# Livestock Monitor

## A Newsletter for Extension Staff

## Livestock Marketing Information Center

State Extension Services in Cooperation with the USDA

## Market Indicators . . . July 24, 2009

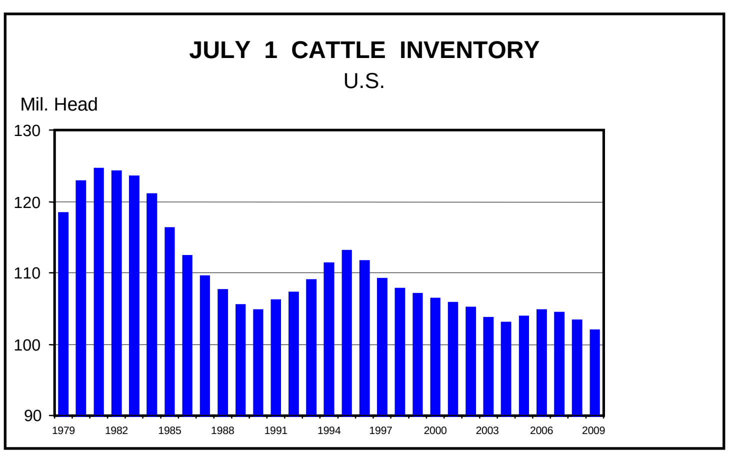
| Production | Last | Year Ago | Prices | Last | Week Ago | Year Ago |
|---|---|---|---|---|---|---|
| Week Ending 7/25/2009 | Last | Year Ago | Weekly Weighted Avg. | Last | Week Ago | Year Ago |
| FI Cattle Slaughter (Thou Hd) | 615 | 665 | Live Steer | 83.38 | 83.62 | 94.79 |
| FI Hog Slaughter (Thou Hd) | 2030 | 2130 | Dressed Steer | 132.21 | 131.87 | 151.46 |
| FI Sheep Slaughter (Thou Hd) | 42 | 44 | Beef Cutout (Choice 600-900) | 141.45 | 137.39 | 163.11 |
| Live Y. Chicken Sl. (Mil Hd) | 160.7 | 167.8 | USDA Hide/Offal ($/Cwt) | 7.57 | 7.17 | 12.06 |
| | | | GA Auction Fdr. Str. (6-7 Cwt.) | 91.03 | 89.73 | 96.65 |
| Slaughter Cattle Live Weight | 1279 | 1276 | | | | |
| Slaughter Hog Live Weight | 267 | 262 | Iowa/S. Minn. Base Hog (Wtd. Avg) | 57.79 | 56.52 | 79.47 |
| Slaughter Lamb/Sheep Live Wt. | 140 | 134 | Natl. Net Hog Carcass (Wtd. Avg) | 62.26 | 61.22 | 79.90 |
| | | | Feeder Pigs (40-50 Lbs) | 29.03 | 24.08 | 24.93 |
| Beef Production (Mil Pounds) | 477.3 | 514.9 | Pork Cutout | 65.69 | 62.46 | 84.81 |
| Pork Production (Mil Pounds) | 405.8 | 416.0 | | | | |
| Lamb, Mutton Prod. (Mil Lbs.) | 2.9 | 3.0 | Lamb Cutout ($/Cwt) | 225.29 | 222.87 | 254.22 |
| Previous 6 Wk. Moving Avg. | | | Corn, Omaha ($/Bu) | 2.96 | 3.02 | 5.33 |
| Total Beef (Mil Lbs) | 496.5 | 522.3 | Wheat, Portland ($/Bu) | 5.08 | 5.38 | 8.03 |
| Total Pork (Mil Lbs) | 398.2 | 405.5 | Wheat, Kansas City ($/Bu) | 5.24 | 5.42 | 8.02 |
| Total Lamb, Mutton (Mil Lbs) | 2.9 | 2.9 | Soybeans, S. Iowa ($/Bu) | 10.27 | 10.10 | 13.59 |

*Source: Various USDA-AMS reports. Some data are preliminary.*

## Trends . . . JULY 1 CATTLE INVENTORY DOWN FROM A YEAR AGO

USDA-NASS recently reported that the mid-year U.S. cattle and calf inventory posted another year-to-year decline as of July 1, 2009. The report confirmed views that cow-calf producers over the last year have reduced their herds due to a variety of factors, including increases in production costs, lower calf prices and in some regions weather conditions. Looking ahead, tighter supplies of available cattle will be supportive of fed cattle prices. However, the demand for cattle and beef remains sluggish as the economic slowdown has put a damper on domestic and export beef demand, thus cattle prices will depend greatly on how well consumer demand recovers over the next year.

