

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

September 13, 2002

Production			Prices			
Week Ending 9/14/2002	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
Fl Cattle Slaughter (Thou Hd)	666	700	Live Fed Steer	65.37	63.55	69.87
Fl Hog Slaughter (Thou Hd)	2049	1938	Dressed Steer	101.67	99.38	110.68
Fl Sheep Slaughter (Thou Hd)	63	59				
Live Y. Chick Slau. (Mil Hd)	140.0	141.9				
Slaughter Cattle Weight	1261	1248	Beef Cutout (Choice 550-700)	108.44	109.44	120.29
Slaughter Hog Weight	260	263	USDA Hide/Offal (\$/Cwt.)	7.93	7.81	8.06
Slaughter Lamb, Sheep Wt.	129	136	GA Auction Fdr. Str. (6-7 Cwt)	71.50	71.50	81.00
			IA, S. MN Dir. Hogs (\$/Cwt, Carc.)	38.78	28.77	63.52
Week Ending 8/14/2002			Natl. Net Carcass Price (Wtd. Avg.)	40.53	38.44	62.41
Beef Production (Mil Lbs)	512.9	532.1	Feeder Pigs (40-50 Lbs)	17.99	22.84	45.42
Pork Production (Mil Lbs)	393.6	376.7	Pork Cutout (185 Lbs.)	43.96	43.89	69.90
Lamb, Mutton Prod. (Mil Lbs)	4.0	4.0	Lamb Cutout (65 Lbs. & Dn.)	163.02	161.59	NQ
Previous 6 Week Moving Avg.			Corn, Omaha (\$/Bu)	2.63	2.70	1.87
Total Beef (Mil Lbs)	547.4	519.6	Wheat, Portland (\$/Bu)	4.49	4.46	3.66
Total Pork (Mil Lbs)	362.5	341.9	Wheat, Kansas City (\$/Bu)	4.68	4.84	2.81
Total Lamb, Mutton (Mil Lbs)	3.6	3.8	Soybeans, S. Iowa (\$/Bu)	5.62	5.60	4.69

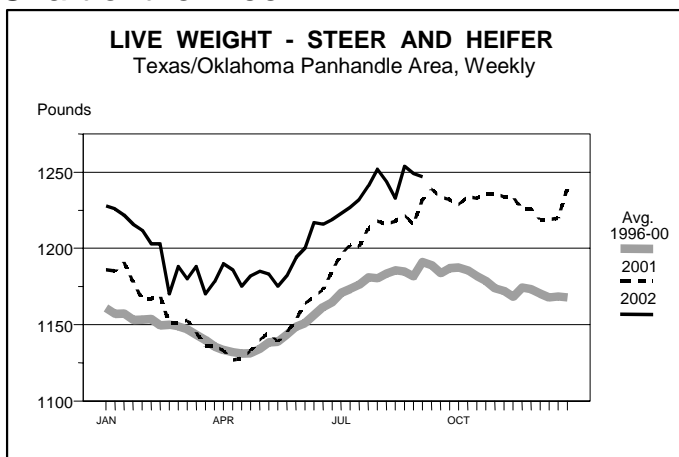
Trends . . . CATTLE WEIGHTS SUPPORT LARGE BEEF PRODUCTION

U.S. beef production will surge to a new record levels this quarter (July through September), exceeding 7 billion pounds for the first time. Most of that production has been driven by increased in cattle weights. Although, the rate of slaughter weight increases has moderated in recent weeks, they are essentially record large. Looking ahead to the fourth quarter of 2002, a key to cattle prices will be slaughter cattle weight.

During August, weekly average live weights reported in the Texas-Oklahoma Panhandle moved in both up and down. Live weights ranged from a high of 1254 pounds to a low of 1233 pounds. Weights were reported at 1249 for the week ending 08/31/02 and continued a steady decline to 1247 pounds for the week ending September 7th. Recently, it appears live weights in

the Southern Plains may not be following the seasonal trend, as live weights appear to be decreasing instead of increasing. Nonetheless, on average, live weights were up still about 2 percent compared last August and 1 percent from July.

