

# Livestock Monitor

## A Newsletter for Extension Staff

### Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

November 30, 2018

Production			Prices			
<b>Week Ending 12/1/2018</b>			<b>Weekly Average (\$/Cwt)</b>			
	Last	Year Ago		Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	643	643	Live Steer	115.46	115.39	120.58
FI Hog Slaughter (Thou Hd)	2548	2547	Dressed Steer	183.08	181.89	189.91
FI Sheep Slaughter (Thou Hd)	42	41	Choice Beef Cutout	213.39	213.76	207.08
Live Y. Chicken Sl. (Mil Hd)	124.1	125.5	USDA Hide/Offal	9.31	9.35	10.64
Slaughter Cattle Live Weight	1368	1381	GA Auction Fdr. Str. (6-7 Cwt.)	132.22	NQ	137.10
Slaughter Hog Live Weight	285	288	Iowa/S. Minn. Base Hog	49.28	51.30	58.79
Slaughter Lamb/Sheep Live Wt.	134	141	Natl. Net Hog Carcass	59.11	59.82	64.59
Beef Production (Mil Pounds)	531.0	536.3	Feeder Pigs (40 Lbs) (\$/Head)	65.18	52.28	66.83
Pork Production (Mil Pounds)	541.3	546.6	Pork Cutout	68.36	67.11	83.00
Lamb, Mutton Prod. (Mil Lbs.)	2.8	2.9	Lamb Cutout	338.64	334.71	342.04
<b>Previous 6 Wk. Moving Avg.</b>			Corn, Omaha (\$/Bu)	3.46	3.47	3.17
Total Beef (Mil Lbs)	522.5	519.5	Wheat, Portland (\$/Bu)	6.25	6.25	5.18
Total Pork (Mil Lbs)	536.8	518.6	Wheat, Kansas City (\$/Bu)	5.02	4.79	4.01
Total Lamb, Mutton (Mil Lbs)	2.6	2.6	Soybeans, Cntrl IL (\$/Bu)	8.61	8.46	9.73

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

## Trends . . . TURKEY CONSUMPTION RETREATS, BEEF, PORK, AND CHICKEN UP

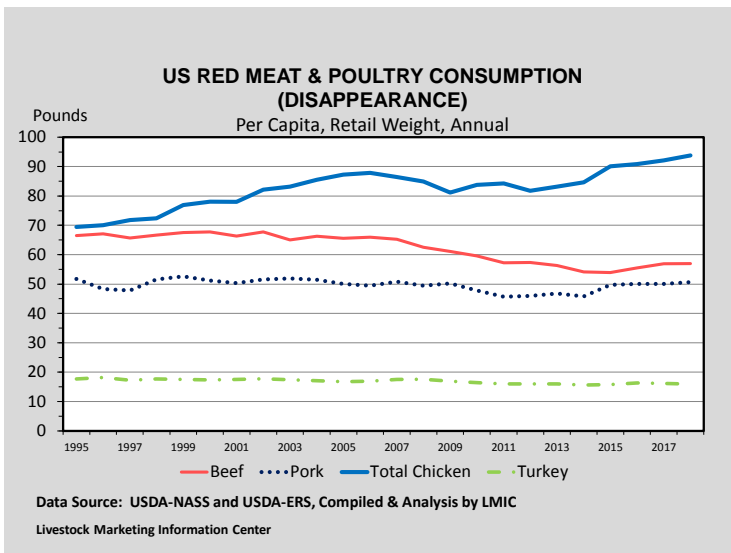
Turkey consumption (disappearance) per person is on track to decline for the second consecutive year. This year's decline is projected to be 0.3 pounds, on a retail weight basis, and follows 2017's reduction of 0.2 pounds. That contrasts with 2018's beef consumption that is pegged to be up 0.1 pounds and pork increasing by 0.5 pounds, both on a retail weight basis. The modest rise in beef consumption this year followed a 1.4 pound jump-up last year. Chicken consumption is expanding even faster, posting annual gains of 1.2 and 1.7 pounds per person in 2017 and 2018, respectively.

The problem for turkey is that prices at the wholesale and retail levels declined in 2017 and again in 2018. But, lower prices have done little to spur consumer interest in the product. This year, using the retail prices calculated by USDA's Ecomic Research Service, the turkey industry has responded to the market situation with whole bird prices during the first ten months of this year down 4.5% from the same interval of 2017. That decline is significant when matched-up against retail beef and pork price trends

this year, with fresh beef prices moving 0.6% higher while pork prices were 1.0% lower.

For 2018's first quarter, disappearance fell by 0.2 pounds year-over-year. Then, spring quarter consumption raised some hopes, topping the same quarter in 2017 by almost 0.1 pounds. Summer quarter performance did not reinforce spring's results (consumption slipped by 0.1 pounds).

