

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

January 8, 2021

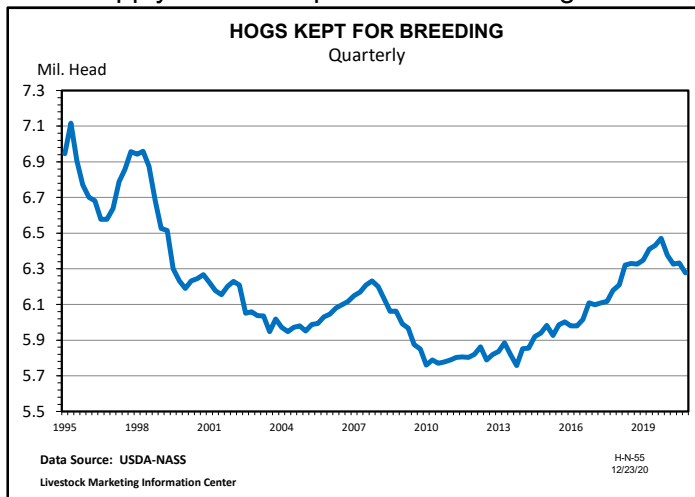
| Production | | | Prices | | | |
|-----------------------------------|-------|----------|--------------------------------|--------|----------|----------|
| Week Ending 1/9/2021 | | | Weekly Average (\$/Cwt) | | | |
| FI Cattle Slaughter (Thou Hd) | Last | Year Ago | Live Steer | Last | Week Ago | Year Ago |
| FI Hog Slaughter (Thou Hd) | 651 | 643 | Dressed Steer | 111.48 | 111.51 | 124.47 |
| FI Sheep Slaughter (Thou Hd) | 2849 | 2695 | Choice Beef Cutout | 176.02 | 175.67 | 199.74 |
| Live Y. Chicken Sl. (Mil Hd) | 35 | 36 | USDA Hide/Offal | 206.73 | 209.65 | 209.74 |
| Slaughter Cattle Live Weight | 137.8 | 146.5 | OK City Fdr. Str. (6-7 Cwt.) | 9.13 | 9.09 | 8.90 |
| Slaughter Hog Live Weight | 1390 | 1377 | | 143.27 | NQ | 150.25 |
| Slaughter Lamb/Sheep Live Wt. | 293 | 291 | Natl. Negotiated Purchase | 54.08 | 49.93 | 50.67 |
| Beef Production (Mil Pounds) | 125 | 133 | Natl. Net Hog Carcass | 65.49 | 63.22 | 63.24 |
| Pork Production (Mil Pounds) | 544.9 | 529.5 | Feeder Pigs (40 Lbs) (\$/Head) | 68.80 | 67.38 | 67.60 |
| Lamb, Mutton Prod. (Mil Lbs.) | 621.4 | 585.9 | Pork Cutout | 78.77 | 73.86 | 73.26 |
| Previous 6 Wk. Moving Avg. | | | Lamb Cutout | 383.66 | 362.53 | 359.78 |
| Total Beef (Mil Lbs) | 498.8 | 507.1 | Cheddar, 40 lb Block(\$/lb) | 1.66 | 1.66 | 1.89 |
| Total Pork (Mil Lbs) | 550.1 | 553.7 | Corn, Omaha (\$/Bu) | 4.81 | 4.80 | 3.78 |
| Total Lamb, Mutton (Mil Lbs) | 2.2 | 2.4 | Soybeans, Cntrl IL (\$/Bu) | 13.67 | 13.25 | 9.48 |

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

Trends . . . QUARTERLY HOGS AND PIGS

The Dec 1 Hogs and Pigs Report was released on December 23, 2020 which placed the total inventory for all hogs and pigs at 77.5 million head, down just under 1%. Hogs kept for breeding declined 3.0% to just under 6.3 million head and market hogs dropped to just over 71.2 million head, down less than 1%. USDA-NASS made extensive revisions to prior quarters, which is largely reflective of the challenges due to pandemic related disruptions in 2020. Aside from the revisions, the report notes the uncertainties that still lie ahead for producers as they grapple with an uncertain demand picture and rising feed costs.

The breakdown of market hog categories showed declines in the under 50 pounds and 50-119 pounds categories, down 1.4% and 1.8%, respectively, to 21.7 and 20.3 million head. The 120-179 pounds category was essentially flat at 15.2 million head while the 180 pounds and over category was up 1.2% to nearly 14.0 million head. The higher number of heavy weight hogs is not a surprise as the trend has occurred each quarter of 2020, but still highlights that there are plenty of market ready hogs in the supply chain and packers are working to remain current on marketings.



