

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

October 22, 2004

Production			Prices			
Week Ending 10/09/04	Current	Year Ago	Weekly Weighted Avg. (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	641	659	Live Fed Steer	85.94	85.53	97.70
FI Hog Slaughter (Thou Hd)	2167	2098	Dressed Steer	133.77	132.55	158.55
FI Sheep Slaughter (Thou Hd)	54	55	Beef Cutout (Choice 600-750)	141.80	137.28	190.50
Live Yng. Chicken Sla. (Mil Hd)	161.5	157.1	USDA Hide/Offal (\$/Cwt)	7.85	7.83	9.64
Slaughter Cattle Weight	1270	1232	GA Auction Fdr. Str. (6-7 Cwt)	99.25	98.51	85.82
Slaughter Hog Weight	266	269	IA, S. MN Base Hog (\$/Cwt)	68.44	68.70	49.22
Slaughter Lamb/Sheep Weight	135	137	Natl. Net Carcass Hog (\$/Cwt)	68.67	70.67	53.78
Week Ending 10/09/04			Feeder Pigs (40-50 Lbs)	47.50	48.00	30.00
Beef Production (Mil Lbs)	495.5	483.1	Pork Cutout (185 Lbs)	72.99	75.66	58.12
Pork Production (Mil Lbs)	428.8	417.4	Lamb Cutout (\$/Cwt)	191.58	189.88	178.68
Lamb/Mutton Prod. (Mil Lbs)	3.6	3.8	Corn, Omaha (\$/Bu)	1.69	1.77	2.22
Previous 6 Week Moving Avg.			Wheat, Portland (\$/Bu)	3.90	3.96	3.77
Total Beef (Mil Lbs)	476.4	505.9	Wheat, Kansas City (\$/Bu)	3.31	3.44	3.70
Total Pork (Mil Lbs)	400.4	399.0	Soybeans, S. Iowa (\$/Bu)	5.18	5.03	7.41
Total Lamb/Mutton (Mil Lbs)	3.5	3.7				

Trends . . . CATTLE ON FEED REPORT OVERSHADOWED

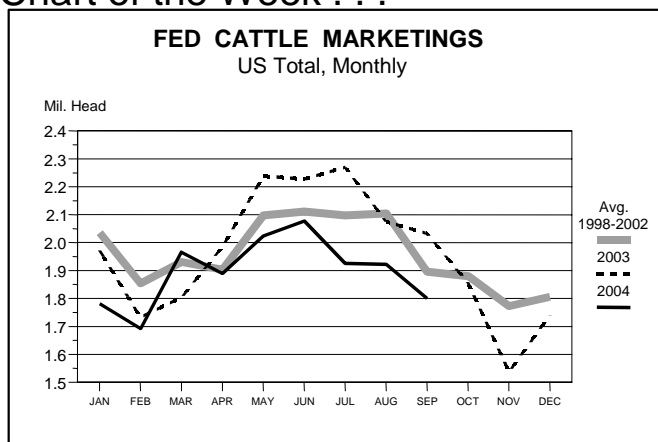
USDA's monthly Cattle on Feed report was released on Friday October 22nd. In terms of breaking news, that report was quickly overshadowed by the announcement early Saturday morning of a framework agreement on resuming beef trade between the U.S. and Japan. That agreement is an important first step toward fully reopening Asian markets for U.S. beef 10 months after one BSE cow was discovered in the U.S.

As of October 1, 2004, USDA reported that the number of cattle on-feed in commercial U.S. feedlots was 2.6 percent above a year ago. For September, both feedlot marketings and placements remained well below a year ago, down 11.0 and 4.1 percent, respectively. In terms of cattle placed into feedlots by weight category, placements were above 2003's only in the heavyweight category (800 pounds and heavier).

Compared to the small feedlot marketings of a year ago, year-to-year increases are likely for

the last two months of 2004. That level of marketings combined with heavy cattle weights will most likely keep fed cattle prices in the mid to upper \$80's throughout the fall quarter.

Chart of the Week . . .



