

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

October 8, 2021

Production			Prices			
Week Ending 10/8/2021	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	657	637	Live Steer	122.96	122.56	108.26
FI Hog Slaughter (Thou Hd)	2597	2729	Dressed Steer	195.40	195.17	169.67
FI Sheep Slaughter (Thou Hd)	34	35	Choice Beef Cutout	286.42	297.79	216.03
Live Y. Chicken Sl. (Mil Hd)	168.5	169.7	USDA Hide/Offal	16.13	15.44	8.37
			OK City Fdr. Str. (6-7 Cwt.)	151.78	152.37	146.17
Slaughter Cattle Live Weight	1369	1388				
Slaughter Hog Live Weight	283	290	National Negotiated Hogs	70.83	74.33	64.45
Slaughter Lamb/Sheep Live Wt.	118	120	Natl. Net Hog Carcass	92.20	92.27	76.53
			Feeder Pigs (40 Lbs) (\$/Head)	73.67	73.90	46.19
Beef Production (Mil Pounds)	544.1	536.4	Pork Cutout	110.53	112.97	94.58
Pork Production (Mil Pounds)	547.1	587.7				
Lamb, Mutton Prod. (Mil Lbs.)	2.0	2.1	Lamb Cutout	627.18	623.80	377.51
Previous 6 Wk. Moving Avg.			Cheddar, 40 lb Block(\$/lb)	1.79	1.79	2.36
Total Beef (Mil Lbs)	521.8	535.1				
Total Pork (Mil Lbs)	521.3	543.7	Corn, Omaha (\$/Bu)	5.44	5.45	3.63
Total Lamb, Mutton (Mil Lbs)	2.0	2.1	Soybeans, Cntrl IL (\$/Bu)	12.43	12.47	10.47

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

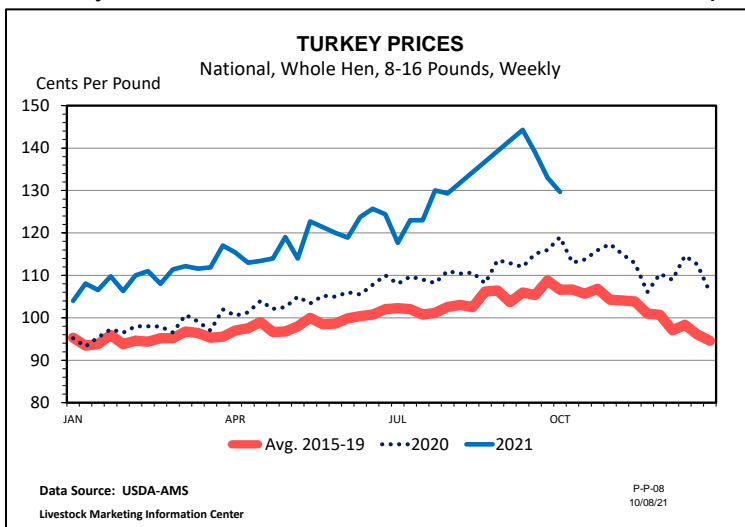
Trends. . GROCERS PAYING MORE FOR LATE SEASON HOLIDAY TURKEYS

The transition from procurement to distribution of meat for the Thanksgiving holiday should be getting underway in the next week or two. Consumer packaged hen turkeys in wholesale markets as of the first week in October were priced above a year ago by more than 10%, according to USDA-Agriculture Marketing Service (AMS) reports. Scarcity of product has been reported by the media in the last couple months. Trade was so limited from mid-August to mid-September that the USDA-AMS was not able to quote a price for hens in their weekly market summary. Price quotations for larger tom turkeys have been available throughout August and September, with trading stable, close to the values registered in mid-August. The resumption of price quotations in the second half of September was at values that were up 10% from a month earlier. During the last two weeks, prices for hens and toms have fallen back but are still above mid-August prices by 3-5%.

At the beginning of September, frozen hen inventories in commercial cold storage were down 26% from a year earlier while frozen tom inventories were up 5%. In total, frozen whole bird inventories

were down 9%. LMIC is expecting whole turkey frozen inventories to be down 26% from a year ago at the end of September. The accelerated decline in frozen inventories is due to turkey production in September that is projected to be down 3% while domestic usage and turkey exports post increases relative to September 2020. The decline in production is a consequence of turkey hatchery output in June that was down 8% from the prior June and July hatchery output that was down 4% from a year earlier.

