

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

July 16, 2021

Production			Prices			
Week Ending 7/16/2021			Weekly Average (\$/Cwt)			
	Last	Year Ago		Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	653	646	Live Steer	122.80	122.16	96.36
FI Hog Slaughter (Thou Hd)	2280	2517	Dressed Steer	197.75	198.33	157.56
FI Sheep Slaughter (Thou Hd)	34	37	Choice Beef Cutout	271.81	283.03	201.24
Live Y. Chicken Sl. (Mil Hd)	146.9	165.2	USDA Hide/Offal	13.00	12.82	6.92
			OK City Fdr. Str. (6-7 Cwt.)	163.90	NQ	146.04
Slaughter Cattle Live Weight	1346	1358	National Negotiated Hogs	111.88	110.91	31.13
Slaughter Hog Live Weight	264	284	Natl. Net Hog Carcass	108.37	106.55	52.83
Slaughter Lamb/Sheep Live Wt.	124	129	Feeder Pigs (40 Lbs) (\$/Head)	63.00	60.90	10.90
Beef Production (Mil Pounds)	531.2	535.5	Pork Cutout	118.94	115.67	68.25
Pork Production (Mil Pounds)	479.1	533.3	Lamb Cutout	562.89	558.98	351.74
Lamb, Mutton Prod. (Mil Lbs.)	2.1	2.4	Cheddar, 40 lb Block(\$/lb)	1.54	1.53	2.64
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	6.24	6.18	3.13
Total Beef (Mil Lbs)	522.4	530.0	Soybeans, Cntrl IL (\$/Bu)	14.88	13.96	8.97
Total Pork (Mil Lbs)	481.6	527.4				
Total Lamb, Mutton (Mil Lbs)	2.1	2.5				

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

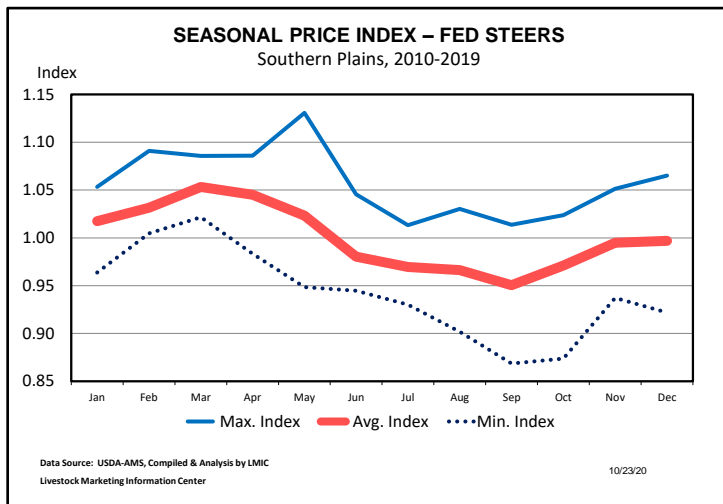
Trends. . . LIVE CATTLE PRICES CONTINUE COUNTERSEASONAL MOVE

Slaughter steer prices in the Southern Plains have continued to remain stable to higher since about April, maintaining about \$120 per cwt, with the exception of a few dollars higher in late June. The normal seasonal pattern for slaughter steer prices is higher in the first quarter, trending lower through September, before rebounding. The ten year price index shows clearly a third quarter bottom. The five year average of actual prices have maintained higher and more even prices in first and second quarters before bottoming in late September—not all that different than the 10 year seasonal index would imply.

It's unsurprising 2020 was volatile and did not adhere to normal seasonal patterns. This year we expected some residual effects especially in the first half of 2021, but believed the later part of 2021 would follow those strong seasonal trends. That thought process is fading as the price strength seen in fed cattle does not appear to be slowing down. Choice boxed beef is partially to

blame. Choice boxed beef ended this week down about \$270 per cwt, about \$70 less than the peak set this year at \$338 per cwt. What is notable is that boxed beef values are not collapsing very fast, which has enabled fed cattle prices to remain elevated.

