

# Livestock Market Outlook & Situation

**Western Wisconsin Ag Lenders**

1/5/2023

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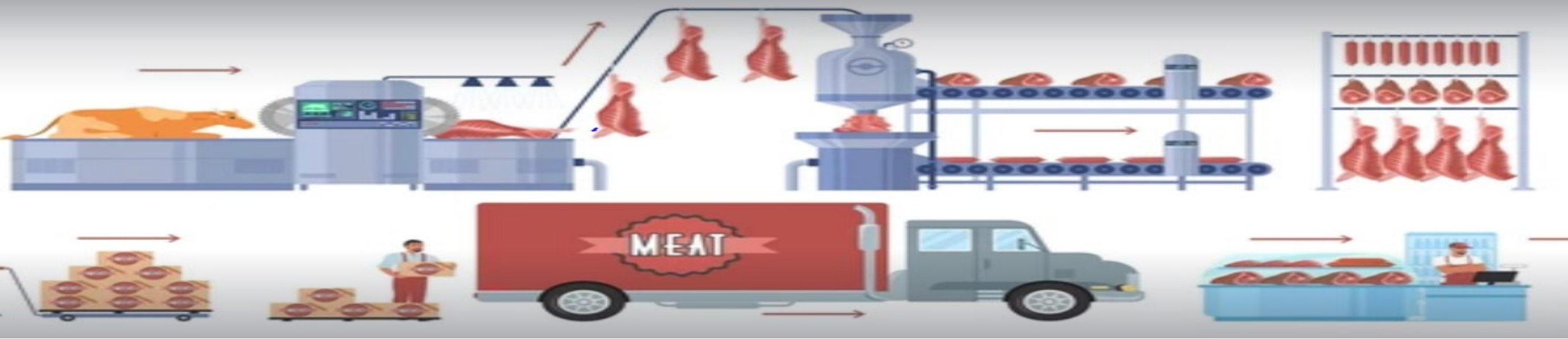
**Brenda Boetel | Extension Commodity Marketing Specialist**

## Livestock

# Key Market Factors

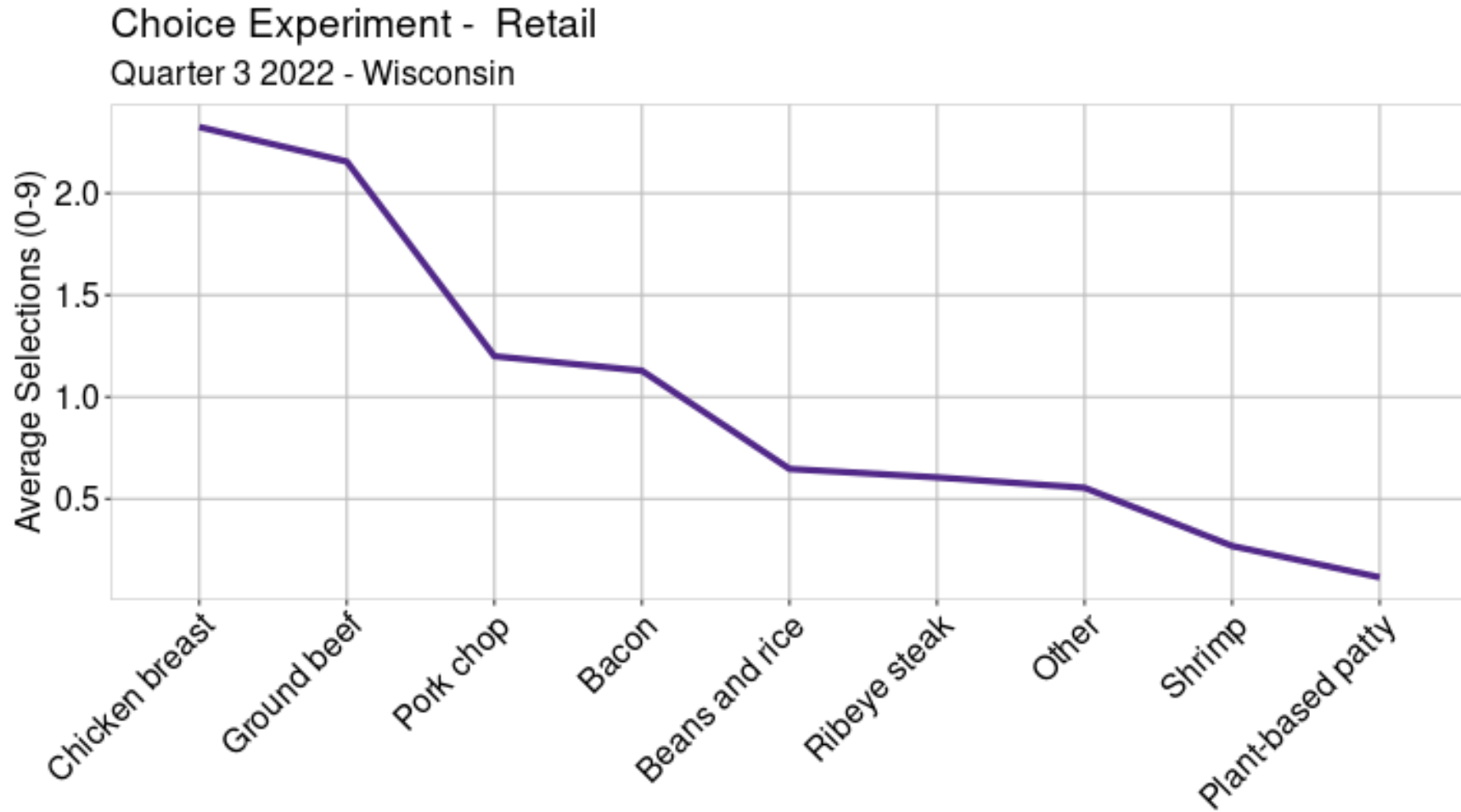
- Demand
  - Domestic Demand
  - Protein Exports
- Input Costs
  - Weather & Grain Prices
- Production & Outlook
  - Turkey Production
  - Pork Production
  - Beef Production





