

In The Cattle Markets

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Retail Meat Prices

USDA National Agricultural Statistics Service (NASS) has released two major reports in the past two business days. On Friday, the latest [Quarterly Hogs and Pigs \(QHP\)](#) report was released, and it contained a few surprises. Key numbers from the report are summarized, along with pre-report expectations, in table 1 below:

Table 1. Hogs and Pigs in Inventory (1,000 head)

	2013	2014	2014 as % of 2013	Avg. Estimate
All hogs and pigs	65,072	62,489	96%	97.0%
Kept for breeding	5,836	5,851	100%	101.6%
Market hogs				
<50 lbs.	19,135	117,999	94%	98.1%
50 – 119 lbs.	17,078	16,071	94%	96.3%
120 – 179 lbs.	12,414	11,931	96%	95.3%
>180 lbs.	10,678	10,271	96%	96.4%
Sows Farrowing				
Mar-May	2,806	2,797	100%	102.5%
Jun-Aug intentions	2,890	2,893	100%	102.1%
Sep-Nov intentions	2,780	2,880	104%	102.6%
Pigs crop, Mar-May	28,921	27,361	95%	97.7%
Pigs per litter, Mar-May	10.31	9.78	95%	95.2%

On a number of key inventory items, Friday's report came in well below trade expectations. Particularly with respect to market hog inventories in the lighter weight categories, actual inventories appear to be considerably smaller than was expected. The March-May pig crop was also below the average trade expectation, reflecting mostly smaller farrowings than anticipated. Pigs per litter (i.e., surviving pigs per litter) were about in line with expectations, which it should be noted anticipated a substantial year-over-year decline. In all of these figures, the impact of PEDv on the market over the past few months is evident. Clearly, the industry has had its hands full in dealing with the challenge of managing this disease, and despite those efforts production has been notably affected.

Looking ahead, the report calls for farrowing in the June-August quarter to match last year's level and for farrowings to increase 4% in the September-November quarter. We'll see if that comes to pass. It may be worth noting that in the March *QHP* report, March-May farrowing intentions called for farrowings 2% above 2013's. As shown above, that actual number came in essentially flat. Given the steady breeding herd number, wringing out up to 4% higher farrowings by this fall will be a tall order.

On Monday, USDA released the annual [Acreage](#) report, estimating final planted acres for the major commercial row crops. This report is always highly anticipated since it provides the most complete update of crop acreage that we will have until well into harvest. The report was decidedly bearish for the grain complex. National corn plantings were estimated at 91.641 million acres, down just a touch from the 91.691 reported in the March [Prospective Plantings](#) report. This was a bit below the pre-report consensus but was well within the range of pre-report estimates. Soybean acreage, on the other hand, was a real surprise. Soybean plantings were estimated at 84.839 million acres – over 4.3 million acres larger than the *Prospective Plantings* estimate and over 800 thousand acres above even the highest pre-report estimate. Soybeans and corn actually received a bit of a combination blow on Monday. The quarterly [Grain Stocks](#) report was released in tandem with the *Acreage* report, and it featured corn and soybean June 1 stocks estimates that were both on the high side of trade expectations. Markets responded strongly to this new information on Monday, with November Soybeans trading as much as 75 cents lower in the wake of the reports and December Corn falling by nearly 25 cents.

The Markets

The cash fed cattle market posted a stunning performance last week. USDA reported prices as high as \$155 (live basis) in late business on Friday. For the week, the [5-Area weighted average live steer price](#) worked out to \$154.32, which is about a \$2 improvement over the high from this spring. It is, of course, a notable event when the spring high in the fed cattle market is taken out in mid-summer. High cash prices have been underpinned by strong wholesale meat prices. The [Choice cutout](#) finished the week on Friday at \$245.98, also eclipsing last spring’s record highs in that market. As for the stocker/feeder market, it was by no means left out the action last week. According to the [National Feeder and Stocker Cattle Summary](#) report from USDA AMS, calf and yearling prices last week were \$4 to \$10 higher than the previous week.

<i>Data Source: USDA-AMS Market News</i>		Week of 6/27/14	Week of 6/20/14	Week of 6/28/13
5-Area Fed Steer	all grades, live weight, \$/cwt	\$154.32	\$149.10	\$120.58
	all grades, dressed weight, \$/cwt	\$244.15	\$236.91	\$193.79
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$244.39	\$238.39	\$197.64
	Choice-Select Spread, \$/cwt	\$6.55	\$7.61	\$10.89
700-800 lb. Feeder Steer	Nebraska 7-market average, \$/cwt	\$233.42	\$215.77	\$147.48
	Oklahoma 8-market average, \$/cwt	\$214.06	\$208.24	\$140.04
500-600 lb. Feeder Steer	Nebraska 7-market average, \$/cwt	\$287.26	\$251.59	\$177.54
	Oklahoma 8-market average, \$/cwt	\$242.26	\$245.19	\$156.01
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.37	\$4.50	\$7.14
	DDGS Price, Nebraska, \$/ton	\$136.00	\$145.30	\$232.25