

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 8, 2003

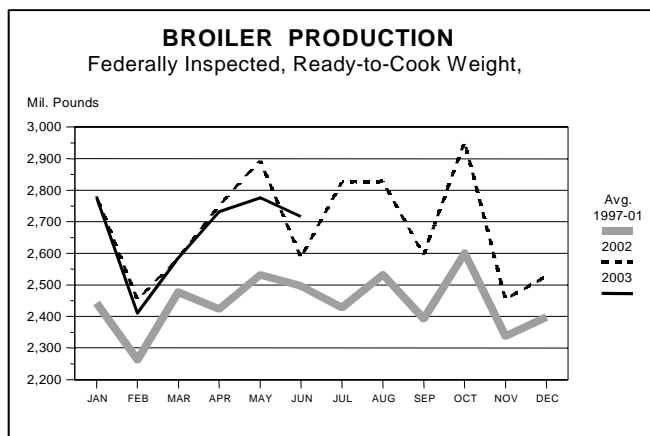
Production			Prices			
Week Ending 08/09/2003	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	715	697	Live Fed Steer	79.83	80.00	61.98
FI Hog Slaughter (Thou Hd)	1805	1806	Dressed Steer	127.75	128.14	98.75
FI Sheep Slaughter (Thou Hd)	56	55				
Live Y. Chick Slau. (Mil Hd)	159.2	157.7	Beef Cutout (Choice 600-750)	138.61	133.81	108.56
			USDA Hide/Offal (\$/Cwt.)	8.39	8.25	7.55
Slaughter Cattle Weight	1227	1263	GA Auction Fdr. Str. (6-7 Cwt)	84.00	84.50	71.19
Slaughter Hog Weight	263	259				
Slaughter Lamb, Sheep Wt.	132	127	IA, S. MN Dir. Hogs (\$/Cwt, Carc.)	59.88	61.06	50.92
			Natl. Net Carcass Price (Wtd. Avg.)	59.88	60.67	53.18
Week Ending 08/09/2003			Feeder Pigs (40-50 Lbs)	27.79	27.71	22.85
Beef Production (Mil Lbs)	531.9	544.4	Pork Cutout (185 Lbs.)	63.61	60.28	54.13
Pork Production (Mil Lbs)	352.2	346.1				
Lamb, Mutton Prod. (Mil Lbs)	3.7	3.5	Lamb Cutout	188.72	188.46	166.95
Previous 6 Week Moving Avg.			Corn, Omaha (\$/Bu)	2.02	1.96	2.37
Total Beef (Mil Lbs)	537.5	535.5	Wheat, Portland (\$/Bu)	3.79	3.64	4.02
Total Pork (Mil Lbs)	342.4	338.8	Wheat, Kansas City (\$/Bu)	3.51	3.45	4.02
Total Lamb, Mutton (Mil Lbs)	3.3	3.4	Soybeans, S. Iowa (\$/Bu)	5.40	5.35	5.56

### Trends . . . CHICKEN PRODUCTION INCREASES

The Monthly Poultry Slaughter report (released by USDA-NASS on August 1<sup>st</sup>) showed a year-to-year increase in U.S. poultry production during June. That was the first month so far this year poultry production was larger than a year ago. Broiler slaughter for June 2003 totaled 704.8 million head, up nearly 3 percent from 2002's and 2 percent above the prior five-year average. For the second quarter, U.S. poultry slaughter totaled 214.3 million head, down 1.7 percent from a year ago. Even for months so far this year when chicken slaughter has declined, increased broiler bird weights have kept production near a year ago. Still, on a quarterly average basis, for the two quarters of 2003 U.S. broiler production declined slightly compared to a year earlier.

U.S. turkey slaughter in June totaled 22.2 thousand head, up 3.5 percent from last year but down 5.4 percent from the previous five-year average. Total turkey production was at 608.4 billion pounds (live weight basis) about 6 percent larger than last year, as average bird weights continued to increase. Still, for the second quarter, U.S. turkey production was down 6 percent from last year.

