

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

April 12, 2002

Production			Prices			
Week Ending 4/13/02	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	645	629	Live Fed Steer	68.63	71.91	79.18
FI Hog Slaughter (Thou Hd)	1927	1870	Dressed Steer	109.68	115.57	128.69
FI Sheep Slaughter (Thou Hd)	58	73				
Live Y. Chick Slau. (Mil Hd)	152.5	153.9				
			Beef Cutout (Choice 550-700)	118.74	116.38	131.55
Slaughter Cattle Weight	1237	1185	USDA Hide/Offal (\$/Cwt.)	7.25	7.25	9.88
Slaughter Hog Weight	268	265	GA Auction Fdr. Str. (6-7 Cwt)	75.75	81.00	86.15
Slaughter Lamb, Sheep Wt.	138	134				
			IA, S. MN Dir. Hogs (\$/Cwt, Carc.)	42.32	48.10	64.89
Week Ending 3/30/02			East. Cornbelt Lean Hog (195 Lbs)	NQ	NQ	64.45
Beef Production (Mil Lbs)	483.8	451.7	Feeder Pigs (40-50 Lbs)	47.06	51.23	59.04
Pork Production (Mil Lbs)	382.0	366.0	Pork Cutout (185 Lbs.)	49.86	52.04	70.30
Lamb, Mutton Prod. (Mil Lbs)	4.0	4.9	Lamb Cutout (65 Lbs. & Dn.)	134.24	141.22	NQ
Previous 6 Week Moving Avg.			Corn, Omaha (\$/Bu)	1.83	1.99	NQ
Total Beef (Mil Lbs)	480.6	461.0	Wheat, Portland (\$/Bu)	3.26	3.37	NQ
Total Pork (Mil Lbs)	370.4	365.7	Wheat, Kansas City (\$/Bu)	2.82	2.92	NQ
Total Lamb, Mutton (Mil Lbs)	5.0	5.4	Soybeans, S. Iowa (\$/Bu)	NQ	4.63	NQ

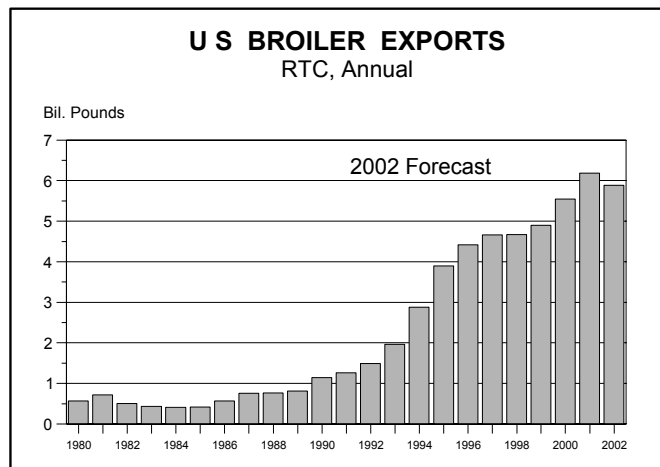
### Trends ... BROILER SITUATION BOLSTERS SUPPLY

A host of factors have contributed to the collapse in fed cattle and hog prices in recent weeks. But, the major fundamental factors revolve around the amount of meat and poultry tonnage in the U.S. market. Compared to earlier this year, forecasts for calendar year 2002 now entail two major adjustments: 1) a year-to-year increase in U.S. beef production, rather than the decline forecast earlier this year; and 2) a major ratcheting down in prospects for U.S. broiler exports.

Heavy cattle weights and rather large placements of cattle into feedlots during February and March indicate that U.S. beef production in 2002 will likely be above 2001's. On a quarterly average basis, U.S. beef production will remain above a year ago for the second and third quarters of this year. Beef production is still expected to post a year-to-year decline in the fourth quarter of

this year, but the decline may be smaller than previously forecast. For the year, U.S. beef production is expected to be 26.2 to 26.3 billion pounds, about 1 percent above 2001's.

