

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

April 7, 2017

Production			Prices			
Week Ending 4/8/2017	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	573	536	Live Steer	121.71	127.38	133.90
FI Hog Slaughter (Thou Hd)	2306	2159	Dressed Steer	197.37	205.01	214.81
FI Sheep Slaughter (Thou Hd)	48	38	Choice Beef Cutout	209.99	217.15	216.21
Live Y. Chicken Sl. (Mil Hd)	159.6	156.2	USDA Hide/Offal	11.93	11.84	11.37
			GA Auction Fdr. Str. (6-7 Cwt.)	130.41	129.74	149.21
Slaughter Cattle Live Weight	1354	1357	Iowa/S. Minn. Base Hog	60.51	62.45	63.20
Slaughter Hog Live Weight	284	285	Natl. Net Hog Carcass	66.98	68.86	67.26
Slaughter Lamb/Sheep Live Wt.	144	143	Feeder Pigs (40 Lbs) (\$/Head)	65.19	67.20	79.95
Beef Production (Mil Pounds)	467.4	439.6	Pork Cutout	75.13	76.71	77.23
Pork Production (Mil Pounds)	489.7	461.3	Lamb Cutout	298.84	298.93	313.03
Lamb, Mutton Prod. (Mil Lbs.)	3.4	2.7				
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.26	3.22	3.47
Total Beef (Mil Lbs)	482.8	447.8	Wheat, Portland (\$/Bu)	4.62	4.59	NQ
Total Pork (Mil Lbs)	493.3	467.3	Wheat, Kansas City (\$/Bu)	3.77	3.76	4.38
Total Lamb, Mutton (Mil Lbs)	2.9	2.8	Soybeans, Cntrl IL (\$/Bu)	9.29	9.50	9.05

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

Trends . . . U.S. HOG NUMBERS CONTINUE HIGHER

The Quarterly Hogs and Pigs report by USDA's National Agricultural Statistics Service (NASS) was released On March 30th. As of March 1, the NASS survey said the national breeding herd was 1.5% above a year ago. Six out of the last seven years have posted breeding herd growth. The number of market hogs was record large at 64.9 million head (up 4.4% year-over-year). That market hog number came from December-February increases in both sows farrowed (up 2.8% year-over-year) and pigs saved per litter (increasing 1.8% from a year ago).

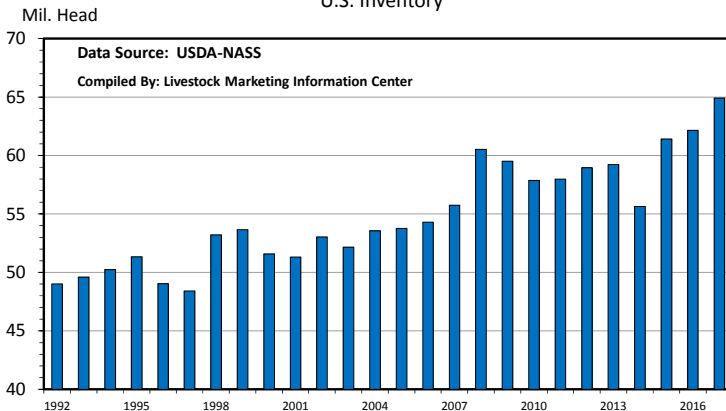
As in all recent quarterly reports, NASS made some rather significant upward revisions. For example, the previously reported number of market hogs (as of December 1, 2016) was raised by 600,000 head or nearly 1%.

Looking ahead, the LMIC is using forecasts based on a little higher number of sows to be farrowed in coming months than producers reported to NASS (the latest report was 1% higher year-over-year).

That assumption follows what has occurred in recent quarters. Pigs saved per liter are expected to continue posting year-over-year increases.

In the first quarter of this year, using preliminary data for March, U.S. commercial hog slaughter is projected to be record large at 30.2 million head, a 3.1% increase compared to a year ago. Average dressed weight was down slightly from 2016's. Pork production was 2.9% above a year earlier and record large for the quarter. Forecasts put U.S. pork exports well above a year ago. So, per capita pork disappearance for January-March was slightly below 2016's (down

MARCH 1 MARKET HOGS
U.S. Inventory



about 0.8%). Slaughter barrow and gilt prices averaged above a year ago for 2017's first quarter, increasing over 9% (the national average base price was \$67.79 per cwt.).

