Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

August 27, 2004

Production	Current	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 08/28/04	Current	Year Ago	Weekly Weighted Avg. ($/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	623	737	Live Fed Steer	82.67	86.89	82.07
FI Hog Slaughter (Thou Hd)	1996	1923	Dressed Steer	131.12	136.76	131.02
FI Sheep Slaughter (Thou Hd)	49	56				
Live Yng. Chicken Slau. (Mil Hd)	163.8	160.6	Beef Cutout (Choice 600-750)	139.48	140.51	142.06
			USDA Hide/Offal ($/Cwt)	8.28	8.25	8.68
Slaughter Cattle Weight	1248	1228	GA Auction Fdr. Str. (6-7 Cwt)	108.75	108.57	84.07
Slaughter Hog Weight	262	260				
Slaughter Lamb/Sheep Weight	132	130	IA, S. MN Base Hog ($/Cwt)	71.76	73.18	48.25
			Natl. Net Carcass Hog ($/Cwt)	72.55	74.32	55.03
Week Ending 08/28/04			Feeder Pigs (40-50 Lbs)	34.13	40.00	20.00
Beef Production (Mil Lbs)	475.0	547.4	Pork Cutout (185 Lbs)	73.85	76.82	58.74
Pork Production (Mil Lbs)	388.9	370.1				
Lamb/Mutton Prod. (Mil Lbs)	3.2	3.7	Lamb Cutout ($/Cwt)	182.58	187.15	178.31
Previous 6 Week Moving Avg.			Corn, Omaha ($/Bu)	2.19	2.28	2.27
Total Beef (Mil Lbs)	470.4	541.0	Wheat, Portland ($/Bu)	3.86	3.86	4.04
Total Pork (Mil Lbs)	360.7	359.6	Wheat, Kansas City ($/Bu)	3.30	3.30	3.73
Total Lamb/Mutton (Mil Lbs)	3.2	3.5	Soybeans, S. Iowa ($/Bu)	5.97	5.82	5.95

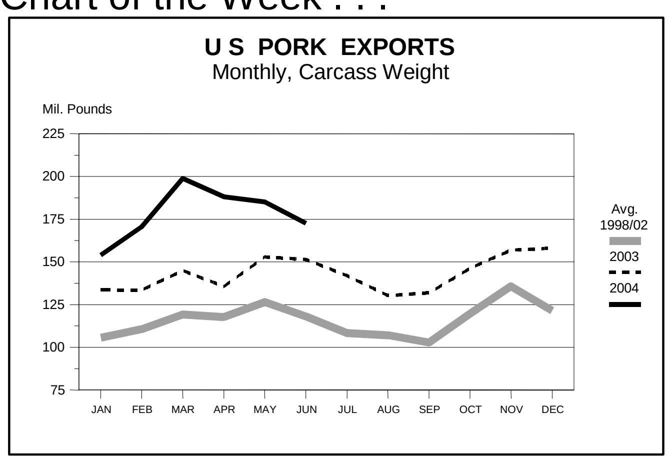
Trends . . . U.S. INTERNATIONAL TRADE: UPDATE ON MEAT & POULTRY

Post December 23, 2003 there have been three major surprises in terms of U.S. international trade of meat and poultry. Many countries continue to limit or exclude U.S. beef from their markets, a situation that may not change much until early 2005. The surprises have been: 1) much larger than anticipated U.S. pork exports; 2) lackluster U.S. broiler exports; and 3) larger than anticipated U.S. beef imports.

Throughout the first six months of 2004 (latest data available), U.S. pork exports were huge, supported by limitations on U.S. and Canadian beef exports. For the month of June, exports of U.S. pork totaled 172 million pounds (carcass weight basis), 14 percent or 21 thousand pounds above 2003's. Exports to most major trading partners were again larger than a year ago in June with sales to Canada up 39 percent, Mexico at 50 percent and Japan just a notch higher. For the second quarter of 2004, U.S. pork exports totaled 546 million pounds, 24 percent larger than 2003's. That was the largest quarterly volume on record.