### Chart of the Week . . .



Overall, U.S. poultry production totaled 3.25 billion pounds (live weight basis) in June, 5.4 percent larger than 2002's. Second quarter poultry production was about even with 2002's.

The broiler industry has been experiencing a slowdown in eggs set and chicks placed since the winter quarter of last year. That trend has continued in the first half of 2003. But, heavier bird weights will likely keep production above a year earlier this summer. Year-to-year increases in broiler eggs set will

likely begin this summer, supporting larger year-to-year increases in chicken slaughter in late 2003 and for at least the first several months of 2004. Modest year-to-year declines in U.S. turkey output are forecast for the balance of 2003. However, large stocks of frozen turkey may dampen price increases.

#### WEEKLY BEEF TRADE

In December of 2001, as part of Mandatory Price Reporting legislation, the Foreign Agricultural Service (FAS) began to report on a weekly basis U.S. export sales for fresh, chilled, or frozen muscle cuts of beef to selected countries and regions. Prior to this report, analysts relied on monthly data that were often released two months after the export date. Although a complete year of data is only available for 2002, the report provides some insight into overall trends that occur in the weekly beef export market.

As expected, exports of muscle beef cuts to Japan, Korea, and Mexico increased during the months of May, June and July as these countries replaced Canadian beef with U.S. beef in response to the Canadian BSE situation. The estimated weekly export figures clearly show that since late May, when the Canadian ban was enacted, U.S. exports of beef muscle cuts posted significant year-to-year gains.

Weekly exports to Japan of whole muscle beef cuts in June totaled 23.0 thousand metric tons, nearly 24 percent larger than last year, with exports for July about 11 percent above 2002's. The majority of the U.S. beef exports destined for Asian countries besides Japan go to South Korea. In June and July, U.S. exports of whole muscle beef cuts to Korea were above 2002's by about 48 percent and 29 percent, respectively. The FAS report includes weekly exports shipped to a region noted as the Western Hemisphere. Exports to that region are mostly destined to Mexico, which were up nearly 10 percent in June. In July U.S. beef shipments to the Western Hemisphere declined (down about 10 percent from a year earlier).

#### FEEDLOT CLOSEOUTS & RETURNS

As expected, cattle feeders participating in Kansas State Extension's "Focus on Feedlots" survey continued to aggressively market cattle during June as indicated by below a year ago closeout weights and less days on feed. The participating feedlots marketed a total 50,491 head in June, an increase of about 5,800 head from last year and 12,000 from the prior month.

During June, steers closed out were on-feed an average 150 days, 11 days less than a the prior year, while heifers were on feed 10 days less than a year ago. Closeout weights continued to be below a year earlier, however weights increased on a monthly basis following the normal seasonal trend. The final closeout weight for steers was 1254 pounds and 1138 pounds for heifers, 40 pounds for steers and 20 pounds for heifers less than in 2002. Average daily gain and feed efficiency were both better than last year. Steers averaged 3.44 pounds while heifers averaged 3.05 pounds compared to 3.38 pounds and 2.94 pounds last year. On a dry matter basis, the amount of feed per pound of gain was lower than closeouts last year averaging 5.68 pounds for steers and 6.02 pounds for heifers.

As of mid-June, corn costs were reported at \$2.80 per bushel, about 50 cents higher than last year; while hay costs at \$88.63 per ton were down about \$10 from last year. The average feeding cost of gain (including feed, yardage, processing, medication and death loss) for steers sold in June was \$51.85 per cwt, \$4.29 per cwt higher than last year, while heifers averaged \$56.86 per cwt compared to \$51.75 in 2002.

Cattle feeders have enjoyed positive returns on closeouts since late 2002. Estimated monthly average returns this year have exceeded \$60.00 per steer in May and June, and exceeded \$70 in July. Estimated returns will moderate this fall as higher feeder cattle prices more than compensate for lower cost of gain. Estimated breakeven sale prices (based on feeding a 750 pound steer in a commercial feedlot) are in the mid to high \$70s through November and are approaching \$80 for December and early 2004.