Domestic Demand  
**Protein Demand**

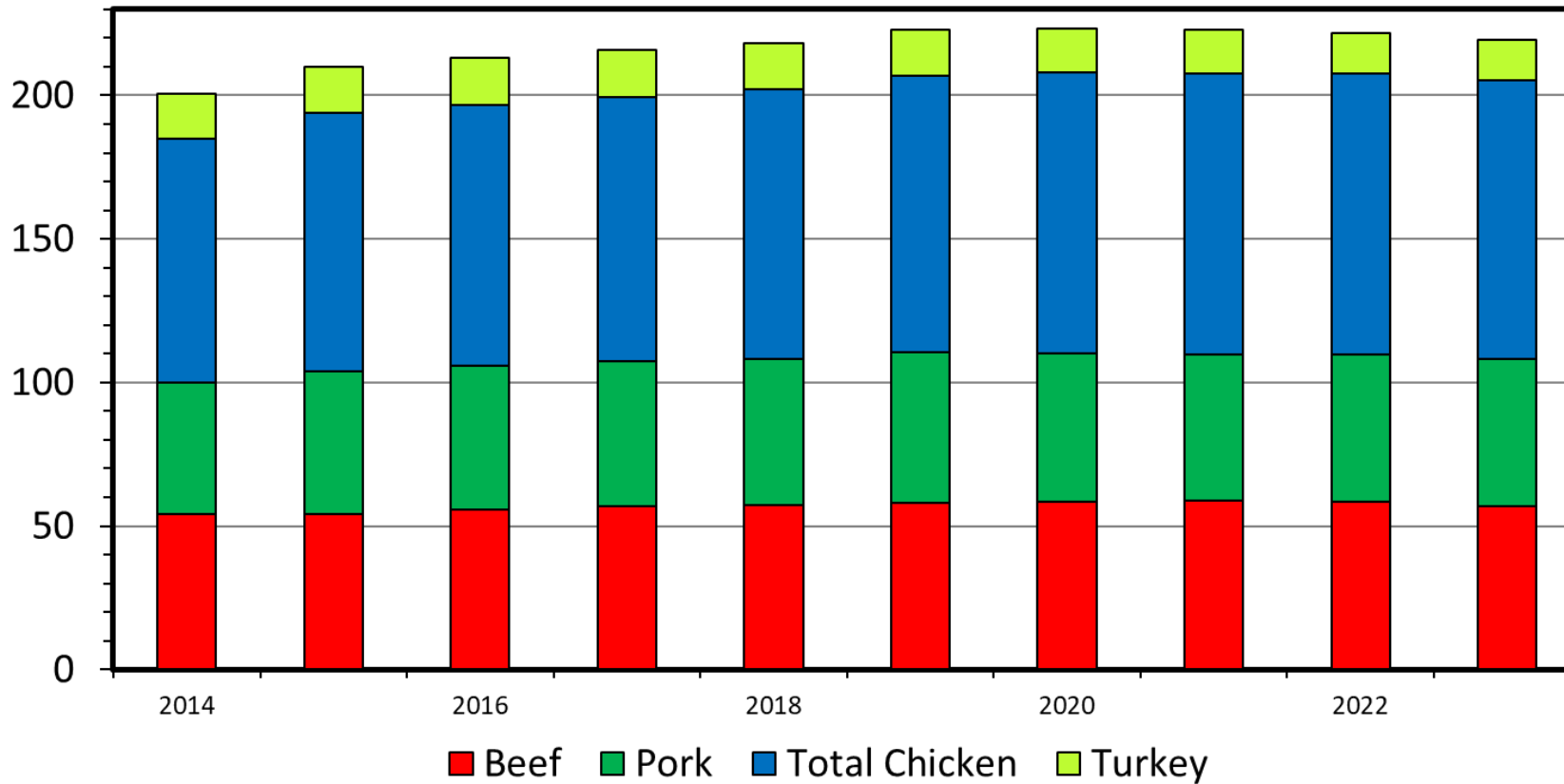
# Domestic Demand Animal Proteins



# Domestic Demand Animal Proteins

**US RED MEAT & POULTRY