U.S. poultry exports have been disappointing and have been well below levels of recent years for most months so far this year. In June, U.S. exports of broilers continued to lag well behind last year down nearly 130 million pounds (ready to cook basis) or 28 percent below 2003's. For the second quarter, broiler exports totaled 1.01 million pounds compared to 1.16 million pounds last year, a 14 percent year-to-year decline. Last year in June, U.S. broiler exports to Japan and Hong Kong accounted for 3.5 and 9.8 percent of total U.S. broiler

Chart of the Week . . .



foreign sales, respectively. This year in June, Japan accounted for less than one-half percent while Hong Kong was down to 4.6 percent. In contrast to the overall situation, U.S. broiler exports into Mexico and Canada this year have been above 2003's.

Despite the lack of export markets, U.S. beef imports continued to be above the prior year and were especially large in June. In June, U.S. imports of beef were 75 percent above a year ago at 351 million pounds (carcass weight equivalent). This was the largest monthly volume reported since January 1993. In the second quarter of 2004, U.S. beef import tonnage was 25 percent larger than 2003's and the second largest ever. For the month of June, imports from all major trading partners with the exception of Brazil were larger than last year. However, for the May through June quarter, U.S. import tonnage from Australia, New Zealand and Brazil were below 2003's. U.S. beef imports from Canada have continued to ramp-up in recent months.

TRADE: LIVE ANIMAL FLOWS

High U.S. cattle prices have continued to pull Mexican feeder cattle north. For the month of June, U.S. cattle imports from Mexico totaled 101,335 head. That was 46,144 thousand head or 84 percent larger than a year ago. On a monthly basis, imports of cattle from Mexico have been considerably above 2003's since February. Typically, cattle imports from Mexico moderate during the summer months and then increase into the fall. However, since cattle imports have been running at well above year ago levels, the typical fall run-up may be a little smaller than a year ago. Nonetheless, the larger number of live cattle imports from Mexico, still does not make up for the lack of feeder cattle imports from Canada. That is, total U.S. feeder cattle imports continue to run well below a year ago and normal.

The number of feeder pigs and slaughter hogs exported from Canada to the U.S. has continued to increase. For the first six months of 2004, U.S. hog imports (feeder and slaughter) totaled 423.4 thousand head compared to 318.1 thousand head for the same period last year. Imports of feeder pigs (under 110 pounds) totaled 284.1 thousand head or 23 percent above a year ago and heavier weight hog imports were up 58 percent. Year-to-year increases in U.S. hog and pig imports from Canada began to moderate in the second quarter. Nevertheless, small year-to-year increases are likely for the balance of 2004 and for the calendar year U.S. imports of hogs and pigs from Canada will set another record.

U.S. HAY CROP

In the August 1 Crop Production report (released August 12th), USDA-NASS projected a record large total U.S. hay crop for 2004. Nationally, the U.S. crop may be record large, but likely both harvested acreage and yield will be reduced by recent weather conditions. Also, compared to a year ago, some regions will cut back harvest of low nutritional value hay (non irrigated, CRP, etc.).

As of August 1, USDA estimated that U.S. production of alfalfa hay and mixtures in 2004 at 77.3 million tons, up nearly 1 million tons from 2003's. The final number could easily be lower by 300 thousand tons, nationwide. More importantly on a national basis, USDA estimated 2004 other hay production would be 84.5 million tons, shattering all prior annual levels. The previous record reported by USDA was for 2003 at 80.8 million tons. Further, 2003 was the first time on record that USDA estimated production at over 80 million tons. Given weather conditions during August and other factors, the U.S. other hay crop could easily be 2 million tons smaller than USDA's August 1 estimate. Still, that would be a record large national hay crop.

Many regions may struggle to find high quality hay. That is, much of the year-to-year increase in total U.S. hay production may be low quality. Price differences between hay that is nutritionally low versus high quality could be much larger than normal in many regions of the U.S. Hay buyers will likely benefit from forage testing and shopping around for hay. For the 2004-05 hay crop-marketing year, the national average alfalfa hay price this year could average in the high $80's to low $90's per ton. That would be a year-to-year decline of $5 to $9 per ton. Other hay prices in most regions of the U.S. may be mostly in the $60's in 2004-05, a year-to-year decline of $10 to $16 per ton and at the lowest price levels in about 5 years.