Uncertainty about consumer demand for turkey has been a challenge for the



outlook in recent years and the past few months do not provide much clarity. Through the first two months of the summer quarter, domestic turkey usage was down 1% from July and August of 2020 but August usage was up 4%, so the trend was improving. Ham prices (vacuum packed 17-20#) that would compete with turkey at the holidays were up close to 40% from a year ago during the July-September quarter. Ham prices were volatile, however, and by the last week in September, those same ham prices were only up 5% from a year earlier. This could put a dent in grocery store turkey marketing programs as the holidays unfold. Current wholesale prices for whole turkeys in the \$1.30-\$1.40 per pound range (up from \$1.10-\$1.20 a year ago) are consistent with limited inventories in cold storage and usage this holiday season that would be unchanged to up slightly from last year.

RECORD PACE FOR BEEF EXPORTS

Beef exports reached a record level for any month at 324.5 million pounds shipped in August, a 21.3% increase over a year ago. August beef exports to Japan and Mexico increased 10.4% and 49.1%, respectively, from last year to 77.2 and 27.9 million pounds. Shipments to South Korea and Canada fell 9.0% and 6.4%, respectively, to 68.4 and 23.6 million pounds. Beef exports to China continue to soar with August at 59.4 million pounds, a more than five-fold increase from a year ago. Year-to-date exports to China have seen a more than nine-fold boost from last year which currently ranks them as the number three destination for U.S. beef exports behind Japan and South Korea. Total year-to-date U.S. beef exports have grown 21.0% (398 million pounds), driven partially by higher export levels to China.

August total pork exports were 525.9 million pounds, up 3.5% from last month but down slightly by 0.2% from last year. August was the second lowest pork export level this year behind July's 508.2 million pounds. Year-to-date pork exports through August remain nearly level with the same period last year, down 0.2% to just under 4.9 billion pounds. Exports to Mexico totaled 187.9 million pounds in August, up 50.4% from last year and the highest shipment level this year. Through August, exports to Mexico are up 27.5%. Pork exports to Japan and South Korea were 101.4 and 29.6 million pounds, respectively, up 8.8% and 5.4% from a year ago. Exports to China were 57.6 million pounds in August, down 49.2% from last year and the lowest level this year. Shipments to Canada declined 16.2% from last year to 43.3 million pounds. The growth in exports to Mexico, Japan, and South Korea have partially offset declines in shipments to China and Canada.

Broiler exports increased 5.5% from last year to 650.4 million pounds in August driven mainly by a 22.1% rise in shipments to Mexico which were 138.8 million pounds for the month. Turkey exports were 45.3 million pounds in August, down 5.4% from last year. Lamb imports continued at a strong pace with August up 62.4% from last year to 26.2 million pounds and year-to-date lamb imports up 23.7% totaling 33.1 million pounds.

CATTLE FEEDING RETURNS SLOW & STEADY

LMIC's cattle feeding returns for the month of September locked in another profit, albeit small. September is the 5th month of 2021 to post positive returns. Since April, estimated returns have been between \$30-40 per head. Expectations are for the rest of 2021 feedlots to see continued profits, but are unlikely to see "home-run" returns this year.

The upside to profit has been limited by high input costs. Cattle closeouts in September, are based on a feeder cattle input cost of \$139.28, the highest price in Dodge City since October of 2020. The next three months, all except one of closeouts will see higher feeder cattle input costs. The good news is those higher feeder prices will be partially offset by feed costs that are easing lower than they were earlier in the year. Corn, sorghum, and protein costs have all fallen more than a dollar per unit from the summer highs. Still, cattle placed over the summer were very likely fed some very high cost rations. Feedlots are still working through those cattle. Consequently, profits in the fourth quarter will likely have a wider range than the last few months. LMIC currently has the fourth quarter returns expecting to average \$30 per head. This puts the year at an annual average of \$15 per head.

LMIC is estimating next year's annual profit to be similar. Expectations are for the first quarter of next year to face some rather steep declines, and may be as large as \$80+ per head losses. However, after the first quarter of 2022, feedlot profit outlook is expected to improve substantially.