CONSUMPTION**  
Per Capita, Retail Weight, Annual

Pounds

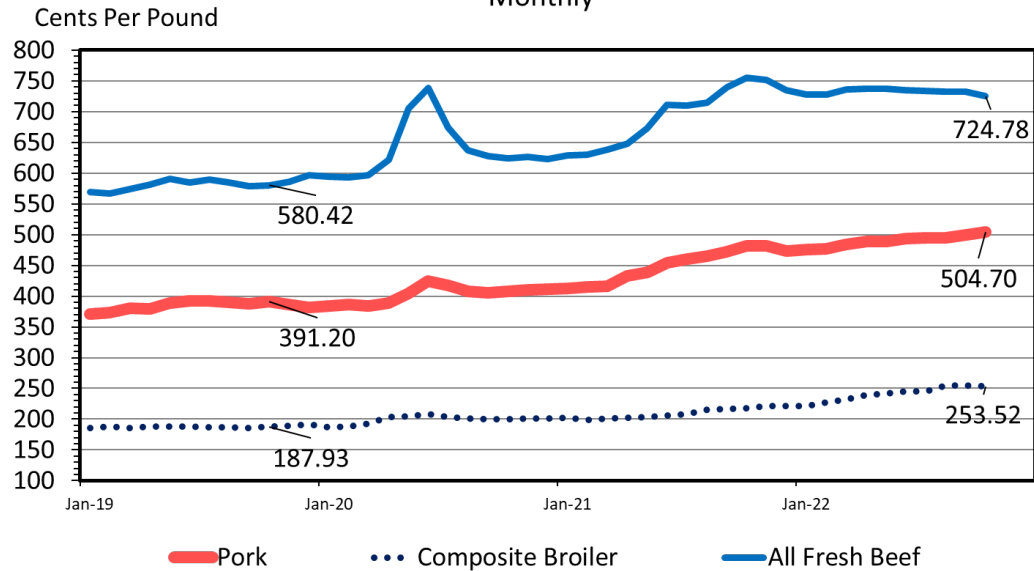


- Beef down 0.5%
- Pork up 0.2%
- Poultry down 0.07%