Chart of the Week . . .



On a national basis, Federally Inspected dressed weights for steers reported for the week ending September 13th were at 836 pounds, a slight drop from the prior week. In fact, steer dressed weights during August have remained fairly stable in the 835-838 pound range. Still, average dressed weights are about 3 percent heavier than a year ago.

The recent declines in weights have

been modest and may be temporary. Recent declines may reflect pulling cattle ahead in feedlots, a trend that may not continue. Keep in mind that historically average steer and heifer dressed weights increase during the summer and peak in October. Last year, especially during September and October, fed cattle marketing rates were very slow and that resulted in a counter seasonal increase in slaughter weights during late 2002. If cattle feeders continue to market animals in a timely way for the balance of this year, as they have in recent months, weight increases will not limit fed cattle prices like they did last year.

FEEDLOT CLOSEOUTS

According to Kansas State Extension's "Kansas Feedlot Performance and Feed Cost Summary" the surveyed feedlots were in line with the national trend having sold cattle at heavier slaughter weights during July compared to previous months. Generally, steers and heifers sold in recent months have gained rather well.

On a national basis, both steer and heifer weights have been increasing with record weights being reported this year. Kansas feedlots followed suit having live weights for steers closed out in July at 1330 pounds, about a 7 percent increase over the same period last year. Heifers closed out at 1177 pounds, 3 percent above the previous year weight. The close out weight for steers was the highest reported so far (data available since June 1992) and was 80 pounds above the July national average live weight reported by USDA for Federally Inspected cattle.

Steers closed out in July were on feed an average 153 days while heifers spent 160 days on feed. Average daily gains for steers and heifers were reported as 3.51 pounds and 2.98 pounds respectively. This was above a year earlier for both steers and heifers. It required 5.85 pounds of feed on a dry matter basis per pound of gain for steers and 6.25 for heifers closed out in July. Feed required per pound of gain was slightly below a year ago.

As of mid-August, Kansas feedlots reported corn at \$2.67 per bushel, about 40 cents per bushel above last year and hay up

about \$6 per ton. Steers and heifers sold in July mostly consumed feedstuffs purchased before the recent run-up in grain prices. The average cost of gain (including feed, yardage, processing, medication and death loss) for steers sold in July was \$46.66 per cwt, down \$1.76 from a year earlier. For heifers, the average cost of gain was \$51.41 per cwt, \$3.72 below the previous five-year average (1996-2001) of \$55.13.

CROP PRODUCTION REPORT

USDA's monthly Crop Production report for September 1 (released September 12th) pointed to a little lower feed grain and soybean meal prices than most analysts anticipated. USDA's corn production forecasts were reduced a little less than anticipated. Soybean production was increased compared to the previous report (for August 1). Still, in 2002 U.S. corn and soybean production will be the lowest since 1995 and 1999, respectively.

Corn production for 2002 was forecast to be 8.85 billion bushels by USDA, 1 percent below the estimate released last month and 7 percent below 2001's. The surprise was that USDA maintained the national average corn yield of about 125 bushels per acre instead of reporting a reduction. Acreage harvested for grain was reduced to reflect drought abandonment and acreage cut for silage rather than grain.

Soybean production for 2002 was forecast at 2.66 billion bushels, 8 percent below 2001's. USDA actually showed several areas with improved yield prospects compared to a month ago.

For corn, price prospects for the next several months are about unchanged. For the 2002/03 crop-marketing year the cash price of corn received by farmers may average about \$2.55 per bushel, compared to \$1.97 for 2001/02. The outlook for soybean and soybean meal prices also remain unchanged. That is, cash soybeans are forecast to average about \$1.25 per bushel above the 2001/02 crop-marketing year and soybean meal (48 percent protein at Decatur, IL) may average about \$185 per ton (up \$15 to \$25 per ton from a year earlier).