Livestock Monitor

A Newsletter for Extension Staff
Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . December 17, 2004

Production	Current	Year Ago	Prices	Last	Week Ago	Year Ago
Week Ending 12/18/04	Current	Year Ago	Weekly Weighted Avg. ($/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	624	638	Live Fed Steer	85.52	84.65	91.75
FI Hog Slaughter (Thou Hd)	2241	2245	Dressed Steer	133.97	134.28	148.70
FI Sheep Slaughter (Thou Hd)	56	57				
Live Yng. Chicken Slau. (Mil Hd)	159.8	153.5	Beef Cutout (Choice 600-750)	140.19	145.61	156.64
			USDA Hide/Offal ($/Cwt)	8.25	8.36	10.41
Slaughter Cattle Weight	1274	1247	GA Auction Fdr. Str. (6-7 Cwt)	96.25	96.51	88.01
Slaughter Hog Weight	271	268				
Slaughter Lamb/Sheep Weight	140	138	IA, S. MN Base Hog ($/Cwt)	67.38	76.82	47.81
			Natl. Net Carcass Hog ($/Cwt)	70.98	75.75	51.73
Week Ending 12/18/04			Feeder Pigs (40-50 Lbs)	59.36	62.00	30.00
Beef Production (Mil Lbs)	476.5	472.0	Pork Cutout (185 Lbs)	73.15	76.34	55.09
Pork Production (Mil Lbs)	451.8	445.4				
Lamb/Mutton Prod. (Mil Lbs)	3.9	4.0	Lamb Cutout ($/Cwt)	212.26	207.69	185.82
Previous 6 Week Moving Avg.			Corn, Omaha ($/Bu)	1.75	1.70	2.39
Total Beef (Mil Lbs)	446.4	442.2	Wheat, Portland ($/Bu)	3.94	3.96	4.00
Total Pork (Mil Lbs)	410.4	420.3	Wheat, Kansas City ($/Bu)	3.41	3.35	4.00
Total Lamb/Mutton (Mil Lbs)	3.7	4.0	Soybeans, S. Iowa ($/Bu)	5.38	5.45	7.55

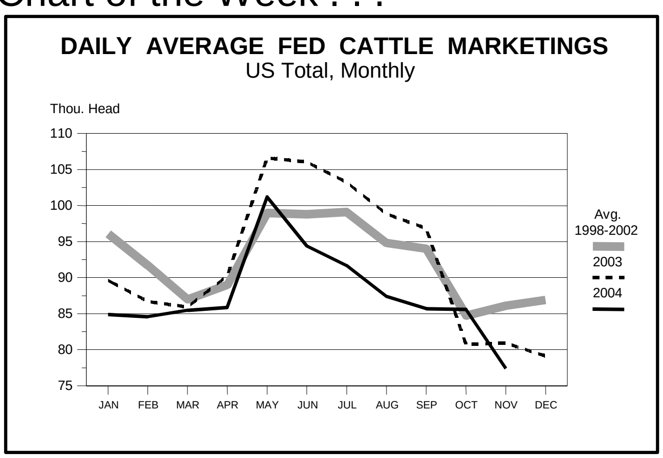
Trends . . .CATTLE ON FEED NUMBERS NEAR EXPECTATIONS

On Friday, December 17th, USDA-NASS released the monthly Cattle on Feed report, which generally reconfirmed industry expectations and perceptions of the current cattle market. As of December 1st, the number of cattle on-feed in U.S. feedlots with 1,000 head or more capacity totaled 11.34 million head, just barely above a year ago but 1.5 percent below the prior five-year average.

USDA reported fed cattle marketings in November at 1.63 million head, a 5.7 percent increase from the prior year. However, this number is somewhat deceiving as there were two more slaughter days this year in November compared to 2003. Thus on a daily basis, daily average fed cattle marketings in the month of November were 4.3 percent below 2003's and 10 percent below the prior five-year average. However, compared to steer and heifer slaughter that number may have been somewhat underreported.