Packer margins are still historically large, enabling packers to continue to pay more for cattle even as the cutout is falling. LMIC calculated last week's live to cutout spread at \$732 per 1000 pounds of steer. Over the last 20 years (2019-2000) the live to cutout spread has averaged \$164 per 1000 pounds of steer, and in the last decade (2019-2010) only \$188. Cattle on feed inventories are



substantially higher than the last five years, even as the national cattle numbers contract. Drought placements may eventually lead to some pressure to slaughter steer prices, but if the cutout remains elevated packers are expected to be motivated to push cattle through slaughter facilities.

RETAIL MEAT PRICES REMAIN ELEVATED

Retail meat price data was recently release for the month of June. Beef and pork prices remain well above typical levels while chicken prices continued to moderate lower. Pork prices have been tracking above last year's levels since the start of the year and prices have been increasing for the last nine consecutive months. The pork price of \$4.55 per pound in June set an all-time high based on data going back to 1960. Sliced bacon prices increased \$0.90 per pound (15.6%) to \$6.67 while boneless hams rose \$0.31 per pound (6.8%) from last year to \$4.92. All pork chops fell \$0.10 per pound (-2.4%) to \$4.09 along with declines in chops (center cut bone-in) and boneless chops each down 4.2% and 3.2%, respectively, to \$4.35 and \$4.54 per pound.

Many of the retail beef price data for June last year were record prices which led to some of the reported prices posting year-over-year declines, but some categories set record highs. The June all fresh beef price was \$7.11 per pound, down 1.2% from last year but the third highest level only behind record prices of June (\$7.56) and May (\$7.59) set last year during the pandemic. Ground beef fell 8.0% to \$4.36 per pound, chuck roast and round roast both fell 7.4% and 5.1%, to \$6.64 and \$6.21. The Choice sirloin steak, beef for stew, and all uncooked beef steaks each set all-time high prices in June. Choice sirloin steak was \$10.78 per pound rising 3.4% over last year which was the prior record price at \$10.42. Beef for stew and all uncooked beef steaks were \$6.80 and \$9.75 per pound, respectively, beating the prior record prices set exactly one year ago.

The June broiler composite retail chicken price was the second highest at \$2.06 per pound which was 1.1% or \$0.02 lower than last year. June of 2020 is the record broiler composite price of \$2.08 per pound. Both chicken legs (bone-in) and boneless chicken breast prices rose 0.6% and 0.1% over last year, respectively, to \$1.61 and \$3.35 per pound. Eggs (grade A) increased 5.7% to \$1.64 per dozen, the highest price since April 2020. Milk prices rose 11.2% to \$3.56 per gallon, the highest price since January 2015.

JUNE 30 CROP ACREAGE REPORT

The June 30 USDA NASS March Prospective Plantings report updated acreage expectations for the upcoming 2021/22 crop year. Principal crop acres were pegged at 317.2 million acres, an increase of 7.1 million acres or 2.3% over last year. Total corn and soybean acres were estimated at 180.2 million acres, up 3.6% from last year. Corn planted acres were estimated at 92.7 million acres, an increase of 1.87 million acres (2.1%) from the prior year. Soybean planted acres were estimated to be 87.6 million acres, an increase of 5.4% or 4.5 million acres from a year ago.

LMIC is currently forecasting corn production for the 2021/22 crop year at just over 14.5 billion bushels which would be the highest in four years. The production forecast is based on an estimated acres harvest of 84.5 million acres and a yield estimate of 172 bushels per acre, flat with last year's yield. Stocks are starting the year at nearly 1.3 billion bushels, the tightest level since the 2014/15 crop year. Total disappearance of 14.8 billion bushels will leave ending stocks at just over 1.0 billion bushels, the lowest carryover since the 2012/13 crop year. Based on tighter supplies corn prices are expected to remain elevated at a season average price of \$4.85 per bushel, the highest in nearly a decade.

The LMIC soybean production forecast for the 2021/22 crop year is expected to be over 4.3 billion bushels, up 4.9% from last year. The soybean production forecast is based on an estimated acres harvested of 86.7 million acres (up 5.3%) with an estimated yield of 50 bushels per acres, essentially flat with last year. This growing season soybean stocks started out the year at 119 million bushels, the lowest level in seven years. Based on the forecasted production and disappearance of nearly 4.4 billion bushels, ending stocks are expected to remain at its tightest level in eight years at an estimated 112 million bushels. The tight supplies and sustained demand are supporting high prices which are forecast at \$13.50 per bushel, the highest in nine years.