Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . June 27, 2003

Production	Current	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 06/28/2003	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
Fl Cattle Slaughter (Thou Hd)	753	748	Live Fed Steer	73.97	74.38	63.78
Fl Hog Slaughter (Thou Hd)	1786	1843	Dressed Steer	117.06	118.03	101.00
Fl Sheep Slaughter (Thou Hd)	53	55				
Live Y. Chick Slau. (Mil Hd)	159.7	159.3	Beef Cutout (Choice 600-750)	132.83	137.67	113.55
			USDA Hide/Offal ($/Cwt,)	7.69	7.76	7.62
Slaughter Cattle Weight	1217	1244	GA Auction Fdr. Str. (6-7 Cwt)	79.00	78.57	70.27
Slaughter Hog Weight	268	263				
Slaughter Lamb, Sheep Wt.	135	130	IA, S. MN Dir. Hogs ($/Cwt, Carc.)	65.95	69.02	58.23
			Natl. Net Carcass Price (Wtd. Avg.)	66.02	66.67	57.25
Week Ending 06/28/2003			Feeder Pigs (45 Lbs)	43.13	42.46	23.26
Beef Production (Mil Lbs)	553.7	568.4	Pork Cutout (185 Lbs.)	66.74	68.60	58.39
Pork Production (Mil Lbs)	354.3	358.2				
Lamb, Mutton Prod. (Mil Lbs)	3.6	3.6	Lamb Cutout	214.73	215.49	152.98
Previous 6 Week Moving Avg.			Corn, Omaha ($/Bu)	2.23	2.33	2.16
Total Beef (Mil Lbs)	544.9	528.0	Wheat, Portland ($/Bu)	3.38	3.46	3.78
Total Pork (Mil Lbs)	353.2	355.5	Wheat, Kansas City ($/Bu)	3.01	3.16	3.32
Total Lamb, Mutton (Mil Lbs)	3.4	3.7	Soybeans, S. Iowa ($/Bu)	6.30	6.28	5.37

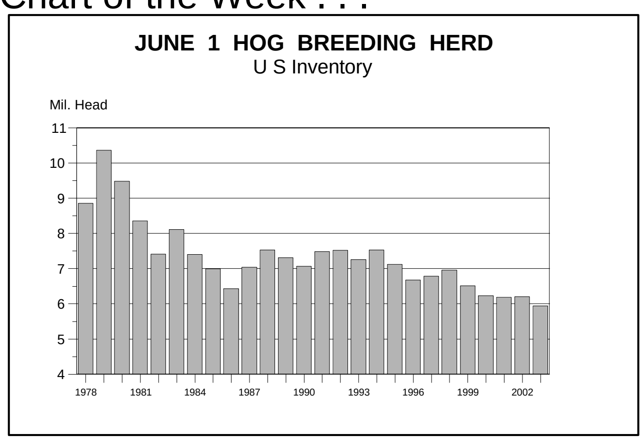
Trends . . . HOG AND PIG NUMBERS CONTINUE TO SHRINK

According to USDA-NASS Quarterly Hogs and Prigs Report (released June 27th), hog producers continued to adjust numbers this past spring. The report reconfirms expectations of year-to-year declines in hog slaughter for the remainder of 2003 and into 2004. The continued decline in the number of hogs and pigs should support favorable prices for producers this summer. However, the report did raise a red flag about producer farrowing intentions.

As of June 1st, USDA reported that the U.S. inventory of all hogs and pigs was 58.7 million head, down 3 percent from a year ago. The breeding herd was estimated at 5.94 million head, 4 percent below 2002's and 2001's. The decline in numbers was consistent with industry expectations. The number of market hogs was 2 percent smaller (down 1.3 million head) than the year prior at 52.8 million head. March through May pig crop totaled 25.1 million head which was about 3 percent smaller than last year, while the number of sows farrowing was only down 4 percent. Sow productivity improved over last year with an 8.88 average pigs per litter (up about 1 percent) compared to 8.82 pigs per litter in 2002.

