

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

March 12, 2018

Production			Prices			
Week Ending 3/10/2018	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	597	595	Live Steer	126.76	126.76	125.23
FI Hog Slaughter (Thou Hd)	2410	2318	Dressed Steer	203.84	204.21	201.56
FI Sheep Slaughter (Thou Hd)	42	37	Choice Beef Cutout	223.63	221.18	214.12
Live Y. Chicken Sl. (Mil Hd)	159.5	159.1	USDA Hide/Offal	10.24	10.23	11.91
			GA Auction Fdr. Str. (6-7 Cwt.)	148.35	148.10	129.05
Slaughter Cattle Live Weight	1369	1361	Iowa/S. Minn. Base Hog	62.72	62.13	68.14
Slaughter Hog Live Weight	285	284	Natl. Net Hog Carcass	68.87	69.44	72.13
Slaughter Lamb/Sheep Live Wt.	147	143	Feeder Pigs (40 Lbs) (\$/Head)	0.00	88.53	74.38
Beef Production (Mil Pounds)	490.7	487.1	Pork Cutout	75.73	78.55	81.79
Pork Production (Mil Pounds)	514.8	492.3	Lamb Cutout	332.08	317.06	287.67
Lamb, Mutton Prod. (Mil Lbs.)	3.1	2.6	Corn, Omaha (\$/Bu)	3.68	3.60	3.23
			Wheat, Portland (\$/Bu)	5.59	5.60	4.68
			Wheat, Kansas City (\$/Bu)	5.11	5.24	4.04
			Soybeans, Cntrl IL (\$/Bu)	10.36	10.46	9.96
<b>Previous 6 Wk. Moving Avg.</b>						
Total Beef (Mil Lbs)	491.7	478.5				
Total Pork (Mil Lbs)	513.7	493.4				
Total Lamb, Mutton (Mil Lbs)	2.8	2.6				

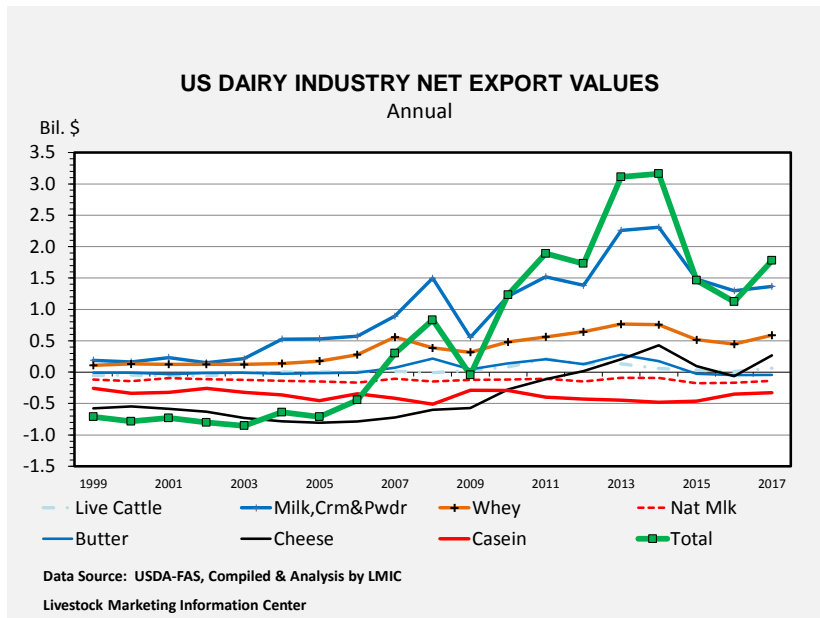
Source: Various USDA-AMS reports. Data are preliminary.

### Trends . . . DAIRY SECTOR EXPORT VALUES HIT A HIGHER NOTE IN 2017

U.S. Dairy exports bumped-up last year, after three consecutive years of decline. Across the board, dairy export values were higher, but large gains were seen in butter, a 48% increase, and whey, up 30%, carried the sector. In addition to higher values recorded for dairy products, live dairy cattle export values also more than doubled year-over-year. That has been a growing trend as U.S. genetics remain in high demand. Canada posted a 131% increase in the dollar value of female purebred animals, while both Turkey and Vietnam purchased over \$11 million, where in previous years that number was zero. The growth in the live cattle trade is not limited to female dairy animals. The value of male dairy cows increased by 72% in 2017. Mexico, Japan, Vietnam and the Dominican Republic all saw large jumps in purchases compared to 2016 levels.

