

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

November 22, 2002

Production			Prices			
Week Ending 11/23/2002	Current	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
Fl Cattle Slaughter (Thou Hd)	678	590	Live Fed Steer	70.86	69.33	64.51
Fl Hog Slaughter (Thou Hd)	2044	1781	Dressed Steer	111.34	108.12	103.98
Fl Sheep Slaughter (Thou Hd)	63	53				
Live Y. Chick Slau. (Mil Hd)	154.1	152.3	Beef Cutout (Choice 550-700)	119.90	113.24	111.74
			USDA Hide/Offal (\$/Cwt.)	7.69	7.70	7.51
Slaughter Cattle Weight	1266	1258	GA Auction Fdr. Str. (6-7 Cwt)	71.50	72.00	NQ
Slaughter Hog Weight	267	269				
Slaughter Lamb, Sheep Wt.	134	141	IA, S. MN Dir. Hogs (\$/Cwt, Carc.)	39.02	39.85	45.48
			Natl. Net Carcass Price (Wtd. Avg.)	43.79	44.46	48.17
Week Ending 11/23/2002			Feeder Pigs (40-50 Lbs)	44.32	41.56	48.97
Beef Production (Mil Lbs)	516.5	451.4	Pork Cutout (185 Lbs.)	51.21	50.14	55.66
Pork Production (Mil Lbs)	402.5	354.1				
Lamb, Mutton Prod. (Mil Lbs)	4.2	3.7	Lamb Cutout (65 Lbs. & Dn.)	172.23	166.50	133.49
Previous 6 Week Moving Avg.			Corn, Omaha (\$/Bu)	2.38	2.31	1.93
Total Beef (Mil Lbs)	535.7	514.6	Wheat, Portland (\$/Bu)	4.37	4.47	3.75
Total Pork (Mil Lbs)	402.3	403.9	Wheat, Kansas City (\$/Bu)	4.42	4.52	2.94
Total Lamb, Mutton (Mil Lbs)	4.1	4.3	Soybeans, S. Iowa (\$/Bu)	5.58	5.58	4.52

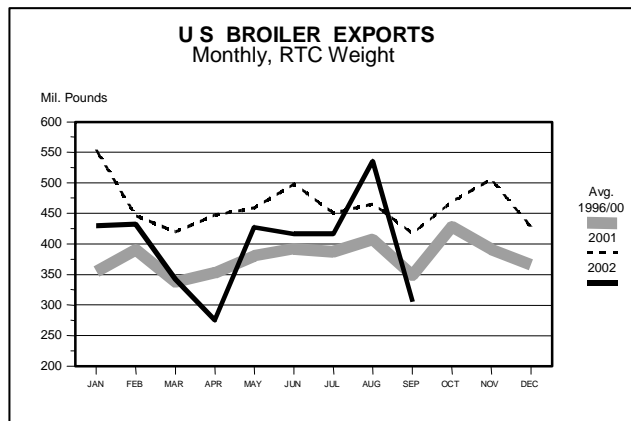
Trends . . . U.S. BROILER EXPORTS DOWN, BEEF AND PORK UP

Exports of broiler parts, beef and pork are significant factors in determining meat and livestock prices in the U.S. Recently, U.S. broiler exports have struggled, but red meat exports have been better than anticipated.

U.S. broiler exports so far in 2002 have been up-and-down, with much of the volatility attributable to Russian trade disruptions. In September, U.S. broiler export tonnage fell 43 percent (about 230,000 thousand pounds) from August, despite industry reports that overseas shipments were in a recovery phase. Compared to a year earlier, broiler exports for September were down 27 percent. For the first three quarters of 2002, U.S. broiler exports were 14 percent below 2001's. In the third quarter, compared to a year ago, U.S. broiler exports were down 6 percent with all the major importing countries being below 2001 levels with the exception of Canada, which

imported 35 percent more broilers than last year. If poultry exports do rebound from recent levels, even with a pullback in production, poultry supplies in the U.S. market could remain burdensome.

Chart of the Week . . .



