February 26, 2010

Livestock Monitor

A Newsletter for Extension Staff

Livestock Marketing Information Center

Production

Week Ending 2/27/2010	Last	Year Ago
FI Cattle Slaughter (Thou Hd)	632	619
FI Hog Slaughter (Thou Hd)	2163	2179
FI Sheep Slaughter (Thou Hd)	43	41
Live Y. Chicken Sl. (Mil Hd)	159.1	154.8
Slaughter Cattle Live Weight	1290	1313
Slaughter Hog Live Weight	270	272
Slaughter Lamb/Sheep Live Wt.	142	145
Beef Production (Mil Pounds)	488.1	489.5
Pork Production (Mil Pounds)	437.3	444.2
Lamb, Mutton Prod. (Mil Lbs.)	3.0	3.0
Previous 6 Wk. Moving Avg.		
Total Beef (Mil Lbs)	488.6	492.5
Total Pork (Mil Lbs)	436.9	453.1
Total Lamb, Mutton (Mil Lbs)	3.0	3.1

Prices

Weekly Average ($/Cwt)	Last	Week Ago	Year Ago
Live Steer	90.95	91.03	81.56
Dressed Steer	144.55	144.48	129.47
Choice Beef Cutout	149.62	144.58	133.30
USDA Hide/Offal	9.80	9.77	6.54
GA Auction Fdr. Str. (6-7 Cwt)	95.31	95.52	80.16
Iowa/S. Minn. Base Hog	67.73	65.17	53.80
Natl. Net Hog Carcass	68.02	66.81	59.65
Feeder Pigs (40 Lbs) ($/Hd)	67.00	65.99	59.54
Pork Cutout	72.16	69.24	56.31
Lamb Cutout	227.51	222.38	215.92

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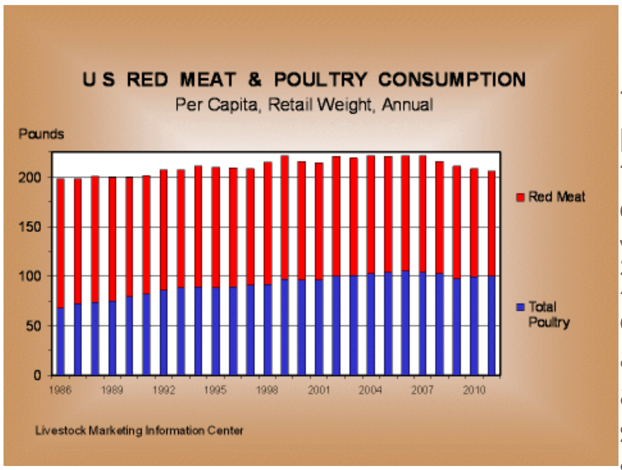
Corn, Omaha ($/Bu)	3.68	3.50	3.44
Wheat, Portland ($/Bu)	4.83	4.65	5.67
Wheat, Kansas City ($/Bu)	4.49	4.37	5.17
Soybeans, Cntrl IL ($/Bu)	9.49	9.56	8.83

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

Per Capita Consumption of Red Meat and Poultry Drops



In 2009, the total U.S. supply (which includes imports) of red meat and poultry was below a year ago for the first time since 2003 and for only the third time in the last 30 years. That year-to-year decline in 2009 was the result of a large decline in U.S. poultry production and more modest declines in beef and pork production. Adjusting supply for exports and year-ending stocks and then dividing by population results in estimated per capita consumption or disappearance. In 2009, U.S. total red meat and poultry consumption was the smallest since 1997. The long-term trend in the U.S. has been for per person beef consumption to decline and for broiler consumption to increase.

For calendar year 2009, U.S. estimated per person consumption of red meat and poultry was 210.5 pounds on a retail weight basis compared to 216.1 pounds in 2008 and was about 11 pounds below 2007's. The largest year-to-year declines in per capita total red meat and poultry consumption occurred during the first half of 2009 (down three to five percent), with only modest yearly declines during the latter part of the year (about one percent smaller). The three major types of meat and poultry consumed in the U.S. are: broiler, beef and pork. In 2009, per capita consumption of broiler and beef declined from a year earlier by 3.9 and 1.5 pounds, respectively. In contrast, per capita pork consumption actually increased in 2009 compared 2008's by 0.6 pound. That increase occurred because the year-to-year decline in pork production was more than compensated for by a decline in export tonnage.

