Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

September 5, 2003

Production	Current	Year Ago
Week Ending 09/06/2003		
FI Cattle Slaughter (Thou Hd)	641	630
FI Hog Slaughter (Thou Hd)	1741	1846
FI Sheep Slaughter (Thou Hd)	49	56
Live Yng. Chicken Slau. (Mil Hd)	162.1	165.6
Slaughter Cattle Weight	1228	1265
Slaughter Hog Weight	260	261
Slaughter Lamb/Sheep Weight	131	130
Week Ending 09/06/2003		
Beef Production (Mil Lbs)	477.1	485.9
Pork Production (Mil Lbs)	337.8	356.0
Lamb/Mutton Prod. (Mil Lbs)	3.2	3.6
Previous 6 Week Moving Avg.		
Total Beef (Mil Lbs)	541.0	547.4
Total Pork (Mil Lbs)	359.6	362.5
Total Lamb/Mutton (Mil Lbs)	3.5	3.6

Prices	Last	Week Ago	Year Ago
Weekly Weighted Avg. ($/Cwt)			
Live Fed Steer	84.96	82.07	63.55
Dressed Steer	135.45	131.02	99.38
Beef Cutout (Choice 600-750)	147.17	142.06	109.44
USDA Hide/Offal ($/Cwt)	8.69	8.68	7.81
GA Auction Fdr. Str. (6-7 Cwt)	87.50	84.07	71.81
IA, S. MN Base Hog ($/Cwt)	47.65	48.25	27.19
Natl. Net Carcass Hog ($/Cwt)	53.19	55.03	38.44
Feeder Pigs (40-50 Lbs)	25.69	25.93	18.07
Pork Cutout (185 Lbs)	59.07	58.74	43.89
Lamb Cutout	182.91	178.31	161.59
Corn, Omaha ($/Bu)	2.38	2.27	2.70
Wheat, Portland ($/Bu)	NQ	4.04	4.46
Wheat, Kansas City ($/Bu)	3.58	3.73	4.84
Soybeans, S. Iowa ($/Bu)	6.05	5.95	5.60

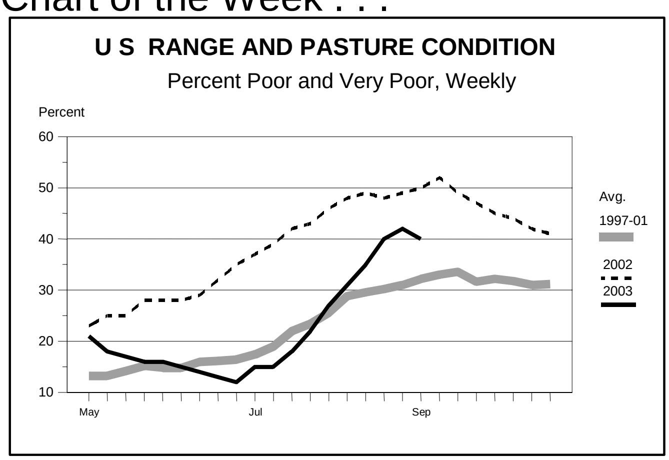
Trends . . . SUMMER PASTURE CONDITIONS IMAPCT BEEF HERD

In some major cattle regions of the U.S., pasture and range conditions deteriorated greatly as the summer progressed. Even though overall U.S. conditions were better than a year ago, nationwide grazing conditions were similar to those of 2000 and 2001, which also had widespread drought. So, nationally cow-calf operations have continued to delay breeding herd expansion. Most cow-calf operations in the Southeastern states received abundant summer moisture this past summer and in those states cattle herds will likely show clear signs of increase next year.

Nationwide, for the week of August 31st, 29 percent of pasture and range was reported in good and excellent condition compared to 24 percent last year. Pasture and range considered to be poor to very poor accounted for 42 percent of total pasture, down only slightly from the 49 percent rating for the corresponding week in 2002.