### Chart of the Week . . .



With about 20 percent of U.S. broiler production in 2001 exported, a rather small decline in exports has a significant impact on supply in the domestic market. In early April, USDA lowered their 2002 broiler export forecast to below a year earlier. That would be the first year-to-year decline since 1984. But, recent developments in trade with Russia and preliminary data on broiler exports to other countries suggest that the lower USDA forecasts

may still be high. U.S. broiler exports in 2002 could easily decline 5 percent from 2001's.

Poultry products that normally would have been shipped overseas, are remaining in the U.S., causing dramatic declines in wholesale and retail. And U.S. chicken production has been above a year ago. On a quarterly average basis, U.S. broiler production for the first quarter of 2002 was 3 percent above a year ago. In the second quarter of 2002, U.S. broiler production is expected to be 2 to 3 percent larger than 2001's. So, many retailers around the nation are currently promoting chicken sales via "buy one, get one free" promotions. In addition, dark meat chicken products like leg quarters, which are normally sold in export channels, are being discounted even more heavily. News reports indicate that the actual prices of chicken leg quarters being sold by some U.S. retailers are for under \$0.20 per pound. The net effect has been to substantially increase competition for beef and pork in the domestic market.

Increased total U.S. meat and poultry production and dampened broiler export prospects will translate into U.S. consumers facing 1 to 2 percent more red meat and poultry per person in 2002 than a year ago. Further deterioration in export markets would provide additional pressure on retail, wholesale and live animal prices.

#### WEIGHTS STILL A FACTOR

Slaughter weights of all red meat animals continue to be a key for prices. The recent collapse in fed cattle prices may mean the seasonal decline in fed cattle prices will end soon. Hog weights will begin to decline seasonally late this spring, but will remain well above a year ago. Slaughter lamb weights were beginning to reflect that the over fed problems of the last year might be improving. But, recent weekly data have renewed concerns for lamb weights and prices.

For the first quarter of 2002, commercial cattle slaughtered weighed an average of 758 pounds on a dressed basis. That was 4.3 percent (31 pounds) above 2001's and 19 pounds over 2000's. The result of heavy weights has been important. During the first quarter of this year, cattle slaughter declined

1.1 percent from a year ago. But, heavy carcass weights pushed beef tonnage produced up 3.1 percent. Average cattle weights are forecast to be above a year earlier until the fourth quarter of 2002.

Commercial hog slaughter weights during the first quarter of 2002 averaged 1.3 percent (about 2 pounds) above a year ago. That year-to-year increase was about normal. Still, weights will have an impact. Even though hog slaughter in 2002 will not be record large, record heavy dressed weights will likely result in record large U.S. pork production.

Lamb feeders delayed marketings of slaughter ready lambs in 2001, resulting in heavy weights, over finished lambs, and very low prices. Sheep and lamb slaughter weights for the first quarter of 2002 were just slightly below 2001's. But, weekly data shows that since Easter, slaughter lamb weights have rebounded to near 2001 levels. If lamb feeders continue to follow the trends of recent weeks, problems like 2001's could quickly re-emerge.

#### COW SLAUGHTER DOWN

For the first quarter of 2002, U.S. commercial cattle slaughter was 1.1 percent below a year ago. Essentially that entire decline was the result of lower cow slaughter. Combined steer and heifer slaughter was above a year earlier.

Federally Inspected cow slaughter for the first quarter of 2002 was 7.3 percent below 2001's. Dairy cow slaughter posted an 11.2 percent year-to-year decline for the first three months of this year. Beef cow slaughter was larger than dairy cow slaughter and the decline compared to a year ago was smaller. For the first quarter beef cow slaughter was 3.4 percent below 2001's.

For the spring and summer, cow slaughter levels could pick-up compared to earlier this year. Dairy cow slaughter levels will increase if, as expected, dairy product prices continue to erode this spring and summer. Beef cow culling will be influenced by pasture and range conditions. Given limited winter moisture, major areas of the west and Great Plains will require significant spring and summer rains to maintain grazing conditions and to produce hay for beef cowherds.