Looking ahead, additional modest declines in U.S. total red meat and poultry supply may happen again in 2010. But in contrast to 2009, the year-to-year declines in 2010 will be dominated by red meat (mostly beef) changes as chicken output is forecast to rebound. U.S. exports of red meat and poultry are forecast to post modest year-to-year gains in 2010 with imports (red meat) expected to be only slightly larger than last year. Therefore, per capita consumption of red meat and poultry (retail weight basis) is expected to decline again in 2010, with current forecasts at just over 208 pounds per person. If realized, that level of per capita consumption will be the smallest since 1993. And beef consumption would be below 60 pounds per person (retail weight) for the first time since 1958.

Cold Storage Down

On February 22nd, USDA-NASS released the monthly Cold Storage report, which showed stocks of red meat at the end of January below a year ago, mostly due to much lower frozen pork stocks. In evaluating cold storage numbers, year-to-year comparisons are the most important. As expected, total supplies of frozen poultry that is both chicken and turkey were well below a year ago. The year-to-year declines in frozen stocks of red meat and poultry confirm tightening supplies of red meat and poultry.

As of January 31st, frozen stocks of beef totaled 432.8 million pounds, over six percent less than a year ago and nearly five percent below the 2004-2008 average. Frozen supplies of boneless beef cuts were down nearly six percent than last year, while frozen stocks of bone-in beef product were 10 percent smaller than 2009's. Of note, frozen stocks of beef items have been below a year ago since July of 2009, a combination of smaller U.S. beef production and larger U.S. beef exports.

Frozen stocks for pork reported at 495.6 million pounds, 18 percent or 111.3 million pounds less than last year and four percent smaller than the prior five-year average. One reason for tightening frozen pork stocks has probably been improved export sales in early 2010. Of note, pork trimmings were 34 percent below last year, followed by loins (bone-in and boneless) down 31 percent and hams at 15 percent less than 2009's. The only items reported with above year ago stock levels were spareribs and pork butts, up seven and six percent respectively.

As reported by USDA, frozen chicken stocks at the end of January were down ten percent from the prior year at 625.3 million pounds and 12 percent below the prior five-year year average. Of note, stocks of thighs, paws and feet, as well as wings were larger than last year. Frozen supplies of turkey at the end of January were 33 percent smaller than in 2009 and eight percent smaller than the 2004-2008 average.

Cattle Prices Up

On a quarterly basis, lower beef production if forecast to support year-to-year increases in prices of all cattle classes. For the year, current forecasts put annual average fed cattle prices just over five percent above 2009's. Higher fed cattle prices should set the stage for increased calf and yearling prices, of course, only if corn prices do not surge, again. Besides corn prices, there are other uncertainties especially on the demand side of the beef market, so producers should closely pencil prospects so that they can take advantage when profits are available.

For the first six weeks of 2010, the 5-market fed steer price averaged $4.33 per cwt. above a year ago. For that same period, in the Southern Plains, steers at 700-to 800-pounds were up about $3.00 per cwt. and steers at 500-to 600-pounds were up about $1.50 per cwt. In recent weeks, year-to-year increases in cattle prices have generally been growing.

For calendar year 2010, current forecasts are for U.S. beef production to be two to three percent below 2009's. In percentage terms, annual average fed cattle prices in 2010 are forecast to average a little over five percent above a year ago while 700-to 800-pound steers increase about three to six percent. In 2010, 500-to 600-pound steer calf prices may average three to seven percent above 2009's.

Seasonally, fed cattle prices are forecast to pull back from spring highs this summer as beef production posts much smaller year-to-year declines. Then, fed cattle prices are likely to run-up again in the fourth quarter of this year. Most U.S. cow-calf operations wean claves in the fall; therefore look for calf prices in that timeframe to be mostly $4.00 to $14.00 per cwt. above last year's rather depressed levels.

State Extension Services in Cooperation with the USDA

Currently, 28 state Extension services participate in the LMIC-Arizona, Arkansas, Colorado, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming.

USDA members of the LMIC represent one of five Federal partner agencies. Those participating agencies are the Agricultural Marketing Service (AMS), Animal Plant Health Inspection Service (APHIS), Grain Inspection Packers and Stockyards Administration (GIPSA), Economic Research Service (ERS), National Agricultural Statistics Service (NASS), and World Agricultural Outlook Board (WAOB).

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