

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

September 19, 2003

Production			Prices			
Week Ending 09/20/2003	Current	Year Ago	Weekly Weighted Avg. (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	641	630	Live Fed Steer	89.86	88.79	66.53
FI Hog Slaughter (Thou Hd)	1741	1846	Dressed Steer	144.00	141.70	103.61
FI Sheep Slaughter (Thou Hd)	49	56	Beef Cutout (Choice 600-750)	161.87	156.12	113.67
Live Yng. Chicken Sla. (Mil Hd)	162.1	165.6	USDA Hide/Offal (\$/Cwt)	8.92	8.73	8.00
Slaughter Cattle Weight	1228	1265	GA Auction Fdr. Str. (6-7 Cwt)	88.25	88.32	71.13
Slaughter Hog Weight	260	261	IA, S. MN Base Hog (\$/Cwt)	58.55	55.02	38.64
Slaughter Lamb/Sheep Weight	131	130	Natl. Net Carcass Hog (\$/Cwt)	59.70	56.25	43.93
Week Ending 09/06/2003			Feeder Pigs (40-50 Lbs)	33.22	29.43	16.74
Beef Production (Mil Lbs)	477.1	485.9	Pork Cutout (185 Lbs)	67.99	64.31	47.65
Pork Production (Mil Lbs)	337.8	356.0	Lamb Cutout	187.31	180.87	161.86
Lamb/Mutton Prod. (Mil Lbs)	3.2	3.6	Corn, Omaha (\$/Bu)	2.12	2.18	2.46
Previous 6 Week Moving Avg.			Wheat, Portland (\$/Bu)	3.74	3.83	4.51
Total Beef (Mil Lbs)	541.0	547.4	Wheat, Kansas City (\$/Bu)	3.50	3.49	4.79
Total Pork (Mil Lbs)	359.6	362.5	Soybeans, S. Iowa (\$/Bu)	6.27	6.23	5.70
Total Lamb/Mutton (Mil Lbs)	3.5	3.6				

Trends . . . CATTLE ON FEED REPORT FOLLOWS TREND

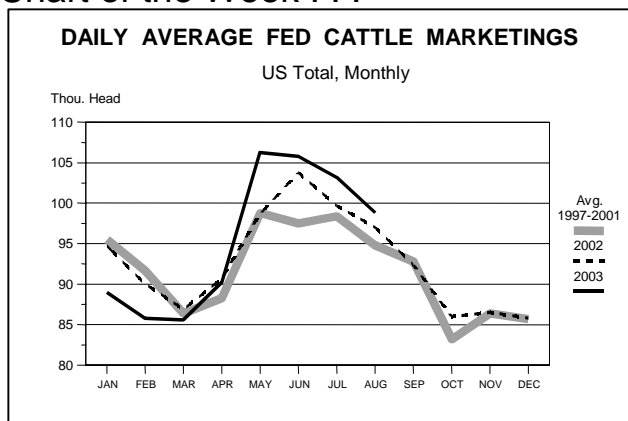
As expected, the USDA-NASS monthly Cattle on Feed report (released September 19th) showed the on-feed inventory below a year ago. As of September 1, the number of cattle on-feed totaled 9.83 million head, 3 percent (300 thousand head) below 2002's and 9 percent below 2001's. The last time the total number of cattle on feed was at or above a year earlier was in April of 2002, which is a clear indication of how tight the fed cattle supply has been this year.

Cattle feeders remained extremely current in their marketings during August. According to USDA, cattle feeders marketed 2.08 million head, which was 3 percent lower than 2002's and 5 percent below 2001's. However, August contained one less slaughter day than last year, which implies that daily average marketings were about 2 percent above a year ago.

Placements of cattle into feedlots during August were moderately above the industry average expectations at 2.37 million head. That was 7 percent larger than last year and 8 percent above

2001's. Monthly placements have been above last year each month since February as higher prices and drought conditions have encouraged many producers to place cattle into feedlots. On a state basis, only Arizona and Colorado reported placements below a year ago.

Chart of the Week . . .