# Domestic Demand

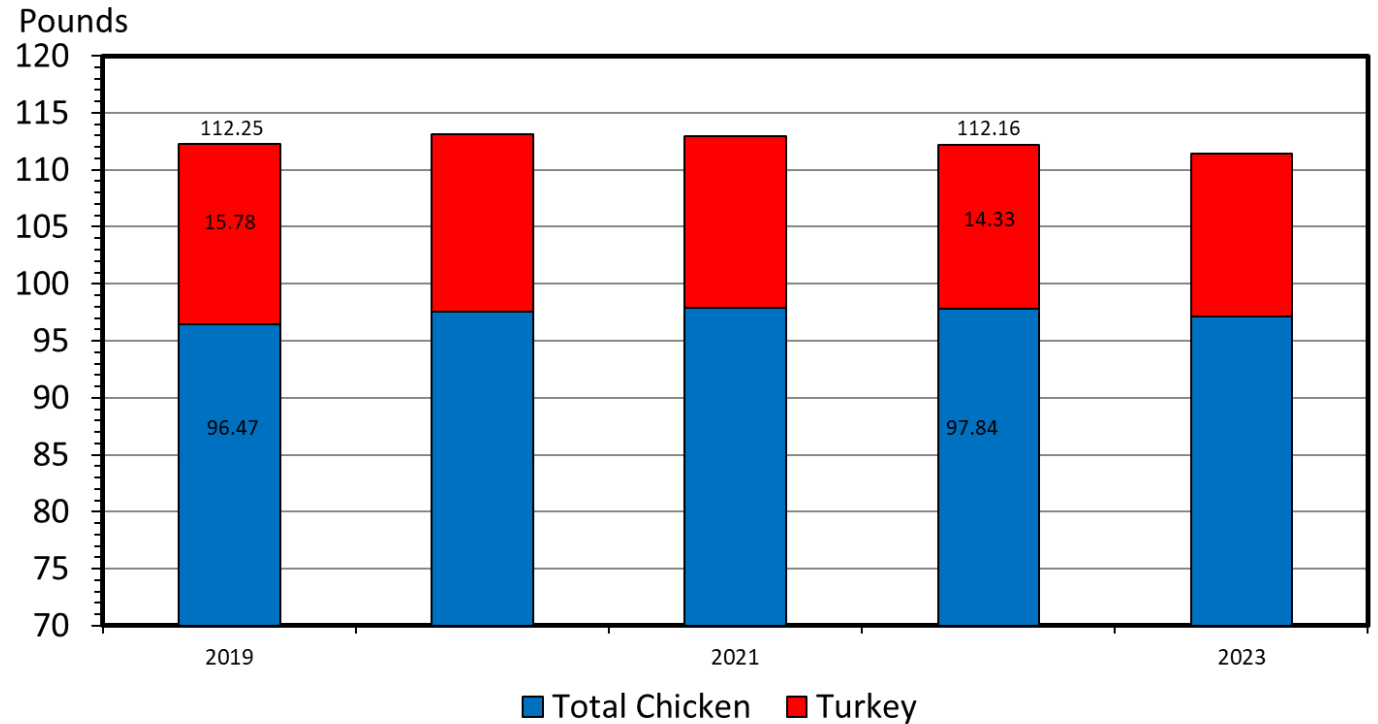
## Poultry

RETAIL PRICE COMPARISON  
Monthly



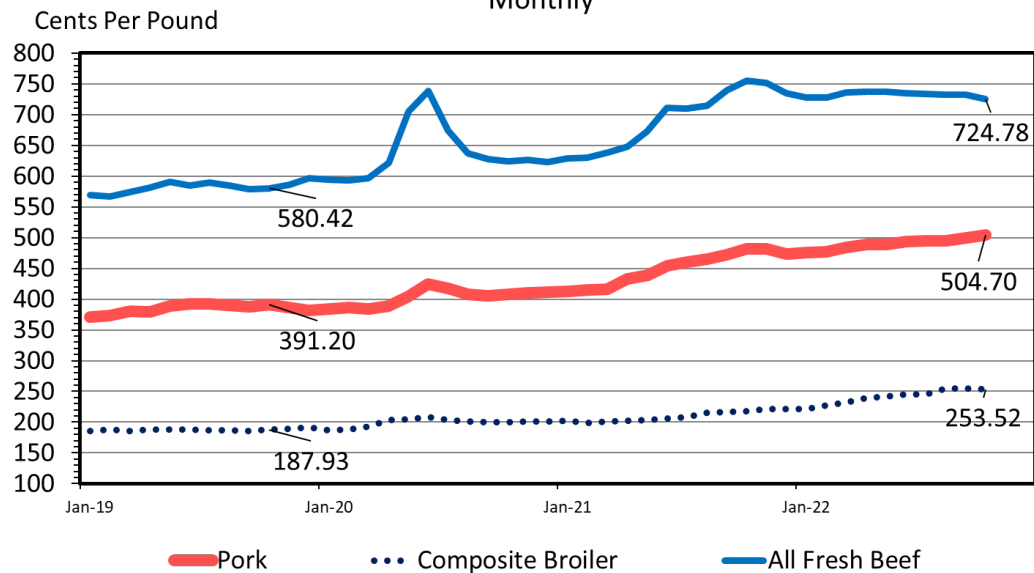
- Given inflation, Oct 2019 would have been \$218.43