USDA reported the U.S. cattle herd at 101.8 million head versus 103.3 million head last year and over two percent below 2007's mid-year number. The number of beef cows at 32.2 million head and the number of dairy cows at 9.2 million head, was expected. Of note, USDA made notable downward revisions to last year's beef cow inventory and raised the number of dairy cows. According to the report, the number of beef heifers held as replacements was down a little over two percent; at 4.5 million head, by historical standards the number of replacement beef heifers implies some further cowherd reductions are ahead. Further, additional declines may occur in the drought-stressed areas including Texas as the year progresses. USDA estimated the calf crop at 35.6 million head about 500 thousand head less than last year and the smallest since 1950.




Similar to last year, higher feed grain costs has resulted in a number of calves placed out on pasture before being placed on feed. But, nationwide smaller calf crops have compensated for longer grazing periods. Thus, as of July 1$^{st}$, the calculated number of feeder cattle outside of feedlots was around 38 million head, down about 200,000 head from last year

## SHEEP FLOCK DECLINES

USDA-NASS also recently released the July 1 Sheep report on Friday, which reported another year-to-year decline in the U.S. sheep flock and included an additional downward revision to the last year's mid-year inventory numbers as well. According to the report, the U.S. sheep and lamb flock totaled 7.05 million head, 220 thousand head less than a year ago and over six percent smaller than 2007's. The year-to-year decline in lamb numbers in the January and July reports has been indicated in the reduced number of slaughter lambs this year.

The number of breeding ewes one year and older was 3.47 million head versus 3.59 million head last year. As expected, the number of market lambs was down 105 thousand head from last year at 2.69 million head, while the number of market sheep (cull animals) was up 5 thousand head from a year ago. Both the breeding ewe and the market lamb inventories were the smallest mid-year numbers on-record.

According to the report, producers indicated that the number of replacement lambs at mid-year was 630 thousand head, unchanged from a year ago. However, as pasture and range conditions deteriorate in some regions, particularly the Southern Plains the number of replacements may show a yearly decline in the January 1 report released next year. The 2009 lamb crop is estimated to be 3.7 million head, four percent smaller than 2008's, due to the smaller breeding flock. As of mid-year, nearly 88 percent of the 2009 lamb crop was already on the ground with the additional 450 thousand lambs expected to be born yet this calendar year.

Looking ahead, feeder lamb prices should remain above a year ago for the balance of 2009 supported by tighter supplies. For 2009, Texas feeder lamb prices are forecast to average 5 to 8 percent above 2008's. In contrast, slaughter lamb prices will continue to struggle this year due to sluggish retail and restaurant demand for lamb. Still, slaughter lamb prices in 2009 are forecast to average only about 1 percent below a year ago. In 2010, tighter lamb supplies will likely result in increased feeder and slaughter lamb prices.

## COLD STORAGE

On Wednesday, July 22nd, USDA-NASS released the monthly Cold Storage reported ending frozen stocks of red meat as of June 30th, were about 6 percent larger than last year due to an increase in the supply of pork items. On a monthly basis, frozen supplies of red meat at the end of June were up about one percent from the end of May. Similar to prior months, frozen stocks of poultry were smaller than last year due to well below year ago chicken supplies, while turkey stocks continued to build-up.

As of June 30th, frozen stocks of pork totaled 578.8 million pounds, 9 percent larger than last year and 31 percent above the 2003-2007 average at mid-year. Despite a decline in pork production this year, due to sluggish domestic and export demand relative to last year, frozen pork stocks have posted annual increases. On a per item basis, the only pork items not to post a year-to-year increase were bone-in hams (down 30 percent) and pork loins (bone-in and boneless), which were down 8 percent. Of note, pork butts were up 38 percent, followed by boneless hams (up 30 percent), spareribs (up 26 percent) and trimmings (up 19 percent), while bellies posted a 3 percent increase from last year.

Stocks for beef in cold storage were 434.6 million at the end of June, about 2 percent larger than at the same time last year and 8 percent higher than the prior five-year average. On a monthly basis, beef stocks increased by about 4 percent from May to June. As of June 30th, boneless beef cuts were above last year (up about 4 percent) due to larger imports from Australia this year, while bone-in cuts remained less than a year ago at 9 percent smaller.

According to the USDA, frozen chicken stocks at 658.5 million pounds were down 14 percent from 2008's and 7 percent smaller than 2003-2007 average, but stocks grew about 2 percent from May to June. Frozen supplies of turkey have been larger than last year each month so far this year, with stocks as of June 30th at 6 percent above 2008's as product for processing continued to build.