

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

March 10, 2017

Production			Prices			
Week Ending 3/11/2017	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	587	543	Live Steer	125.25	124.76	137.93
FI Hog Slaughter (Thou Hd)	2313	2237	Dressed Steer	201.57	199.98	219.92
FI Sheep Slaughter (Thou Hd)	37	41	Choice Beef Cutout	214.12	205.86	222.96
Live Y. Chicken Sl. (Mil Hd)	159.1	159.0	USDA Hide/Offal	11.91	11.93	10.69
			GA Auction Fdr. Str. (6-7 Cwt.)	129.05	130.34	154.20
Slaughter Cattle Live Weight	1363	1379	Iowa/S. Minn. Base Hog	68.28	68.36	63.93
Slaughter Hog Live Weight	284	284	Natl. Net Hog Carcass	72.27	73.23	67.57
Slaughter Lamb/Sheep Live Wt.	144	144	Feeder Pigs (40 Lbs) (\$/Head)	74.38	76.74	74.80
Beef Production (Mil Pounds)	480.3	451.7	Pork Cutout	81.79	80.96	76.05
Pork Production (Mil Pounds)	491.1	475.6	Lamb Cutout	287.67	283.99	311.17
Lamb, Mutton Prod. (Mil Lbs.)	2.6	3.0				
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.23	3.38	3.47
Total Beef (Mil Lbs)	476.8	445.0	Wheat, Portland (\$/Bu)	4.68	4.80	NQ
Total Pork (Mil Lbs)	493.0	475.2	Wheat, Kansas City (\$/Bu)	4.04	4.20	4.56
Total Lamb, Mutton (Mil Lbs)	2.6	2.8	Soybeans, Cntrl IL (\$/Bu)	9.96	10.18	8.94

Source: Various USDA-AMS reports. Some data are preliminary.

Trends . . . DAIRY MARKET TRENDS OF LATE 2016 CONTINUE INTO 2017

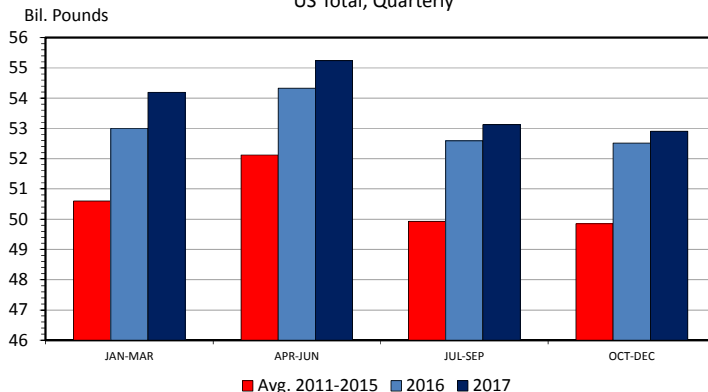
Dairy markets of 2016 will be remembered for a reversal of economic conditions from the first half of the year to the second half. Nationally, the "All Milk" price at the farm reported by USDA-National Agriculture Statistics Service bottomed out at \$14.50 per hundredweight in May 2016 and pushed higher throughout the balance of the year to finish at December at \$18.80. The January 2017 price tacked on another dime, to \$18.90, a 17% increase from twelve months earlier.

Rising prices have been one factor encouraging additional milk production. January 2017 milk output was up 2.5% from a year earlier. The majority of the increase was driven by more milk cow productivity, as milk per cow improved by 1.8% based on the year-over-year comparison. Over that same interval, the number of cows being milked increased by 0.6%. The better milk cow productivity is not a nation-wide trend, but concentrated within a few select states. Leading the way are Texas,

where milk cow productivity was up 9.8%, and New Mexico with a 10.0% gain. Utah dairies posted a 4.3% year-over-year productivity increase. The two biggest milk production states, California and Wisconsin, registered productivity gains of 0.3% and 1.0%, respectively.