Net exports are the difference between the value of exports and imports. The U.S. dairy sector has been a net exporter since 2007 except in 2009, and at the highest point (2014) was positive by more than \$3 billion. The decline in export values over the last three years has washed away nearly \$2 billion of that net export value. For some dairy products the U.S. has and will likely remain a net importer, but in 2017 net export value came roaring back and added \$650 million almost exclusively from cheese and whey sales.

Compared to the peak in 2014, the story of declining net exports was not exclusively due to reduced export



values. From 2015 to 2017 import values fell by nearly \$300 million compared to the \$2.1 billion decline seen in export values from 2014 to 2016.

In 2017, U.S. imports of live dairy cattle dropped by 47%, followed by 7% declines in cheese, casein, and natural milk products. Cheese, the product with the largest imported value, accounts for over half of all imports on a dollar basis. This year cheese imports totaled about \$1.2 billion. Still, the U.S. value of cheese exports increased 21%, which outpaced cheese imports by over a quarter of a billion dollars.

## GROCERY STORE RETAIL SALES START 2018 WITH SOLID GAINS

Grocery store sales growth in January was up 4.5% from twelve months earlier, the biggest monthly year-over-year gain since January 2015. That increase helped to offset a modest 1.8% increase in food services and drinking place (i.e. restaurants, etc.) retail sales. Part of the story is tied to the base of comparison, January 2017 retail sales. A year ago, grocery store sales were only up 0.2% from January 2016 while food services and drinking place sales were up 4.3%. January 2018 retail sales, economy-wide, were up 5.1% from a year earlier, reinforcing the picture of a healthy US economy during the current quarter.

The grocery store sales trend builds on positive momentum at the end of 2017, with both November and December sales 3.7% higher than twelve months earlier. Annual grocery store sales growth has averaged 2.2-2.3% for the last three years but should climb above that range this year, based on recent trends, possibly reaching 4.5%. That would be the fastest growth pace since 2011, when grocery store sales increased by 5.1%.

Food sector sales growth (grocery store plus food service and drinking places) during January was up 3.1% from a year ago. As was the case for grocery store sales, that was the fastest January growth since 2015. In January 2015, food sector retail sales surged 7.8% compared to January 2014 on a very stout 11.7% jump in food service and drinking place sales.

Wholesale demand for the three leading meat commodities (beef, pork and chicken) trends are generally consistent with the consumer spending situation. The Choice beef cutout will be up this quarter from the last quarter of 2017, which is a little better indicated at the end of last year that were driven by an outlook for larger beef production. Similarly, the pork cutout has also gained value this quarter from late 2017, even with larger pork production. Chicken breast meat prices at the wholesale level have held steady in January and February, in line with expectations at the start of the year. Chicken wing prices in wholesale trade have been surprisingly weak so far this year, which may be a consequence of modest sales growth in the food service and drinking place sector so far this year.

## CANADIAN CATTLE AND HOG NUMBERS POST INCREASES

Statistics Canada released their January 1 livestock counts in early March. Last year, Statistics Canada went through a major historical revision process for cattle and hogs resulting in fewer cattle and more hogs than estimated in earlier years. During 2017, growth occurred in both the number of Canadian cattle and hogs.

As of January 1, 2018, the Canadian inventory of all cattle and calves increased 1.4% year-over-year (up 105,000 head). At 11.625 million head, the national herd remained smaller than the count as of January 1, 2015 (11.640 million head). Compared to a year ago, beef cows that had calved increased 0.8% (about 30,000 head) and the number of dairy cows rose by 2.9% (about 27,000 animals). Canada's 2017 calf crop was estimated to be 4.4 million head an increase from 2016's of 3.6% or 155,000.

The Canadian hog count as of January 1<sup>st</sup> was 14.3 million head, which was a 2.7% year-over-year increase. That was the first time since 2008 that their inventory exceeded 14 million animals. At 1.27 million head, the national breeding herd had a year-over-year increase of 16,000 head or was up 1.3%. The breeding herd was the largest since 2009.

During 2017, both the U.S. and Canadian cattle and hog herds grew. At the beginning of 2018, the USDA's National Agricultural Statistics Service (NASS) survey reported that the total number of cattle and calves in the U.S. was 94.4 million head. Combining the U.S. and Canadian counts results in an inventory of 106.0 million, up nearly 800,000 head, or a modest 0.8% rise compared to a year ago. Combining the U.S. inventory of hogs and pigs as of December 1, 2017, by NASS with the recent Canadian count (January 1, 2018), the total was 87.6 million head. That year-over-year increase was 2.4%.