

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

Market Indicators . . .

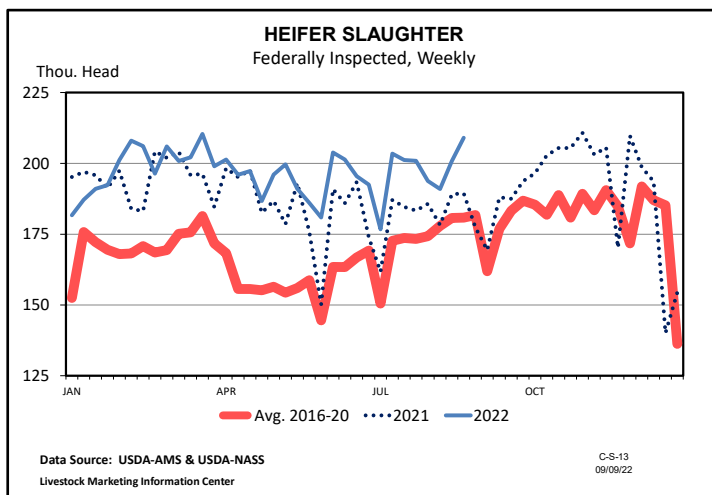
September 9, 2022

Production			Prices			
Week Ending 9/10/2022	Last	Year Ago	Weekly Average (\$/Cwt)	Last	Week Ago	Year Ago
FI Cattle Slaughter (Thou Hd)	604	579	Live Steer	142.17	142.88	124.79
FI Hog Slaughter (Thou Hd)	2243	2248	Dressed Steer	226.63	228.78	200.82
FI Sheep Slaughter (Thou Hd)	28	31	Choice Beef Cutout	259.27	259.73	332.46
Young Chicken Sltr. (Mil Hd)	177.5	161.3	USDA Hide/Offal	13.90	13.80	15.31
			OK City Fdr. Str. (6-7 Cwt.)	NQ	188.84	NQ
Slaughter Cattle Live Weight	1352	1369	National Negotiated Hogs	97.21	104.34	88.00
Slaughter Hog Live Weight	282	283	Natl. Net Hog Carcass	99.78	103.65	95.66
Slaughter Lamb/Sheep Live Wt.	132	116	Feeder Pigs (40 Lbs) (\$/Head)	65.06	61.89	70.89
Beef Production (Mil Pounds)	494.1	479.9	Pork Cutout	103.20	102.41	107.47
Pork Production (Mil Pounds)	470.5	472.9	Lamb Cutout	503.14	501.58	629.56
Lamb, Mutton Prod. (Mil Lbs.)	1.9	1.8	Cheddar, 40 lb Block(\$/lb)	1.88	1.89	1.77
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	7.41	7.46	5.65
Total Beef (Mil Lbs)	527.6	520.2	Soybeans, Cntrl IL (\$/Bu)	15.16	15.62	12.70
Total Pork (Mil Lbs)	492.4	495.8				
Total Lamb, Mutton (Mil Lbs)	2.2	2.0				

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

Trends. . . PRELIMINARY AUGUST HEIFER SLAUGHTER

Heifer slaughter in the month of August set a high pace. Actual slaughter data released through August 27, 2022, showed harvest levels are running 11.1% above a year ago with 1 extra slaughter day compared to a year ago. The slaughter mix of federally inspected heifers to steers was a ratio of 38.6% to 61.4% compared to the 39.2% heifers in the feedlot mix reported for June Cattle on Feed. Steer slaughter on the other hand is less than 1% higher than last year this August. Heifer dressed weights have been higher as well, up 1 pound compared to last year, producing nearly 66 million pounds of beef more than last year. Steer weights are even with a year ago. Beef cow slaughter continues to impress – up 8.8% in August year-over-year or 24,000 head higher. Dairy cows are estimated to be down 1,600 head. Weights of cows heading to slaughter have dropped significantly from last year, down an estimated 8 pounds based on the weekly data. Still, cows have contributed a whopping 12.4 million more pounds of beef than last year.



