

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

May 9, 2003

Production			Prices			
Week Ending 05/10/2003	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	722	694	Live Fed Steer	78.32	78.16	68.05
FI Hog Slaughter (Thou Hd)	1866	1862	Dressed Steer	125.66	124.86	109.30
FI Sheep Slaughter (Thou Hd)	53	63				
Live Y. Chick Slau. (Mil Hd)	156.8	157.8	Beef Cutout (Choice 600-750)	134.52	133.80	112.38
			USDA Hide/Offal (\$/Cwt.)	7.80	7.97	7.20
Slaughter Cattle Weight	1208	1224	GA Auction Fdr. Str. (6-7 Cwt)	75.50	75.07	75.06
Slaughter Hog Weight	269	267				
Slaughter Lamb, Sheep Wt.	130	142	IA, S. MN Dir. Hogs (\$/Cwt, Carc.)	59.15	56.63	46.17
			Natl. Net Carcass Price (Wtd. Avg.)	57.06	55.80	48.48
Week Ending 05/10/2003			Feeder Pigs (45 Lbs)	47.40	46.79	37.94
Beef Production (Mil Lbs)	524.4	517.1	Pork Cutout (185 Lbs.)	59.42	57.72	49.92
Pork Production (Mil Lbs)	372.4	368.2				
Lamb, Mutton Prod. (Mil Lbs)	3.4	4.4	Lamb Cutout	201.18	205.26	123.53
Previous 6 Week Moving Avg.			Corn, Omaha (\$/Bu)	2.40	2.25	1.89
Total Beef (Mil Lbs)	475.8	494.6	Wheat, Portland (\$/Bu)	3.42	3.32	3.47
Total Pork (Mil Lbs)	377.0	374.6	Wheat, Kansas City (\$/Bu)	3.67	3.33	2.82
Total Lamb, Mutton (Mil Lbs)	4.4	4.2	Soybeans, S. Iowa (\$/Bu)	6.31	6.24	4.71

### Trends . . . CULL COW PRICES HAVE BEEN UNDER PRESSURE

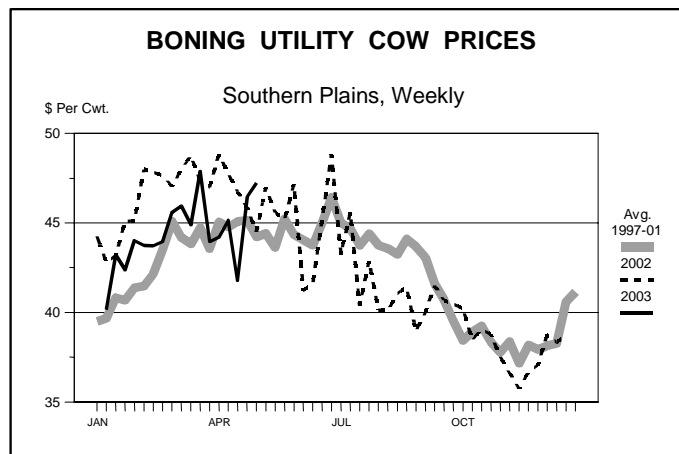
Despite very strong fed cattle prices, producers have faced rather disappointing slaughter cow prices this year. In the Southern Plains, cull cow prices averaged \$44.12 per cwt. in the first quarter, down 5 percent from last year. Weekly cull prices in April averaged 6 percent (about \$3 per cwt less) below 2002's. The key factor behind the year-to-year decline in cull cow prices has been a large supply of cull cows in the slaughter mix, particularly dairy cows. In addition, large stocks of beef in cold storage and increased beef imports have pressured 90 percent lean beef prices, contributing to relatively low cull cow prices.

Total FI cow slaughter in the first quarter was 1.48 million head, 9.1 percent larger than 2002's. Compared to a year ago, dairy cow slaughter was up 14.6 percent while beef cow

slaughter was up 4.6 percent during the first quarter of this year. Low milk prices have been behind the increase in dairy herd culling rates. At the same time, apparently beef producers in regions impacted by drought in recent years continued to cull their herds, maybe reflecting increased numbers of cows that were not pregnant.