US POULTRY CONSUMPTION  
Per Capita, Retail Weight, Annual



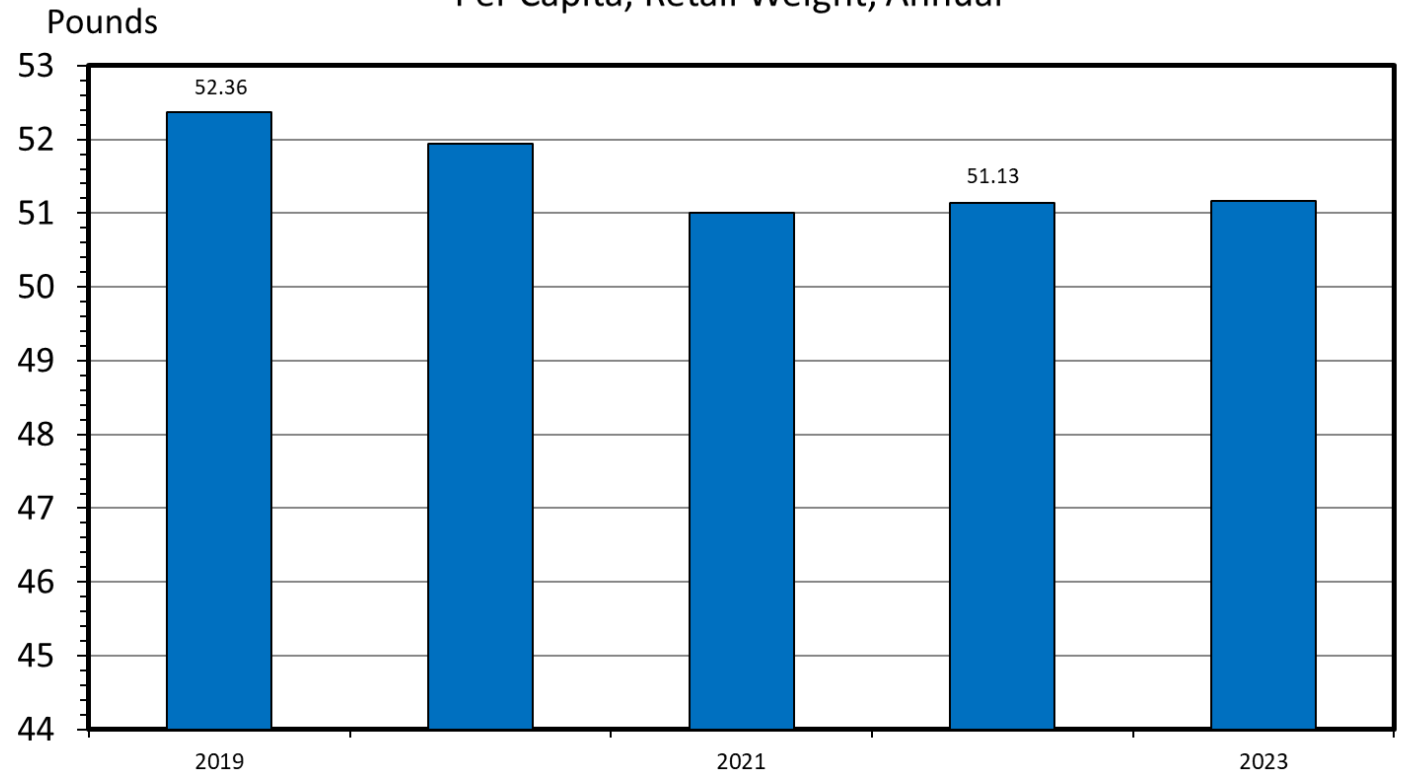
# Domestic Demand Pork

**RETAIL PRICE COMPARISON**  
Monthly



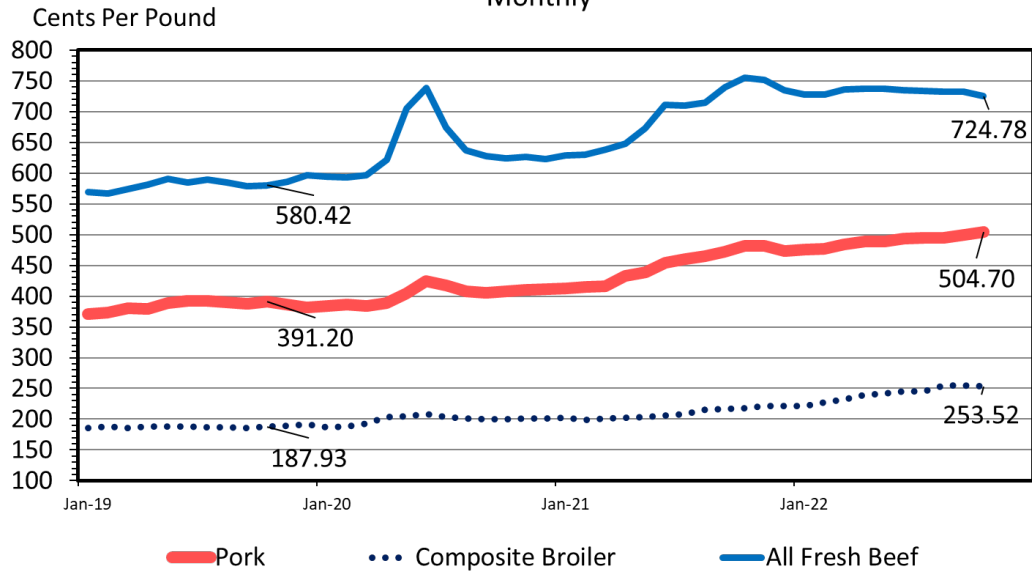
- Given inflation, Oct 2019 would have been \$454.69

