

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

June 28, 2002

Production			Prices			
Week Ending 6/29/2002	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
Fl Cattle Slaughter (Thou Hd)	748	720	Live Fed Steer	63.82	64.59	71.49
Fl Hog Slaughter (Thou Hd)	1839	1703	Dressed Steer	101.00	101.95	115.58
Fl Sheep Slaughter (Thou Hd)	52	54				
Live Y. Chick Slau. (Mil Hd)	159.3	157.9				
Slaughter Cattle Weight	1235	1214	Beef Cutout (Choice 550-700)	113.55	113.24	122.43
Slaughter Hog Weight	266	262	USDA Hide/Offal (\$/Cwt.)	7.62	7.76	8.87
Slaughter Lamb, Sheep Wt.	134	144	GA Auction Fdr. Str. (6-7 Cwt)	70.00	71.50	87.07
			IA, S. MN Dir. Hogs (\$/Cwt, Carc.)	58.28	53.70	75.98
Week Ending 6/29/2002			East. Cornbelt Lean Hog (195 Lbs)	NQ	NQ	0.00
Beef Production (Mil Lbs)	562.7	531.3	Feeder Pigs (40-50 Lbs)	22.84	22.00	47.27
Pork Production (Mil Lbs)	363.0	330.1	Pork Cutout (185 Lbs.)	58.39	56.42	75.50
Lamb, Mutton Prod. (Mil Lbs)	3.5	3.8	Lamb Cutout (65 Lbs. & Dn.)	152.98	144.66	NQ
Previous 6 Week Moving Avg.			Corn, Omaha (\$/Bu)	2.11	1.95	1.66
Total Beef (Mil Lbs)	521.8	510.3	Wheat, Portland (\$/Bu)	3.78	3.66	3.35
Total Pork (Mil Lbs)	357.4	335.4	Wheat, Kansas City (\$/Bu)	3.32	3.19	2.82
Total Lamb, Mutton (Mil Lbs)	3.8	3.6	Soybeans, S. Iowa (\$/Bu)	5.37	4.97	4.52

Trends . . . U.S. BROILER EXPORTS CONTINUE TO DECLINE

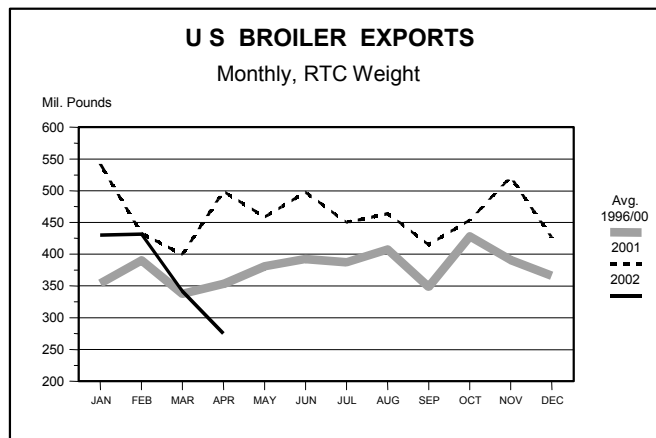
U.S. broiler product exports have been well below a year ago. The latest monthly data available, reported for April, showed that U.S. broiler exports were 45 percent below 2001's (down 225 million pounds). Given that the U.S. has about 289 million people, the year-to-year decline in U.S. broiler exports for the month of April bolstered the domestic supply of broiler products for the month by .78 pounds per person.

For the month of April, U.S. broiler export tonnage to most major destinations was below 2001's. Only exports to Mexico (up 42 percent) were up. Compared to a year earlier, during April U.S. broiler export tonnage declined 51 and 92 percent to Japan and Russia, respectively. For the second quarter of 2002 (April through June) U.S. broiler export forecasts continue to ratchet down. If broiler trade issues with Russia continue, as they have now for several months, U.S. broiler

exports for the second quarter will be the lowest since the first quarter of 1999. And for the quarter, U.S. broiler export tonnage could easily be 30 percent below 2001's.

For meat and poultry items other than broiler products, international trade during April was a bit of a mixed bag. Low U.S. prices supported some increases in beef and turkey exports. But, U.S. imports of beef and pork also increased from a year ago during April. Compared to a year earlier, during April beef imports increased 9 percent and exports increased 13 percent. On a tonnage basis (carcass weight), large year-to-year increases in U.S. beef shipments occurred to

Chart of the Week . . .