Currently, LMIC forecasts U.S. commercial pork production in the second quarter of 2017 about 5% above a year ago. In the second half of this calendar year, production is expected to rise 2% to 4% year-over-year. Under pressure from large supplies, hog prices in recent weeks have drifted lower; usually they are rather stable to slowly increasing. April-June hog prices may average below a year ago (down 1% to down 4%). Even though pork production will likely be well above 2016's in the second half of this year (up 2% to 4% year-over-year), hog prices could post modest year-over-year increases. If that happens, it will be the result of reduced packer margins compared to 2016's very high levels because of new slaughter plants coming on-line and increasing competition for animals.

U.S. PORK SECTOR NET TRADE VALUE UP IN '16

After a lackluster 2015, on a dollar basis, the U.S. pork industry posted a modest year-over-year improvement in net exports for 2016. Here we summarize trade across the industry which includes meat, as well as non-meat items including: Variety meats; tallows and greases; and live animals.

In terms of U.S. exports, the largest value contributor (80% of total sector sales in 2016) was pork, followed by variety meats (16%). Value wise, meat (pork and sausage) exports were up \$163 million (plus 3.4%), but at \$4.94 billion remained well below 2014's record high of \$5.73 billion. Pork sector variety meat exports surged during 2016 (up \$213 million or 27.0% year-over-year), setting an all-time high of \$999 million. Total sector export value in 2016 was just over \$6.20 billion, up \$405 million (7.00%) year-over-year. Still, that was well below 2014's sales.

On the import side, 2016 U.S. purchases were less than in 2015. Imports of meat represented 72% of total value in 2016, while live animals (feeder pigs and slaughter hogs) represented 16%. In 2016, the value of sector imports by the U.S. totaled \$1.94 billion, slipping 2.7% year-over-year.

Since 1992, the difference between U.S. pork sector exports versus imports has been positive. That is, the country has been a net exporter on a value basis. Net export value has more than tripled since 2005. In 2016, the net export value was \$4.27 billion, up \$459 million for the year or rising 12.0%. The record level was just over \$5.0 billion, which was achieved in both 2011 and 2012.

CROP PLANTING INTENTIONS SHOW 2 MILLION ACRE DECLINE FROM '16

The U.S. will have the lowest wheat plantings since 1919 along with a 4 million acre decline in intended corn seeding's this spring. Producers intend to plant 89.5 million acres of soybeans, up 6 million acres from 2016's. Cotton plantings are also expected to increase, jumping 21% year-over-year to 12.0 million acres. Overall, producers report that there will be a 2 million acre decline in total principal crops planted area in 2017 versus a year ago, according the USDA-NASS Prospective Plantings report.

Notable declines in total planted area are expected in Kansas, Missouri, the Dakotas, and Oklahoma. Most of these states are important wheat producers and the decline is consistent with depressed wheat prices during the last year and in some cases, drier than normal weather since last summer.

Nationally, hay area harvested this year is slated to decline 600,000 acres, or 1%. Texas accounts for most of the decline, falling 500,000 acres in 2017. California and Kentucky are both expected to reduce hay acres harvested by 100,000 acres.

The decline in Texas represents an 11% decline in total hay area harvested for the state. Last year, Texas harvested 4.83 million acres of hay. The 2016 acreage harvested was 100,000 above 2015's, but down 610,000 acres from 2014's. Essentially, hay harvested in Texas will decline by more than 1 million acres from 2014 to 2017. Texas hay harvested area peaked in 2013 at 5.6 million acres, and declined by 200,000 acres in 2014. The 2017 hay harvested area for Texas would be the lowest since 1998. For sake of comparison, Oklahoma hay harvested area this year is expected to decline 10,000 acres, about unchanged relative to total harvested hay area in 2016. Area harvested for hay in Oklahoma peaked in 2014, and has declined since then by close to 600,000 acres, or about 20%.