**US PORK CONSUMPTION**  
Per Capita, Retail Weight, Annual



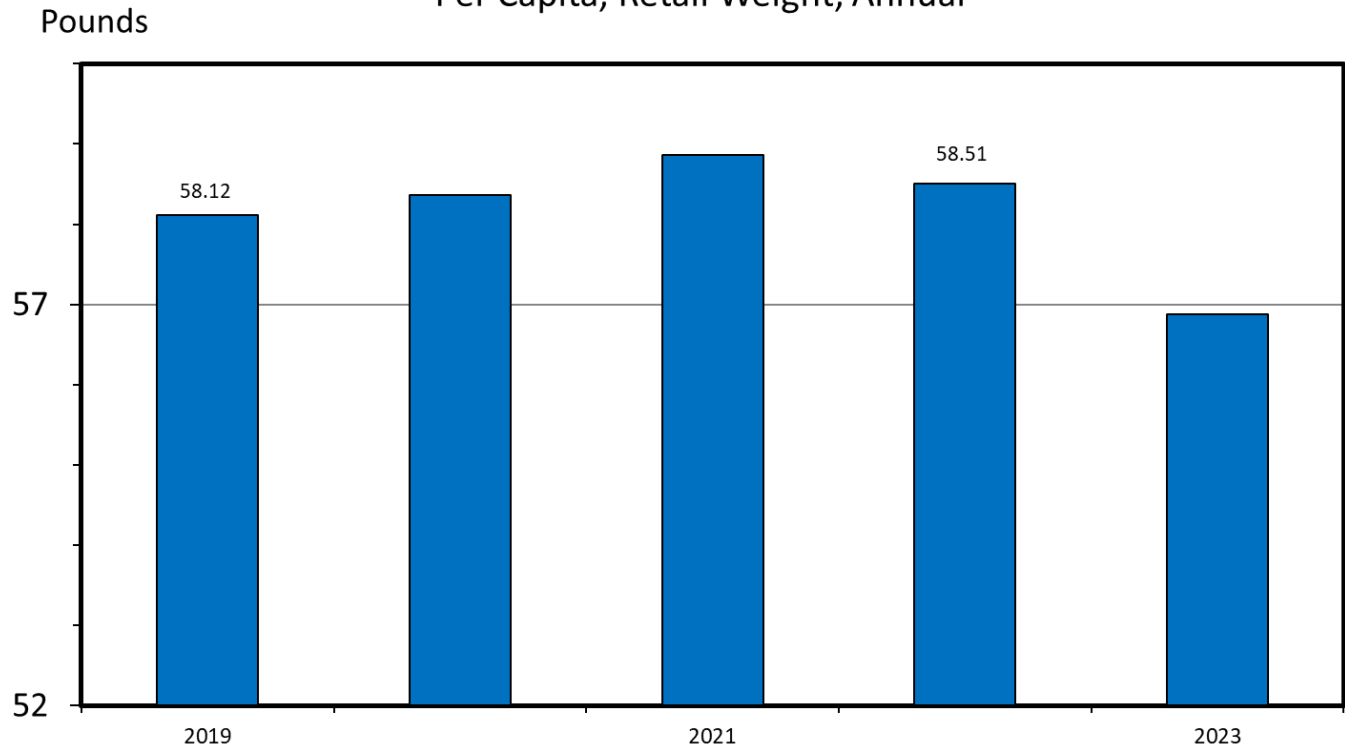
# Domestic Demand Beef

**RETAIL PRICE COMPARISON**  
Monthly



- Given inflation, Oct 2019 would have been \$674.61

**US BEEF CONSUMPTION**  
Per Capita, Retail Weight, Annual





## Domestic Demand

# Where Are We Headed?

- Retail prices high
  - Beef up 7%
  - Pork up 10.1%
  - Poultry up 16.6%
- Weaker domestic demand
  - Consumer confidence – economic uncertainty limit spending
- 2023 prices likely stable to very slightly higher