Beef and veal import tonnage by the U.S. for the third quarter of 2002 totaled 838.6 million pounds on a carcass weight basis, down 10 thousand pounds (about one percent) from the same period in 2001. During the first three quarters of this year, beef and veal imports were up 1.4 percent from last year, with the majority of year-to-year increase posted during the second quarter. On the other hand, U.S. exports of beef and veal were up 79 thousand

pounds, a 14 percent increase for the third quarter. From January through September of this year, on a tonnage basis, the U.S. exported 11 percent more beef than a year ago.

U.S. pork imports on a carcass basis are up 5 percent in the third quarter and up 12 percent for first three quarters from 2001. Exports continue to be above last year, up 26 percent in the third quarter, as Korea continues to become a key buyer of U.S. pork. Compared to a year ago, Korean imports of U.S. pork were up 87 percent and 75 percent for the third quarter and year-to-date, respectively.

On the live animal trade side, total cattle imports and exports for January through September are down, 6 and 27 percent, respectively; net U.S. cattle imports (imports minus exports) so far this year were 2 percent below 2001's. The decline has been due to reduced imports from Mexico. But in recent months, due to drought in Western Canada, U.S. feeder cattle imports from Canada have been on the upswing and well above a year earlier. Imports of live hogs from Canada during the third quarter of 2002 declined 6 percent from a year earlier. Still, year-to-date hog imports from Canada were 9 percent above 2001's.

HUGE FROZEN STOCKS

According to the monthly USDA-NASS Cold Storage report (released November 20th), U.S. frozen stocks of red meat surged to over 1 billion pounds for the first time since May 1974. Frozen stocks for major meat and poultry items will not begin to post year-to-year declines until 2003. Near-term, available stocks in cold storage buffer the price impacts of declines in meat and poultry production.

As of October 31st, frozen beef stocks were over 524 million pounds, an increase of over 30 million pounds from September and 33 percent above a year earlier. The last time beef stocks got even close to this level was during the mid-1970s at 477 thousand pounds.

Each month since April of this year U.S. stocks of frozen pork had decreased, but that trend changed in October. During the month of October, pork in cold storage increased by over 11 million pounds from September. Compared to a year earlier, U.S. frozen pork stocks as of October 31st were up 14 percent (over 60 million pounds).

Poultry stocks posted a 1.5 percent decline during October but remained over 350 million

pounds (31 percent) above last year's. As of October 31st, both broiler and turkey stocks in commercial freezers were well above 2001's. Holiday turkey consumption, as usual, will pull down poultry frozen stocks during November. But, year-to-year declines in frozen broiler and turkey stocks are not likely until 2003. When poultry stocks begin to decline in 2003 will depend on export demand and how long producers sustain recent cutbacks in production.

CATTLE ON FEED REPORT

As expected, the monthly USDA-NASS Cattle on Feed report (released November 15th) showed that the number of cattle on-feed as of November 1st was well below a year ago. In the historically reported 7-states, the on-feed inventory was the lowest as of November 1 since 1998. At 9 percent below a year ago, the on-feed numbers were lower than anticipated, making this the most interesting monthly report in several years.

Historically, the month of October posts the highest number of cattle placed into feedlots. That pattern held again this year, but not by much. USDA-NASS reported that during October placements of cattle into feedlots nationally were down 12 percent (314 thousand head) from 2001's. Year-to-year declines in placements occurred across the country except for Iowa, which had placements at 27 percent above last year. The majority of cattle placed in October were calves weighing 600-pound or less (34 percent of the total mix of cattle placed). All placement weight groups posted year-to-year declines.

During October, feedlots marketed cattle at a good pace and began to cleanup some pens with over-finished cattle. Feedlot marketings were up 4 percent from the previous year, which was consistent with slaughter figures for October.

All signs support that there will be tighter supplies of slaughter ready cattle available in the months ahead. How much of a decline will depend on feedlot turnover rates (marketings as a percentage of on-feed numbers). Those rates have been rather low in recent years. Another key factor will be feedlot placements in November and December, especially placements for heavyweight feeder cattle. Double digit year-to-year declines in placements are not likely to continue.