

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

April 6, 2018

Production			Prices			
Week Ending 4/7/2018	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	615	578	Live Steer	116.33	120.96	124.33
FI Hog Slaughter (Thou Hd)	2335	2318	Dressed Steer	187.65	192.32	198.01
FI Sheep Slaughter (Thou Hd)	36	45	Choice Beef Cutout	217.41	221.72	209.99
Live Y. Chicken Sl. (Mil Hd)	158.7	159.6	USDA Hide/Offal	9.98	10.10	11.93
Slaughter Cattle Live Weight	1360	1336	GA Auction Fdr. Str. (6-7 Cwt.)	137.81	137.81	130.41
Slaughter Hog Live Weight	286	285	Iowa/S. Minn. Base Hog	45.68	49.41	60.18
Slaughter Lamb/Sheep Live Wt.	145	134	Natl. Net Hog Carcass	59.24	61.80	66.67
Beef Production (Mil Pounds)	502.9	462.4	Feeder Pigs (40 Lbs) (\$/Head)	69.11	73.42	65.19
Pork Production (Mil Pounds)	500.3	493.7	Pork Cutout	69.60	70.29	75.13
Lamb, Mutton Prod. (Mil Lbs.)	2.6	3.0	Lamb Cutout	330.84	324.71	298.84
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.69	3.66	3.26
Total Beef (Mil Lbs)	495.6	482.1	Wheat, Portland (\$/Bu)	5.65	5.53	4.62
Total Pork (Mil Lbs)	513.7	494.1	Wheat, Kansas City (\$/Bu)	4.97	4.57	3.78
Total Lamb, Mutton (Mil Lbs)	2.9	2.8	Soybeans, Cntrl IL (\$/Bu)	10.14	10.19	9.29

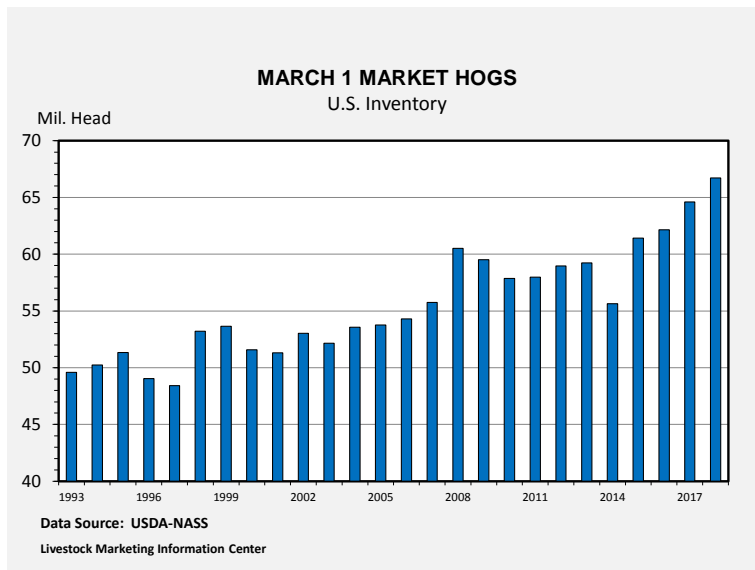
Source: Various USDA-AMS reports. Data are preliminary.

Trends . . . U.S. PORK PRODUCTION CONTINUES UPTREND

As shown in the latest Quarterly Hogs and Pigs report by USDA's National Agricultural Statistics Service (USDA-NASS), the March 1st U.S. hogs and pigs count was 72.9 million animals, which was a year-over-year increase of 3.1%. The breeding herd has increased rather steadily since 2010 and was the largest as of March 1 since 2008. Pigs weaned per litter continued its long-term uptrend reaching 10.58 pigs during the December 1, 2017, through February 28, 2018, timeframe. That was an increase of 1.4% compared to a year ago. More pigs per litter combined with more sows farrowed have translated into a record-large number of market hogs as of March 1 (66.7 million animals; rising 3.3% from a year earlier).

Producers reported on the USDA-NASS survey that for the next two quarters they intend to farrow more sows than a year earlier. March-May intentions are up 2.1%, and the June-August timeframe is up 1.4% year-over-year.

