fall.