Next Thursday weekly data will close out the last few days of August, and the official numbers will be released about mid-month in USDA NASS' Livestock Slaughter report. The large volumes of heifers has shifted the LMIC estimate from a net negative in beef production for 2022 over 2021 to slightly positive. The large volume though indicates prospects of rebuilding of the beef cow herd is continuing to decrease. The LMIC estimate for January 1, 2023 beef cow herd is a decline of 2.5% from last year,

but the heifers held for replacement will be the more telling story. January 1 Cattle inventory will also provide state level data. Certain regions of the country will show more dramatic changes as result of drought liquidation.

PRIME CUTOOUT

August cutout data showed a strong resurgence in interest for Prime graded beef, approaching levels not seen since January of 2022. The Prime cutout value was \$330.57 per cwt, up from July's \$317.51 value, and just short of January's peak for the year of \$341.12 per cwt. interestingly other grades of beef cutout failed to rally and were even with the month before. Branded, Choice, and Select cutout values have held the \$275-\$250 range since March 2022.

Prime cutout primarily rose on the loin and rib components that posted strong month-over month gains. Prime loin values hit a high point for the year with the August average being \$554.10, up 6% from July, but 4% lower than last year. Prime Rib values increased 12% from July up over \$600 per cwt, a level not seen since first quarter of 2022. August's value did not take out the previous high of 2022, which was over \$700 per cwt in January. The August Prime Rib value was 2.4% under August 2021.

The strong interest in prime rib and loin values is associated with a seasonal component that has become much more pronounced since 2017 in the premiums between Prime and other grades of beef. Fall of 2021 was one of the largest historical cutout spreads, in which Prime commanded over an \$80 per cwt over Choice. Prime Rib values are on pace to approach last year's high point, while Prime loin values are slightly weaker. One additional component is that the supply of prime graded carcasses is slightly smaller than last year: about 7.6% in August of this year versus 8.7% last year. As mentioned in the first article steer and heifer slaughter is slightly up from a year ago. Taking into account the percentages and the increase in fed slaughter, we estimated the supply of cattle grading prime was down about 9% from last year or about 15,000 head.

HPAI and Poultry Price Reporting

Highly pathogenic avian influenza (HPAI) continues to impact the U.S. poultry industry with the current tally of birds affected at nearly 44 million birds from the current outbreak. Most recently a table egg layer operation in Ohio had 3 million birds affected. This is on top of the nearly 30.7 million egg layers that have already been affected by the current HPAI outbreak. USDA has also recently reported two cases in turkey flocks affecting a total of 228,500 in Minnesota. Cases occurring in the Midwest is concerning as major outbreaks have not occurred in that region since the spring.

Similar to prior HPAI outbreaks, cases tended to follow migratory patterns, but this outbreak has also moved west affecting every U.S. flyway. USDA reported cases in commercial turkey and broiler flocks in California just one week ago. Along with the reported cases in commercial flocks in Ohio and Minnesota, cases in backyard flocks in Indiana and Wisconsin raise concerns. The endemic nature of this outbreak heightens concerns that further outbreaks could occur in the Midwest leading to another round of impacts to poultry and egg supplies. It also poses the question if HPAI is something producers will have to deal with and manage moving forward and what are the implications for both supplies and prices?

As has been the case during most of this HPAI outbreak, egg prices have moved lower over the last month to last week's price of \$2.25 per dozen (New York, delivered) which is more than a dollar below the record of \$3.39 set in late July. Compared to last year, egg prices are 57% or \$0.82 per dozen higher. The impacts to turkey flocks has kept prices well above last year's levels with prices (national, whole hen 8-16 lbs.) in the recent weeks at or above \$1.60 per pound and boneless/skinless turkey breast prices at 6.65 per pound.

USDA recently changed how it will be reporting broiler and turkey prices. The new report (ams_3646) will eliminate regional reports and combine daily and multi-day reports into one report released on Fridays. The September 2 and 9 reports were the first to be released which included some changes to categories. Whole turkeys will be a continuous series, while broiler parts will not have year ago comparisons.