Sow farrowings for the Sep-Nov period were 3.164 million head (down 1.0%) and pigs per litter dropped slightly from 11.09 a year ago to 11.05. The last time pigs per litter dropped for the Sep-Nov period was nearly two decades ago in 2001. The drop in both farrowings and pigs per litter led to a lower pig crop, down 1.4% to nearly 35.0 million head. Farrowing intentions for the Dec-Feb period were up 1.6% to 3.118 million head, but the Mar-May period was down 0.8% to 3.123 million head. The 3.0% drop in hogs kept for breeding to nearly 6.3 million head is noteworthy as it is the lowest level since March 2018 and the largest percentage drop in six years for the December

period. But the December 2019 hogs kept for breeding of 6.471 million was also the highest level in two decades and the current breeding herd is still easily above prior year's levels.

DAIRY PRODUCTS

Dairy production data was released for November by USDA-NASS this week. Butter churners continued at high volumes, up 4% for the month compared to the prior year, and extending already very large year-to-date volumes to 18% higher than 2019. American style cheese makers produced similar volumes compared to a year ago, up 4% in November. Year-to-date volumes for cheddar and other American style cheeses have been very large as well. Through the first 11 months of 2020, total American cheese is up 13% compared to 2019, cheddar is up 14%, while other American types are up 10%. Mozzarella, the other top cheese produced in the U.S., pulled back production in November and was down 3%. Similar to American type cheeses, year-to-date figures are well ahead of 2019, up 9%. Total cheese production grew about 1% in November, but the majority of non-American style cheese pulled back. Total cheeses excluding American types was down 2% for the month compared to a year ago.

Other dairy products saw higher volumes in November as well, including many frozen dairy products. Ice cream and frozen yogurt across all fat contents, were up with the exception of low fat soft ice cream, down 13%, and non-fat hard ice cream declining 24%. Low fat hard ice cream saw the largest increase, up 18% compared to November 2019. Other frozen dairy products also saw a large increase up 121% compared to the prior year.

Powder products such as dry whey and non-fat dry milk have put together a strong production year, both up more than 7% year to date. Dry whey for human consumption pulled back in November data, down 6%, but non-fat dry milk production continued to surge, up 9% year-over-year. The result has led to an increase in end of the month inventories for non-fat dry milk powder, which now sits at 12% higher than November 2019, but lower than the highs seen earlier in 2020. Dairy product production has largely been higher this year, despite pandemic disruptions to demand and the supply chain. Cold storage for many of these products has increased as a result. Dairy products are playing a role in managing milk supply and extending the shelf life of milk to greater degree than the fluid product. Recent milk production reports have indicated increasing number of cows, which will add to dairy supplies in 2021.

CORN AND SOYBEAN MARKETS

The first week in 2021 is witnessing the nearby corn futures prices closing in on \$5.00 per bushel. The last time corn prices were this high was May 2014. Corn prices at the farm, as reported by USDA-NASS during the 2013-2014 crop year ending on August 31, 2014 averaged \$4.46 per bushel. Nearby corn futures finished August 2014 at \$3.59, a \$1.50 decline in about three months. A record large corn crop of 14.2 billion bushels was about to be harvested, followed by 1.9 billion bushels of the crop being marketed in export markets and 6.6 billion bushels being used domestically for food, industrial and seed purposes. These figures compare to the current situation where production is pegged at 14.5 billion bushels by USDA-NASS. However, there is considerable uncertainty in this year's demand profile. The corn futures rally is following soybeans higher, and cash has struggled to keep pace, widening the basis for this time of year. Although exports have been strong, the fundamentals are not currently holding ending stocks tight enough to justify \$5 corn. Still, there seems little to move the futures lower ahead of U.S. plantings and harvest in South America.

Soybean prices are following a trajectory similar to corn with nearby soybean futures prices increasing \$1.00 per bushel in the last week and a half, reaching the highest values since June 2014. Nearby month futures prices reached \$13.50 in the first week of the year, providing support for soybean meal prices at \$430 per ton, \$50 higher than a month ago and \$140 higher than a year ago. The impetus for surging prices has come from adverse crop development conditions in Argentina, the third largest soybean producing country and the leading exporter of soybean meal in the world. Reduced availability of soybeans and soybean products from Argentina is forcing the world to focus on US soybean supplies. Projected exports of US soybeans is expected to be a record at 2.2 billion bushels and soybean meal exports should be close to the record set last year at 14 million tons. As a result, inventories of soybeans at the end of this crop year (August 31, 2021) will be close to 200-220 million bushels, down from 909 million bushels two years earlier. Tightening supplies support a rising price trend in order to bid more plantings of the crop in the US this spring versus corn and cotton. The average price for soybeans this crop year is currently expected to be \$11.50 but the risks to this forecast are all to the high side, depending on weather and the global economy in coming months. The potential for record high soybean prices in the \$15-\$20 area exists based on possible market conditions.