Wholesale 90 percent lean boneless beef prices are closely associated with cull cow prices. During the first quarter, weekly prices for fresh 90 percent boneless beef averaged 9.5 percent below a year ago. Year-to-year declines increased in April; 90 percent lean beef during April averaged

### Chart of the Week . . .



\$103.32 per cwt., down \$19.00 from 2002. In comparison, prices for 50 percent lean beef trimmings, which are a product of fed beef production, averaged about \$61 per cwt. in April, twice 2002's price. So, the increased supply of non-fed beef has greatly impacted processed beef and hamburger price relationships.

Cull cow prices typically follow a seasonal pattern of higher prices during the first half of the year and then steadily decline in late summer into the fall quarter. How large the seasonal declines are this year will depend on cow slaughter as impacted by milk and drought. Three other factors are likely to be somewhat supportive of cull cow prices compared to a year ago: 1) cold storage stocks are forecast to post declines; 2) imports of processing beef from Australia are expected to begin to decline (levels had been rather high due to drought); and 3) fed cattle and fed beef prices are forecast to remain up.

## HOG SLAUGHTER DECLINES

During the first quarter of 2003, Federally Inspected (FI) hog slaughter totaled 24.3 million head, 2 percent larger than the prior year. That was larger than expected, based on USDA's Quarterly Hogs and Pigs reports. The large hog slaughter capped hog prices and raised lots of questions. Beginning in April, on a weekly basis, FI hog slaughter finally began to post year-to-year declines. Expectations are that those declines will continue for some time.

Typically, hog slaughter posts a seasonal decline during April and May. For the week ending April 12<sup>th</sup>, FI hog slaughter totaled 1.9 million head, down about 1 percent from the corresponding week in 2002 with gilt and barrow slaughter down 20 thousand head (1.1 percent). FI hog slaughter was unchanged from last year in the following week (week ending April 19<sup>th</sup>). The most recent slaughter data (week ending April 26<sup>th</sup>) showed hog slaughter at 1.86 million head, 2.85 percent smaller than 2002's.

Current estimates indicate total FI hog slaughter for April to be down slightly (about 1 percent) from the year prior with a larger yearly decline projected for May. In response, hog prices have been improving. The weekly average price for barrows and gilts in Iowa/Southern Minnesota during April was about

\$6.85 per cwt. higher than 2002's. Further seasonal increases in hog prices are expected.

## PASTURE AND RANGE

At this time last year, many cattle producers were faced with difficult decisions due to drought as pasture and range conditions were considered poor to very poor in many parts of the country. Even though it is the beginning of the summer grazing period, there is some good news as early season pasture and range conditions in the U.S. are reported as being better than a year ago. The key factor for pasture conditions this year will be adequate and timely summer moisture.

USDA's national weekly pasture and range condition report (published as part of the Weekly Weather and Crop Progress Bulletin) resumed in early May. In the report, state and national conditions are reported in percentages by five categories (Very Poor, Poor, Fair, Good and Excellent). Data for the report come from weekly state surveys of Extension staff and other local expertise.

Current national pasture and range conditions are better than last year. About three-quarters of the U.S. pasture and range is rated Fair or Good, while less than a quarter is rated Very Poor or Poor. Normally, at the beginning of May, about 77 percent of the U.S. pasture and range is rated Fair or Good with 14 percent reported in the worst two categories. Although the amount of pasture and range rated Very Poor or Poor is slightly higher than the normal average, overall national conditions are much improved from 2002's.

On a regional basis, the West is in a much better position than last year with about 23 percent of range and pasture being Very Poor or Poor compared to 35 percent a year ago. The Great Plains and Southern Plains are similar to last year with the majority of pasture and range land reported as Fair to Good with improvements in the excellent category over last year. However, the U.S. Drought Monitor released May 1<sup>st</sup>, by the National Climatic Data Center showed many areas of the West and Central and Northern Plains are still suffering from moderate to extreme drought conditions while some areas in Texas are abnormally dry for this time of the year.