On a weight placement basis, all weight categories reported a year-to-year increase. The 600-pound and under weight category (lightest weight category) was up 12.8 percent from last year, while being 39 percent above the prior month. Placements of middleweight calves (600-699 and 700-799) were 9.5 and 5.4 percent above 2002's, respectively. The heavyweight group (800 and heavier) as

expected reported the smallest yearly gain being up only 1.5 percent over 2002's.

HOG PRICES STRENGTHEN

Despite larger than anticipated hog slaughter at times this summer due to a greater number of slaughter hog imports from Canada, hog prices have remained well above a year ago and year-to-year gains should continue with renewed featuring of pork in the retail market. Given the run-up in live cattle and wholesale beef prices, some spillover in terms of higher live hog or pork prices was expected this summer, but did not occur until recently. In recent weeks, hog prices have strengthened. Two factors are expected to contribute to continued year-to-year increases in slaughter hog prices this fall and throughout the first two quarters of 2004: 1) a year-to-year decline in hog slaughter, and 2) indirect impacts of tight beef fed supplies.

Estimated net (including premiums above base prices) Iowa and Southern Minnesota barrow and gilt prices reported on a carcass basis averaged \$62.13 per cwt. in July and \$56.51 per cwt. in August. The slippage in prices can be mostly attributed to unexpectedly larger slaughter hog imports from Canada and heavier hog dressed weights. Imports of slaughter hogs (barrows, gilts, sows, and stags) from Canada during July and August were up 66.3 percent from 2002's. Imports of slaughter barrows and gilts were 76.8 percent larger than the respective period last year. Still, U.S. Federally Inspected (FI) hog slaughter in July and August totaled 16.3 million head, down slightly from last year, which helped to moderate some of the impact from the larger hog imports. However, FI hog slaughter during these two months was still about 2.4 percent larger than the prior five-year average.

In the past few weeks, hog prices have rebounded as spillover from the cattle/beef market has prompted retailers to substitute pork for high priced beef. For weekending September 13th (most recent data available), net hog prices were nearly at \$58.00 per cwt. (carcass basis), compared to just below \$39.00 per cwt. for the corresponding week last year. The pork cutout (wholesale) value averaged \$63.59 per cwt. in July and \$61.15 per cwt. in August. According to the most recent weekly

data, the hog cutout value was up 40 percent in mid-September compared to 2002's.

FEEDER PIG IMPORTS UP

The single case of BSE in the Canadian beef cowherd prompted a resurgence of consumer support for beef in Canada this summer. One impact on the U.S. has been that U.S. pork imports from Canada increased. Also, the number of feeder pigs and slaughter hogs exported from Canada to the U.S. has continued to increase.

From January through July, total hog imports from Canada totaled 3.89 million head, 16 percent larger (537 thousand head) than the respective period last year, of which feeder pigs represented 71 percent. Feeder pig imports for the same period totaled 2.77 million head. This was 29 percent higher than 2002's and 62 percent above 2001's. The increased number of feeder and slaughter hog imports helps to explain the larger than expected hog slaughter at times over the past few months.

The increase in the number of feeder pig imports from Canada continued in August. On a weekly basis, feeder pig imports totaled 404 thousand head. Feeder pig imports were up 32 percent from a year ago. In August, feeder pigs accounted for about two-thirds of the total number of hogs imported from Canada (on a weekly basis).

Earlier this year, the LMIC Special Hog Trade Working Committee sent a request to the U.S. International Trade Commission for the less than U.S. feeder pig import weight group "weighing less than 50 kg" be modified to include three weight based categories: 1) less than 7 kg each; 2) 7 kg or more but less than 23 kg each; and 3) 23 kg or more but less than 50 kg each. The request was approved and three new statistical breakouts for live swine imported by the U.S. became effective on July 1, 2003.

Trade number released in this month reported from January through July (there is a two month time lag) showed the U.S. imported 273.2 thousand head weighing less than 7 kg, 61.5 head in the middle-weight category, and 134.1 thousand head in the 23 kg to 50 kg weight group. The new weight breakouts should provide more detailed information into the distribution of feeder pig imports that can be used to better forecast U.S. hog slaughter.