Whole birds underpin turkey consumption for the fourth quarter for Thanksgiving and Christmas. This year, consumption appears to be following the trend of prior quarters. Wholesale turkey prices have been priced 20% lower than 2017's, which should garner some attention. Wholesale ham prices started the year similar to twelve months



earlier, but moved to 20% discount to prior year by the summer quarter, thereby limiting the attractiveness of the lowest wholesale turkey prices since 2009.

## SOW SLAUGHTER LEVELS

U.S. sow slaughter has outpaced last year's by 2% through the first 45 weeks of the year. The December Quarterly Hogs and Pigs report, which will be released on December 21st by USDA's National Agricultural Statistics Service (NASS), will provide an updated look at the breeding herd inventory. But, even with higher sow slaughter levels, there is little evidence pointing to contraction in the U.S. hog industry.

This year, the number of animals kept for breeding, as published by NASS, increased year-over-year by 3.5% in the March 1 and September 1 quarterly reports, after rising 1.8% as of March 1. Since the last Hogs and Pigs report (dated September 1), weekly average Federally Inspected sow slaughter has increased 3% year-over-year, but that is less than growth in the breeding herd. Barrow and gilt slaughter have been at levels confirming more breeding animals earlier this year.

Higher sow efficiency (pigs weaned per litter) has changed dramatically over the years and reduced sow slaughter relative to production. That factor and likely others have caused the old text book hog cycle to no longer exist. Still, within the year, production and prices are highly seasonal. Regarding sow slaughter, the highest levels tend to be in the fourth quarter of the calendar year. U.S. sow slaughter numbers also include animals from Canada. Adjusting U.S. sow slaughter for imported animals from Canada provides a key indicator U.S. breeding herd changes. Slippage in that relationship is due to the pace that gilts are retained for breeding purposes.

Year-to-date imported slaughter sows and boars from Canada are up 13%. The data do not break down sows and boars, but the majority of those animals are sows. Those high volumes average about 9,000 head a week, roughly 15% of weekly U.S. sow slaughter.

On balance, the U.S. inventory data and the rate of domestic origin sow slaughter indicate that the U.S. herd has not contracted, to date. However, looking at sow slaughter in Canada plus cull breeding animals that have been sent to the U.S., suggests the Canadian breeding herd may be eroding.

## CATTLE ON FEED NUMBERS: A LOOK AROUND THE WORLD

Most countries produce beef for non-farm consumers, often using grains and forages to sell high-quality products at a relatively low cost. But having a large commercial feedlot component of the beef sector is mostly still the domain of just a few countries, led by the U.S.

Besides the U.S., Canada, and Australia, no other countries have statistics to give perspective on the role of commercial feedlots. Mexico has an expanding feedlot sector. Some South America countries (e.g., Uruguay, Brazil, and Argentina) have grown, but the feedlot sector is still small relative to the size of their cattle sectors, commercial feedlot capacity. The same applies to Russia and Kazakhstan. New Zealand has a few feedlots (the largest with a capacity of about 20,000 head), usually with Japanese affiliations. Other countries in Europe and elsewhere (e.g., Japan) feed cattle but mostly on a small scale, which is primarily individual farm-based. Let's take a brief look at the recent numbers for the U.S., Canada, and Australia.

In the U.S., the number of cattle on feed has been on the rise for several years due to cyclical herd expansion. The November 1, 2018, monthly survey of feedlots with 1,000 head or more capacity by USDA's National Agricultural Statistics Service (NASS), showed 11.7 million animals on-feed, up 3.2% year-over-year. That was the biggest November 1 count since 2011. As of January 1, 2018, NASS put the number of cattle in all U.S. feedlots at 14.0 million.

CanFax reports monthly the number of animals in Alberta and Saskatchewan feedlots, where most Canadian commercial lots are located. As of November 1, 2018, those two Provinces had 925,900 cattle in feedlots, which was the largest for that date since 2008. Nationally, Statistics Canada reported 1.4 million head in all feedlots as of January 1, 2018. In contrast to the U.S., to provide animals for feedlots, the Canadian beef cowherd has not grown much in recent years. According to Statistics Canada, the beef cowherd has been virtually unchanged since January 1, 2015. This year, drought has been a factor pushing cattle into Canadian feedlots.

Australia has the third largest number of cattle on-feed. According to the quarterly report from Meat and Livestock Australia (MLA), at the end of September this year, there were 1.1 million cattle in feedlots. Year-over-year the increase was 9.9%. The Australian feedlot inventory has been on a steady uptrend since the MLA survey began in 1991. Ten years ago, the inventory was about 733,000 animals. Note that the first time the number exceeded 1 million head was 2017. Currently, more cattle are in feedlots in part because of drought-induced herd reductions. Also, Australia's grain-fed export markets in Asia, including China, have been expanding. MLA has reported that relatively high feedstuff costs have been a limitation to even more cattle on-feed in Australia.