The number of lightweight feeder pigs (60 pounds and under) was down 3 percent from last year while the number of heavy weight hogs (180 pounds and over) was slightly below a year ago. Middleweight feeder pigs (60 to 179 pounds) were down between 2 to 3 percent from 2002's. These numbers suggest that the largest decline in slaughter hogs will be in the fourth quarter. The number of slaughter hogs this year could be 2 to 3 percent below a year

Chart of the Week . . .



ago in the third and fourth quarters respectively.

This suggests hog prices should be 25 to 35 percent above the depressed levels of a year earlier for the balance of 2003. But, for 2004, the report raises some questions. According to the USDA report, producers intend to farrow a very large proportion of the sows available for the balance of this year. As of June 1, the breeding herd was 4 percent below a year ago, but during June through August producers report farrowing intentions at 98 percent of a year earlier. Further, producers said they intend to farrow only 1 percent fewer sows in September-November of this year. Those farrowing intentions appear large relative to recent declines in sow numbers and estimated levels of gilt slaughter. If those farrowing intentions do materialize and if the number of pigs per litter continues to increase, then barrow and gilt slaughter for much of the second half of 2004 will be near 2003's. That would leave little room for year-to-year hog price increases.

CATTLE ON FEED

The USDA-NASS monthly cattle of feed report (release June 20th) continued to report that the number of cattle on-feed was well below a year ago. As of June 1, USDA reported the number of cattle on-feed in the U.S. was 10.5 million head, 4 percent below 2002's and 6 percent below 2001's. Although the number of cattle on-feed is the lowest number for June reported since 1999, the on-feed inventory was still 2 percent above the previous five-year average.

During May, cattle feeders continued to aggressively market cattle. According to the USDA, U.S. commercial feedlots marketed 2.23 million head of cattle during May, that was 3 percent higher than the prior year and the largest May marketing number since USDA started the current report (1992). The reported marketings were consistent with weekly slaughter numbers and will help moderate fed cattle price declines in July and August.

Cattle placements into feedlots were up slightly from last year (about 1 percent), but were up about 11 percent from the previous-five year average. Placements of cattle in all weight categories were significantly higher than April's, but only lightweight calves and heavyweight feeders were above 2002's. Placements of lightweight calves (under 600 lbs) totaled 408,000 head, up about 17 percent from last year. Middleweight cattle placements (600-699 lbs and 700-799 lbs categories) were actually down 7.6 percent, while heavyweight (800 plus) placements posted a 9 percent yearly increase.

FEEDLOT CLOSEOUTS

During the first four months of 2003, the feedlots participating in Kansas State Extension's "Focus on Feedlots" program remained current in their marketings as evidenced by lighter weights and reduced days on feed compared to a year ago. Both steers and heifers posted improvements in feed efficiency compared to the same period a year earlier. On average, the participating feedlots marketed 31,998 head from January through April, down about 5,000 head from last year. This was expected given the smaller inventory of cattle and calves this year.

In the January to April timeframe, steers closed out were on-feed an average 147 days, 10 days less than a year ago, while heifers were on-feed 15 fewer days than a year earlier. Compared to last year, steers and heifers were placed at 25 pounds and 18 pounds heavier. On average, the final marketing weight for steers was 1253 pounds and 1145 pounds for heifers, that was up 20 pounds for steers and down 5 pounds for heifers from the respective period last year.

For January through April closeouts, average daily gains for steers and heifers were reported as 3.33 pounds and 3.10 pounds, respectively. That was above a year earlier for both steers and heifers. On a dry matter basis, the amount of feed per pound of gain for steers was 6.06 pounds and 6.12 pounds for heifers closed out during this period. The amount of feed required per pound of gain was significantly less than required a year ago.

As of mid-April, Kansas feedlots reported corn costs at $2.72 about 43 cents per bushel above a year earlier. So far this year, corn costs have ranged between $2.72 and $2.76. Hay cost dropped significantly from March to April, falling from $105.15 per ton to $99.39 per town. The four-month (January through April) average hay cost was about $1.66 per ton less than 2002's. The average feeding cost of gain (including feed, yardage, processing, medication and death loss) for steers sold during January through April was $55.20 per cwt., compared to $51.36 a year ago. For heifers sold during this period, the average cost of gain was $56.86 per cwt., about $3.50 above 2002's.