Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . . June 6, 2019

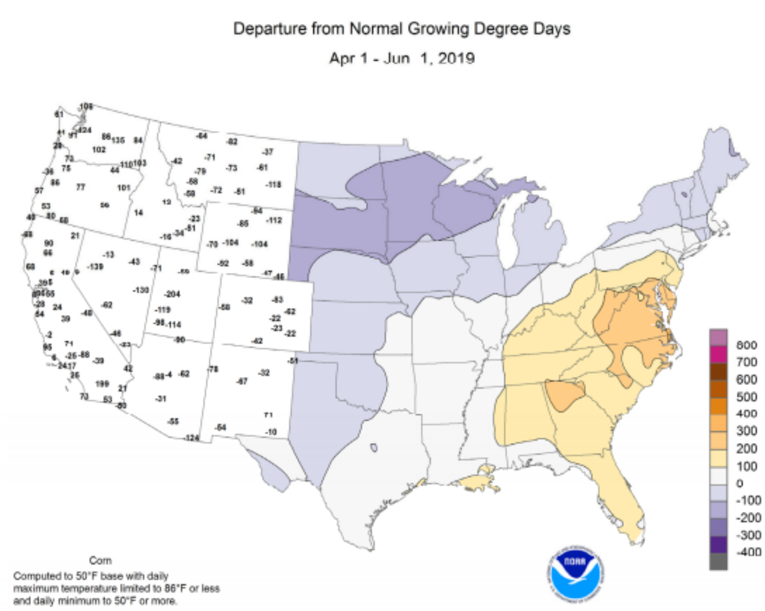
Production			Prices			
Week Ending 6/8/2019	Last	Year Ago	**Weekly Average ($/Cwt)**	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	662	660	Live Steer	113.51	115.74	114.66
FI Hog Slaughter (Thou Hd)	2417	2267	Dressed Steer	184.16	186.08	182.75
FI Sheep Slaughter (Thou Hd)	42	40	Choice Beef Cutout	222.57	223.40	226.95
Live Y. Chicken Sl. (Mil Hd)	148.8	149.5	USDA Hide/Offal	8.25	8.27	9.48
			OK City Fdr. Str. (6-7 Cwt.)	151.84		157.20
Slaughter Cattle Live Weight	1319	1318				
Slaughter Hog Live Weight	287	280	Iowa/S. Minn. Base Hog	76.75	78.26	74.66
Slaughter Lamb/Sheep Live Wt.	134	141	Natl. Net Hog Carcass	80.79	81.88	75.17
			Feeder Pigs (40 Lbs) ($/Head)	63.36	69.07	43.23
Beef Production (Mil Pounds)	525.9	526.8	Pork Cutout	83.59	83.74	78.49
Pork Production (Mil Pounds)	517.6	475.6				
Lamb, Mutton Prod. (Mil Lbs.)	2.8	2.8	Lamb Cutout	338.22	343.62	333.80
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block($/lb)	1.71	1.71	1.68
Total Beef (Mil Lbs)	516.2	513.4				
Total Pork (Mil Lbs)	497.1	480.0	Corn, Omaha ($/Bu)	4.07	4.19	3.58
Total Lamb, Mutton (Mil Lbs)	2.7	2.7	Soybeans, Cntrl IL ($/Bu)	8.53	8.59	9.60

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

Trends . . . WET SPRING WEATHER SWAMPS CROP PLANTING EFFORTS

The Midwest has endured one of the wettest and coldest springs on record. East of the Mississippi River, central and southern sections of Indiana and Illinois received 50% more rain than normal in April. Weather in May continued the trend. Typically, most weeks have seen 5-6 days of measurable precipitation with 1-3 days in excess of a half an inch of rain. As of June 2, topsoil moisture conditions were rated surplus in 60% of Illinois, Indiana, and Ohio. West of the Mississippi River, moisture conditions in Iowa and Missouri in April ran closer to normal than in states to the East, but cold (and sometimes snowy) weather was an issue, slowing the normal warm up in soil temperatures. In May, the rainy pattern that limited fieldwork in the Eastern Cornbelt spread to the Western Cornbelt. Surplus topsoil moisture ratings covered 40-50% of the cropland in Iowa, Minnesota, South Dakota and Wisconsin.

Cold, wet soils have been a major impediment to completing the crop planting process. The Prospective plantings survey of farmers done by USDA National Agricultural Statistical Service (NASS) around March estimated that corn plantings this spring should come in about 92.8 million acres, up from 89.1 million acres last year. Corn plantings were expected to increase 1-3% in most states in the Midwest. In South Dakota, a 13% increase was expected. At this point, it is doubtful that any states in the Cornbelt will be able to increase corn cultivation from last year. LMIC is expecting total corn plantings this spring will be 87.4 million acres, the lowest area since 2009.