The latest USDA Cattle on Feed report contained the quarterly breakdown on the type of cattle on-feed (steers, heifers, and cows and bulls). Those numbers provide a glimpse into heifer holdback for breeding purposes. That data showed that the number of both steers and heifers on-feed was above a year ago as of October 1, 2004. But, compared to a year ago, the number of steers in feedlots was up 3.5 percent (over 200,000

head) while the number of heifers was up less than 1 percent (just over 50,000 head). The number of cows on-feed was slightly below 2003's. This could be another indicator that some heifers are being held back by cow-calf operations. Still, U.S. beef cowherd growth will be negligible to small as of January 1, 2005.

MEAT AND POULTRY TRADE

In August, U.S. trade of meat and poultry items continued to follow the year-to-year pattern exhibited in recent months with the exception of poultry exports. For the past seven months, poultry exports have been sluggish falling below year ago levels; however in August this pattern turned as U.S. exports of broilers and turkeys items came in larger than last year.

U.S. exports of beef and veal (on a tonnage basis) in August remained significantly below normal due to the ban placed on U.S. beef products by major trading partners late last year. Despite, a lack of export markets, U.S. beef imports were robust in August at 57.6 percent or 305 million pounds (carcass weight equivalent) above a year ago. However, on a monthly basis imports of beef and veal were down 14 percent from July. The recent trade resolution between the U.S. and Japan will no doubt be beneficial to the U.S. beef industry, however the volume of U.S. beef exports to Japan will be a fraction of those seen before the BSE ban was implemented and probably will not reach the pre-BSE levels for quite some time.

For the month of August, exports of U.S. pork totaled 153 million pounds (carcass weight basis), nearly 18 percent or 22.8 thousand pounds above 2003's. On a monthly basis, exports of U.S. pork products have declined each month since posting a record export volume in March earlier this year (198.9 million pounds). Exports to key trading partners were again larger than a year ago in August with sales to Mexico up 45 percent, Canada up 16 percent, and Japan at 18 percent higher. The U.S. imported a totaled of 412 million pounds (carcass weight basis) of pork in August, nearly 9 percent above 2003's and 13 percent higher than 2002's.

Poultry exports regained momentum in August, with exports finally surpassing year ago levels. In August, U.S. exports of broilers totaled 412 million pounds (ready to cook basis), 5 percent or 19 million pounds higher than last year and the largest volume reported so far this year. Of note, U.S. poultry export tonnage to Mexico

was up 64 percent, sales to Russia were up 30 percent, while exports to Japan were down 5 percent. Turkey exports were also 5 percent above a year ago with exports to Canada, Mexico, and Taiwan all posting larger volumes than 2003's.

NEW ANIMAL ID FACT SHEETS

In the wake of the BSE incidents in North America, the implementation of a nationwide animal identification (ID) plan has been accelerated. For the cattle industry, the recent agreement with Japan to sell only beef from animals at or below 20 months of age has reinforced the needs for such a program. Still, regarding the National Animal Identification System (NAIS), there are many questions and concerns from individuals involved in all sectors of the beef industry, particularly cattle producers. For example, questions remain regarding implementation logistics, costs, risks, legal issues, and potential market opportunities that animal ID may present.

In order to address many of these questions, during the summer of 2004, a set of 11 fact sheets was compiled by a team of extension agricultural economists from the Western Extension Marketing Committee (WEMC), in collaboration with other university and industry experts. Members of the WEMC focus primarily on issues related to western states, particularly cattle production; however, many of the issues are also relevant to other livestock species. Thirteen experts contributed directly to this effort. This project was funded through direct dollar contributions from the Western Center for Risk Management Education and the Livestock Marketing Information Center, with indirect contributions from the Cooperative Extension Services of participating states.

The full set of fact sheets is titled "U.S. Livestock Identification Systems: Risk Management and Market Opportunities". These materials are available free of charge. More information on the fact sheets and project coordinators can be found on the Livestock marketing Information Center website (www.lmic.info). The direct link to individual fact sheets in Adobe Acrobat format is: <http://www.lmic.info/memberspublic/animalID/AnimalID.htm>.