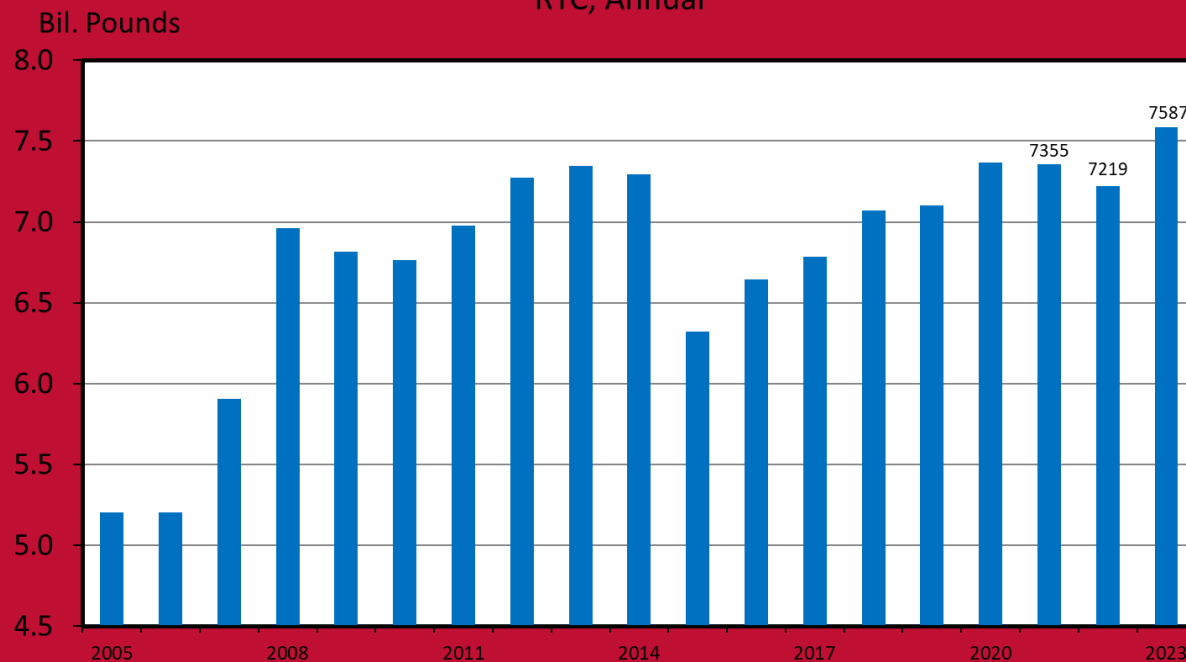
# International Demand Protein Exports



# Exports Poultry

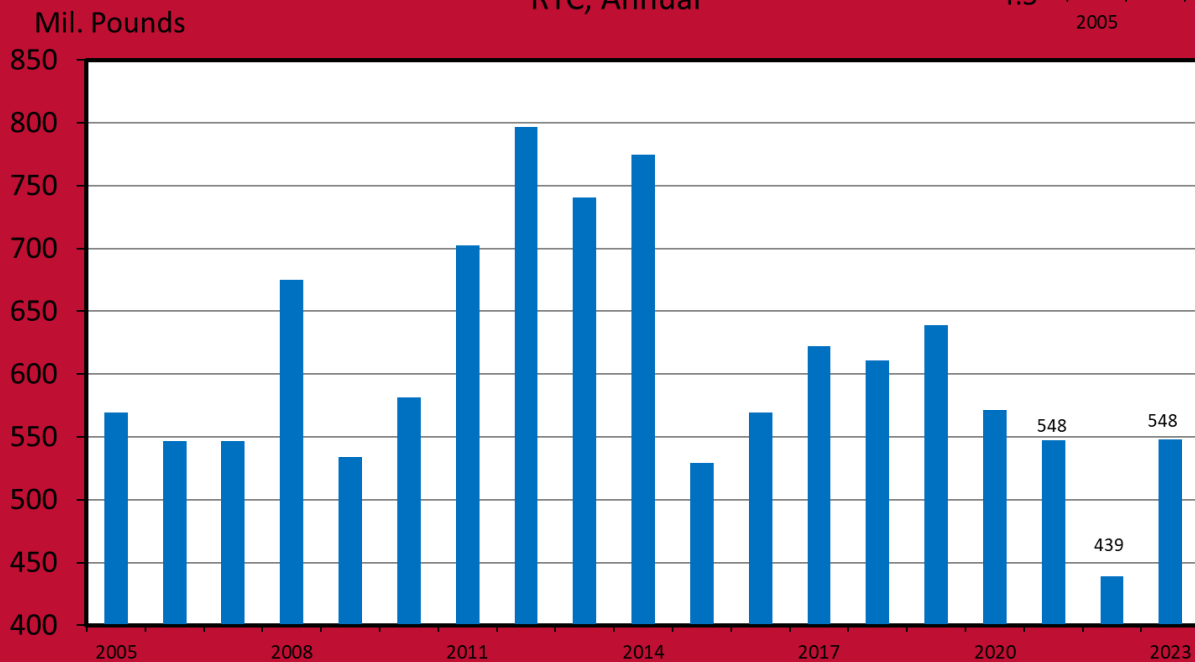
## U.S. BROILER EXPORTS

RTC, Annual



## U.S. TURKEY EXPORTS

RTC, Annual



### Broilers

- 2022 up 50 M pounds – 7.262 B pounds (-1%)
- 2023 at 7.345 billion pounds (+1%)