South Korea and Mexico. But, shipments of beef to Japan remained well below a year earlier (down 32 percent) due to the lingering impacts of BSE in the Japanese cowherd.

For the month of April, U.S. pork import tonnage was 53 percent above 2001's. U.S. pork exports declined compared to a year earlier (down 10 percent). Industry reports suggest that U.S. pork exports to Japan improved in June, contributing to higher hog prices. But, continued year-to-year gains could be moderated if Japan re-impose "safeguard" provisions. Japanese leaders have stated that they will re-impose these restrictions if, as occurred last year, their imports surge.

Overall, forecasts for calendar year 2002 now put U.S. total meat and poultry export tonnage (carcass weight basis for red meats and ready to cook basis for poultry) at about 9.4 billion pounds. That would be a decline of 5 to 10 percent below 2001's record shipments of about 10.1 billion pounds. Prior to this year, total red meat and poultry exports had increased dramatically. For example, in 1993 and 1997 total U.S. red meat and poultry exports were 4.0 and 8.6 billion pounds, respectively.

CORN AND SOYBEAN ACREAGE

USDA's Acreage report (released June 28) was a bit of a surprise. It showed farmers were more successful in getting corn acreage planted than industry observers thought. Still, corn prices are above the depressed prices of a year ago and are likely to remain above a year earlier for at least several more months.

USDA reported that U.S. corn plantings totaled 78.9 million acres, 4 percent above a year ago. So, after much concern about excessive moisture and delayed corn plantings, nationally farmers reduced plantings by only 100,000 acres from their intentions reported in March. Compared to USDA's March intentions report, soybean acreage did not increase as much as anticipated. USDA estimated soybean plantings at 73 million acres, down 2 percent from 2001's.

Two factors will dominate corn prices into harvest: 1) crop growing conditions this summer and 2) exports. Midwest corn crop conditions and yield prospects could move prices week-to-week. Feedstuff shipments to Canada have been rather large in recent weeks. U.S. corn exports may continue to be bolstered by livestock industry needs in Canada given rather poor crop

conditions this year in central and western provinces.

HOGS AND PIGS

As of June 1, USDA reported that the all hogs and pigs and the market herd inventories were 2.1 and 2.3 percent larger than a year ago, respectively. In contrast, the breeding herd was virtually unchanged from a year ago. Those numbers were in line with expectations. Overall, hog slaughter the rest of this year will be larger than 2001's, and prices will be lower.

Hog slaughter during the April-June quarter was much larger than expected at the quarter's outset. Following release of the March quarterly Hogs and Pigs report, U.S. commercial hog slaughter was expected to rise 2 to 3% compared to 2001's, but actual slaughter rose more than 4%. To compensate for the slaughter shortfall USDA, in the latest quarterly report (released June 28th), revised upward several inventory categories dating back to last fall.

USDA's current numbers suggest that U.S. commercial hog slaughter this summer will average 4 to 5% above last year's, which combined with heavier weights will push pork production up 5 to 6% compared to last year.

Hog slaughter this fall will primarily be composed of hogs born this past spring. USDA estimates that the spring pig crop was 1.3% larger than last year, even though farrowings were up 2.2%. That pig crop will be supplemented by imports of feeder pigs from Canada. Slaughter this fall appears likely to be near 27.1 million head, or over 2 percent above 2001's. Heavier weights indicate that pork production could rise 2 to 4 percent compared to the fall quarter of 2001. Hog slaughter this fall is forecast to be smaller than fall 1998's huge volume, but it could still strain industry slaughter capacity with at least 2 million head processed for several weeks.

Barrow and gilt prices (Iowa-S. Minnesota, carcass weight, net of premiums and discounts) for the summer quarter (July-September) will likely average in the high \$40's per cwt., nearly 30 percent below 2001's. The strongest prices of the quarter will be in July. Fall quarter hog prices will also be low. Barrow and gilt prices this fall are likely to average in high \$30's for the fourth quarter, prices in some weeks could be in the \$20's. During the disastrous fourth quarter of 1998, the comparable quarterly average price was \$26.57 per cwt.