Expanding dairy herds in the southwestern U.S. are enabling the productivity gains with modern production facilities and milk cow breeding improvements. The Texas dairy cow herd in January was up 39,000 head from twelve months earlier, accounting for more than half the increase in U.S. dairy cows, that increased by 67,000 head. The dairy cow population in Wisconsin

MILK PRODUCTION FORECASTS
US Total, Quarterly



Data Source: USDA-NASS, Forecasts by LMIC
Livestock Marketing Information Center

was unchanged over this same period of time and the California herd declined 14,000 head. The New Mexico dairy cowherd increased by 15,000 head (4%) year-over-year. Other states that are expanding dairy herds significantly are Idaho, Kansas, and Michigan. A general shift from northern states to the south is also having an impact on seasonal milk production patterns as the milder southern weather enhances average U.S. milk cow output statistics during winter months.

JANUARY MEAT AND POULTRY TRADE UPDATE

The recent trends of year-over-year increases in exports and smaller imports started last year continued in January, as expected. The major driver has been very competitive prices relative to other exporting countries combined with improving economic conditions in many Asian countries. USDA's Economic Research Service published their carcass weight equivalent meat and poultry trade data for January (published March 9th). Those data are calculated from the official monthly product weight data as compiled by USDA's Foreign Agriculture Service using customs data.

For the month of January, U.S. beef export tonnage was up 21% year-over-year. Beef exports are highly seasonal, typically peaking in July. In January, exports were the largest since 2001's. Year-over-year, 41% increases were posted for both Japan and Mexico, followed by South Korea (up 38%). For major export destinations, double digit gains also were recorded in sales to Vietnam, Taiwan, and Canada.

Beef imported tonnage continued its trend of declining compared to a year ago, dropping 25% in January. Australia accounted for most of the drop in U.S. imports (down 47% year-over-year).

Turning to pork, during January the U.S. exported 20% more tonnage than a year ago. Mexico and South Korea drove those gains jumping 36% and 34%, respectively. In terms of year-over-year growth among major foreign markets, Japan was next (up 6%). January's pork imports declined 14% from 2016's.

U.S. broiler export tonnage increased 12% year-over-year during January; which was the largest for that month since 2014's. Historically, January is often the lowest broiler export month during the calendar year. Year-over-year gains were broad based and included several Middle Eastern, African, Caribbean, and Central American countries. Turkey tonnage sold to other countries grew by 26% compared to a year ago, driven by exports to Mexico, the largest U.S. market. Turkey exports were the largest for a January in two years.

CULL COW PRICES SEASONALLY HIGHER

Normally, cull cow (animals removed from the breeding herd and harvested) prices are highly seasonal, but that was not the case for much of the last two years. Normally, cull cow prices are lowest in the fall when most U.S. cow-calf operations are evaluating their breeding animals and culling. Then, into the new calendar year, prices increase significantly. For example, on average from November until March during the 10-year period from 2005 through 2014 cull cow prices in the Southern Plains increased by about 18%. However, during the last two years, price increases over that timeframe were much less than normal and at times were actually negative. The seasonal increase in cull cow prices since last fall has returned. Prices have increased from the 2016's fall lows. Still, the monthly average price increases from November 2016 through January and February 2017 were less than normal.

Of course, the driver depressing cull animal prices in the fall of the year is the supply of beef-type cows going to market. Besides tightening supply, as the new calendar year sets-in, fed cattle prices usually begin to increase seasonally which also supports increasing cull cow prices. In the last two years, increasing U.S. cattle supplies have pressured prices of all types of cattle lower year-over-year. For cull cows there has been an additional factor at play, huge imports of lean and manufacturing beef from drought devastated Australia. Imported beef from Australia and South America competes most directly in the cow-beef market rather than in the fed animal arena. Those imports in total have been dropping (see story above).

Looking ahead, cull cow price increases normally begin to run out of steam during March, but do not drop dramatically for several more months. Year-over-year price declines are forecast to continue throughout 2017, but if lower imports persist as expected, that's one less factor dragging on prices.