On a regional basis, pasture and range conditions have deteriorated significantly since the onset of the grazing season in the Great Plains, Cornbelt, Southern Plains, and Western regions. The Cornbelt was hit hard this summer having received less than normal moisture during critical summer grazing months. At the end of August, about half of pasture and rangeland in the Cornbelt states was rated as poor to very poor condition compared to only 10 percent in May of this year and 38 percent in August of 2002. Likewise, compared to a year ago, the Southern Plains reported a large increase in pastures and range rated as poor or very poor. Recently, the Great Plains reported 57 percent of range as poor or very poor

Chart of the Week . . .



compared to 40 percent in May. But in late 2002, the Great Plains had 72 percent of pasture and range rated poor or very poor. Most Western states had a difficult summer grazing season, but it was typically a little better than 2002's.

HEIFER AND COW SALUGHTER UP

Even if cow slaughter begins to post year-to-year declines at times this fall, as of January 1, 2004, the USDA will likely report that the U.S. beef and dairy cowherds have declined some compared to a year earlier. Also, the number of heifers nationwide held back for breeding herds may remain smaller than was anticipated just a few months ago.

From January through July of this year, Federally Inspected (FI) heifer slaughter totaled 6.6 million head, slightly larger than the respective time period a year ago. On a monthly basis, from January through April, FI heifer slaughter averaged about 5 percent below 2002's. However, in May heifer slaughter posted a yearly increase and continued to be well above a year ago during June and July. Preliminary data for August shows that heifer slaughter remained relatively large.

On a monthly basis, heifer slaughter was up 2.5 percent in May, 8.8 percent in June and 7.8 percent in July, compared to a year ago. Heifer slaughter in July at 1.04 million head was the largest reported since August 2000 (1.05 million head). On a weekly basis, year-to-date FI heifer slaughter as of mid-August was slightly below a year ago.

Total FI cow slaughter (beef and dairy) from January through July totaled 3.4 million head, 7.4 percent larger than 2002's and 3.5 percent larger than the prior five-year average. Despite the recent increase in milk prices, dairy slaughter continues to be above a year ago. For the first six months of 2003, dairy cow slaughter was up 12 percent while beef cow slaughter was up 3.6 percent from 2002's. On a weekly average basis, U.S. beef cow slaughter for the month of August was surprisingly large, estimated to be up 10 to 11 percent from 2002's.

Beef cow slaughter could be below a year ago for much of the fourth quarter of 2003 due to some year-to-year declines in U.S. cow culling and no Canadian cows being processed in the U.S. Still, FI cow slaughter for 2003 will be close to 5.9 million head, nearly 4 percent above 2002's and the largest annual total since 1997 or 1998.

RECORD FED CATTLE PRICES

Recently, fed cattle prices have posted new all time highs. Fed cattle prices have surged in recent weeks due to both supply and demand influences.

Beef supply in the U.S. market is tight due to four major factors (in order of importance): 1) slaughter steer and heifer weights well below a year ago; 2) reduced imports of beef and cattle from Canada; and 3) strong export markets (including the U.S. gaining some market share at the expense of Canada); and 4) an apparent slow down in beef imports from Australia due to an on-going drought in that country. Additional support for beef and hence cattle prices has come from very strong year-to-year gains in domestic consumer beef demand.

The latest actual data for steer weights slaughtered in the U.S. (week ending August 30th) showed a counter seasonal decline of 3 pounds on a dressed basis. This confirms that fed cattle marketing rates have remained unprecedented. But, this trend is not likely to be sustainable very much longer. Cattle slaughter for the third quarter was bolstered by fed cattle marketing rates and by increased cow slaughter. In fact, slaughter for the quarter is estimated to be up over 1 percent. Still, lower weights caused beef production for the quarter to be about 1.7 percent below 2002's. The net impact of lower U.S. beef production and the international trade changes will likely be that per capita beef consumption in the U.S. for the third quarter was over 4 percent below a year ago.

Several factors could moderate fed cattle prices over the next few weeks. After some false starts, Canadian beef (whole muscle boneless cuts from cattle under 30 months of age) should begin to flow at modest levels into the U.S. in mid-September. However, U.S. imports may remain below the levels anticipated a few weeks ago into October. Retailers and restaurants are busily changing their prices to reflect record high wholesale beef prices. Pork and poultry markets appear to be gaining some renewed interest from meat buyers (at the expense of beef). When these changes take hold, U.S. packers will begin to pull back weekly slaughter levels to below 700,000 head.