As of June 2, USDA-NASS estimated that only 67% of the crop had been planted. This would be decline of close to 20 million acres from the same week a year ago, so the ability to reach 87.4 million acre mark infers dramatic acceleration in planting progress (nationwide) should suitable fieldwork days be available. The weather forecast for the next week indicates that the precipitation will likely be an issue again in the Corn Belt. The acreage picture is one that is unfolding day by day with each day lost in the field.

The lateness in planting also has negative implications for crop yield potential, since the crop will have less time to develop before harvest. Therefore the average yield per acre for the coming harvest is expected to fall to 162.5 bushels. Total corn harvest comes this fall is pegged at 13.0 billion bushels, down from 14.4 billion bushels harvested last year. Corn prices will have to go up to ration the smaller supply and LMIC is calling for a crop year average price of $4.50 at the farm for the 2019-2020 corn crop.

Soybean plantings this spring are also affected by recent weather. Since soybeans have a shorter growing season than corn, they are usually planted following corn. Soybean planting activities are also lagging behind normal, with 39% of the crop planted as of June 2, compared to the average for the last five years of 79%. In March, USDA-NASS estimated that farmers expected to reduce soybean plantings to 84.6 million acres, down from 89.2 million acres in 2018. Soybean planting efforts will be extended in late June this year, to get as much planted as possible and some of the acres that could not be planted to corn will be seeded with soybeans. The net result should be about 85.0 million acres planted to soybeans, with some states such as Nebraska, Kansas and some parts of the Southeast Planting more soybeans than a year ago.

SLOW SPRING SHAVES HAY YIELD, QUALITY ISSUES

LMIC lowered hay yields across the board this week and edged prices up as this spring continues to have devasting impact on fields and fieldwork. Reports out of the Northern Plains and Midwest with respect to hay are not positive. New seedings of alfalfa in those states are about half of all new seedings this year, and some of those acres are likely struggling with soils that are wet, cold, or flooded. Winterkill was also potentially an issue in these areas, as this winter was not the kindest either. It is unknown how many of those fields face irrecoverable situations, but for now, we assume that should the fields dry out those acres will still be harvested, but may lose a cutting.

With all the rain and lack of sun, it has been very difficult to get into fields. Fieldwork has the potential to tear up fields as well, further adding to yield drag. First cutting appears to be delayed across the Midwest and Northern Plains. The quality that is being taken off those fields will also face challenges. Windows for drying have been few and far between. High quality, dairy-quality hay is most at risk.

The latest USDA-NASS Agricultural Prices showed hay prices jump nationwide, adding $15 per ton to alfalfa when compared to the previous month and $4 to other hay. Tight hay stocks hasn't helped the situation and prices are expected to be high early in the year. The Northern Plains and Midwest are not major alfalfa producing regions. Production last year in those states was 36% of total alfafa production, but as the new seedings report indicated there was an incentive to plant more acres. The potential to catch up production later in the year remains an optimistic bias to raising prices too high too fast. The western states haven't had near the moisture problems that other regions of the country have experienced and good production should help keep alfalfa prices similar to a year ago. In other hay, the Midwest and Northern Plains are some of the highest producing states. LMIC moved yields slightly lower on delayed first cutting, but may have to adjust much lower should first cutting be missed entirely. Hay stocks are presumably tight in other hay as well, and if a cutting is lost, high prices could continue through summer.

COW-CALF RETURNS ADJUST TO LATE PLANTING CORN IMPACT

With corn prices moving higher, LMIC adjusted cow-calf returns to reflect lower calf prices. Previously, cow-calf returns were expected to be positive in 2019 and 2020. That picture has shifted substantially. Calf prices were raised across the board to reflect season average corn prices in the mid-$4 per bushel. Steer and heifer calf prices are now expected to fall by about 3% in 2019 relative to last year, equivalent to taking between $4-$7 per cwt out of 500-600 pound calf prices in the Southern Plains. Cull cow prices are still expected to move higher in 2019 by about 8.6%, averaging under $60 per cwt in the southern plains. The dramatic change in corn over this planting season resulted in LMIC forecast of cow-calf returns changing expectations from a gain of $27 per cow to a loss of $14 per cow. This is similar to the returns seen in 2018.

Adjustments were made to 2020 figures as well. Cow-calf returns were lowered by about $13 per head but are still expected to be positive in 2020. LMIC lowered calf prices in the first half of next year, reflecting the long tail in the corn market. LMIC is expecting a substantial rebound in the cull cow price as both beef and dairy cow slaughter is expected to pull back by 2020. Cow-calf returns in 2020 are penciling out to be the best returns in several years by 2020.