As expected, placements in November were below a year earlier and were actually smaller than expected. According to USDA, cattle feeders placed 1.74 million head compared to 1.93 million head in 2003. That was a 9.5 percent year-to-year decline or 183 thousand head smaller than a year ago. Severe winter weather in the Southern Plains was the major reason behind the small placement number compared to a year earlier. On a weight basis, placements in all the weight groups showed a year-to-year decline. Of note, placements in the lightweight category (600 pounds and smaller) and the heavy middleweight category (700-799 pounds) were

Chart of the Week . . .



down nearly 14 percent from 2003 while the remaining two groups reported rather modest declines.

INTERNATIONAL TRADE UPDATE

U.S. export tonnage of beef and veal improved some in October but remained very low compared to pre-BSE export levels. In October, the U.S. exported 55.2 million pounds (carcass weight basis) of beef, a monthly increase of 15.5 million pounds from September and the largest volume exported since beef exports resumed in March. Most of the increase was in sales to Mexico, which were down only 16 percent from 2003's. However, compared to last year when beef exports were soaring, October's U.S. beef shipments to all foreign destinations declined 76 percent.

In October, U.S. imports of beef and veal totaled 304.5 million pounds (carcass weight equivalent), 9.2 percent above a year ago and the largest volume reported for the month of October since the series began in 1988. Among the major U.S. trading partners, imports from Uruguay were up 72 percent, Brazil up 30 percent, and Canada at 10 percent above 2003's, while imports from Argentina and New Zealand were less than a year ago.

U.S. exports of pork set another record in October at 204.3 million pounds (carcass weight basis); that was the first time monthly pork exports surpassed 200 million pounds. Compared to a year ago, pork exports were 40 percent larger and 69 percent higher than 2002's volume. The only major buyers of U.S. pork that did not show a yearly increase were Korea and Hong Kong. Of note, pork exports were well above a year ago for Russia, China, Mexico and Japan.

U.S. pork imports during October were down 14 percent from 2003's, at 89.4 million pounds (carcass weight basis). Import tonnage from Canada was down 19 percent from 2003, the smallest since November 2001.

U.S. broiler exports for October were about one percent larger than 2003's at 567.6 million pounds on a ready-to-cook basis. Shipments to Japan were nearly 40 percent larger than a year ago, while Mexico only imported 2.5 percent more broiler product from the U.S. in October. Turkey exports were once again sluggish in October, down nearly 14 percent from a year ago. Despite a significant increase in U.S. turkey exports to Canada, all remaining major destinations had year-to-year declines.

CATTLE & SHEEP INVENTORIES

On January 28, 2005, USDA-NASS will release two key annual reports -- the January 1 Cattle report and the January 1 Sheep report. Improved pasture and range conditions and positive producer returns have likely increased producer interest in rebuilding cowherds and flocks.

There has been much discussion regarding the January 1 U.S. cattle inventory as conditions have been favorable in many regions for cowherd rebuilding this past year. In the second half of 2004, several factors indicated that cow-calf operations were quickly moving to expanding cattle numbers. LMIC forecasts the U.S. inventory of all cattle and calves as of January 1, 2005 will be slightly above a year ago and will likely post the first year-to-year increase since January 1, 1996. Preliminary estimates put the total U.S. cattle and calf inventory in the range of 0.3 to 0.7 percent above a year ago as of January 1. There may be some modest reductions to the January 1, 2004 numbers.

Clear signs of cowherd growth, mostly due to reduced cow slaughter, and increased heifer retention for breeding purposes are expected. Both the U.S. beef and dairy cowherds are forecast to be above a year ago as of January 1, 2005. But, growth rates will be rather modest (well below 1 percent). Heifers held for beef cow replacement purposes are expected to be the largest since the mid 1990's.

USDA will also release the January 1 U.S. Sheep report which will provide an estimate of all sheep and lambs in the U.S. As of January 1, 2005, the total number of sheep and lambs will more than likely be slightly below a year ago to even with 2004's. Extremely strong feeder and slaughter lamb prices in 2003 and 2004 combined with improved pasture and range conditions have encouraged modest flock rebuilding in many states.

LMIC estimates that the number of market lambs as of January 1, 2005 will be down 2 to 3 percent from a year ago. The breeding inventory is expected to be slightly above 2004's as producers have retained more ewe lambs compared to prior years. The report is expected to show the number of ewes one year and older down slightly from a year earlier with the lamb crop down slightly from 2003's. Preliminary LMIC estimates put the number of ewe lambs held for replacements at 3 to 4 percent higher than a year ago.