For 2018's first quarter (January-March), U.S. commercial hog slaughter is projected to be just over 31 million head, a year-over-year increase of 3.0%. Barrow and gilt slaughter dressed weights have been running well above a year ago. So, for the quarter, pork production was 3.7% above 2017's. LMIC projects that commercial pork output will be about 6.6 billion pounds (3.4% above 2017's first quarter). Year-over-year increases of 3.5% to 4.0% are expected for the second and third quarters of 2018. Commercial tonnage during the October-December quarter is forecast to be fully 5.0% above a year earlier. Additional increases in U.S. pork production are forecast for 2019,



though the pace may slow.

The national average base carcass price of hogs was \$67.81 in the first quarter of this year, which was essentially the same as a year ago. During the balance of this year, on a quarterly basis, the LMIC forecast is for slaughter hog prices to be below a year ago. For the calendar year, look for slaughter hog prices to be down year-over-year by 2% to 5%. The preliminary forecast is for further price declines in 2019, in the range of 2% to 6% below 2018's

PROSPECTIVE PLANTINGS SHOWS FEWER PRINCIPLE CROP ACRES

USDA-NASS released the Prospective Planting last week detailing the intentions of crop farmer regarding principle crop plantings for this year. Principle Crop acres, which includes corn, sorghum, oats, barley, rye, winter wheat, Durum wheat, other spring wheat, rice, soybeans, peanuts, sunflower, cotton, dry beans, potatoes, sugar beets, canola, and proso millet, are estimated to be down 1.2 million acres this year. That is the lowest principle crop acreage since 2011. Planting intentions are down across the U.S. and are geographically diverse. California will be planting a new record low if these intentions materialize, shifting/losing 60,000 acres.

U.S. corn planting intentions are down over 2 million acres from last year, while soybeans are expected to lose 1.2 million acres. Those were the largest declines, but peanuts are expected to lose another 334,000 acres followed by durum wheat, down 303,000. Farmers indicated they intend to plant fewer barley, dry beans, hay, sugar beets, sunflowers, tobacco, potatoes and canola acres as well.

Growth areas in the number of acres planted as compared to 2017 showed Spring Wheat as the highest year over year change, increasing 1.6 million acres. North Dakota alone is intending 1.1 million more acres, but Minnesota, South Dakota, Washington, Idaho and Colorado are also showing year over year increases. Cotton is also increasing acres this year forecast at up 858,000, with gains across most of the southern U.S. Texas is showing the largest year over year change, expecting to plant nearly 400,000 more acres in cotton. Sorghum, rice, oats and winter wheat are also estimated to be higher this year.

High carry-outs of corn and soybeans should keep prices in check with normal yields, despite lower acres estimated. USDA-NASS reported (quarterly Grain Stocks) that the March 1 stocks of corn and soybeans were the highest on record, which offers some wiggle room on yield disruptions. Based on farmer crop intentions, it is not expected that the livestock sectors will need to adjust their production plans.

BUILDING FROZEN CHICKEN STOCKS MAY DAMPEN PRODUCTION GROWTH

Frozen inventories of chicken increased from January to February by the largest amount in at least ten years, per the USDA-NASS Cold Storage report. Breast and breast meat inventories were up 6% from a year earlier at the end of February while leg quarters stocks were down 25%. Chicken classified as "other" was up 40% and accounted for over 40% of the total inventory. Paws and feet inventories, the delicacy of the Far East, were twice the size of a year ago, but only 3% of the total frozen tonnage. The modest stocks of leg quarters were consistent with wholesale leg quarter prices that are the highest for this time of year since 2015. Meanwhile, breast meat prices in January and February struggled to move much above \$1.00 per pound, which is similar to the situations of early 2016 and 2017. That has kept processor profit margins on the defensive. The overhang of frozen product that is accumulating works against optimism for market prospects in coming months.

Trends in hatchery output in 2018's first quarter were consistent with developing economic conditions. Laying hen productivity in February dipped by the biggest margin from a year ago since last October. There were indications late last year that productivity was on the rebound. Placements of young pullets into the hatchery supply flock have run below a year ago by 2% to 3% during the first two months of this year, following a 4% increase in the last quarter of 2017.

Declining pullet placements will limit the potential for expanding chick hatchings and chicken slaughter in the second half of this year and the first half of 2019. Modest hatchery hen productivity along with limited expansion in the size of the hatchery flock population later this year makes for only small increases in chicken production this year. Average bird weights at the time of slaughter are trending heavier than a year ago by 1%. A 1% increase in hatchery output is in line with recent trends. That translates into a 2% increase in production on a tonnage basis for this year, with a smaller increase (or even a decrease) for next year in the absence economic incentives.