### Turkey

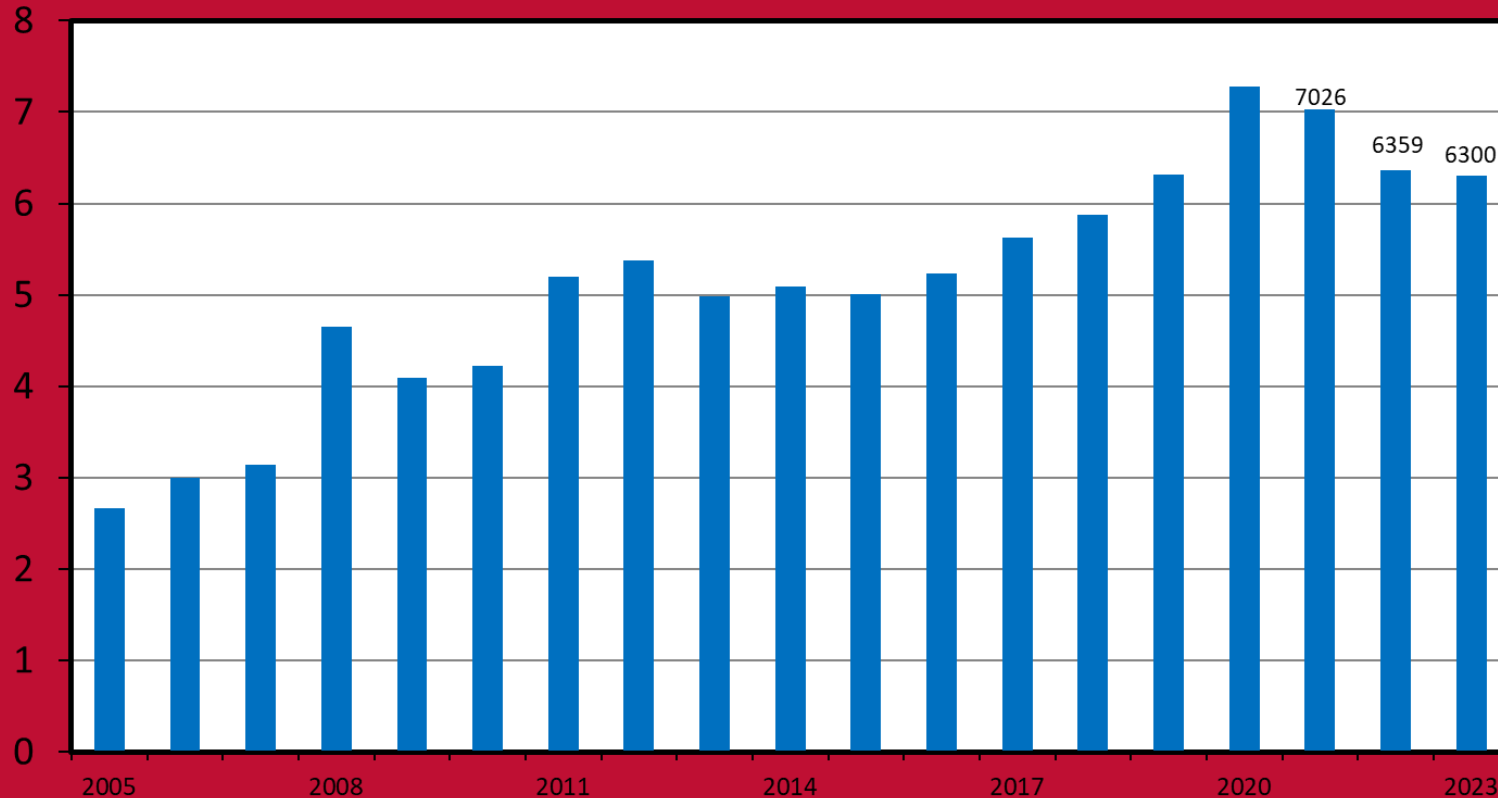
- 2022 down 24% at 347.6 M pounds
- 2023 at 548 million pounds (+1%)



# Exports Pork

**U.S. PORK EXPORTS**  
Carcass Weight, Annual

Bil. Pounds



- 2022 at 6.4 B pounds (-10%)
- Exchange rate biggest issue
- 2023 at 6.28 B pounds (-1.8%)

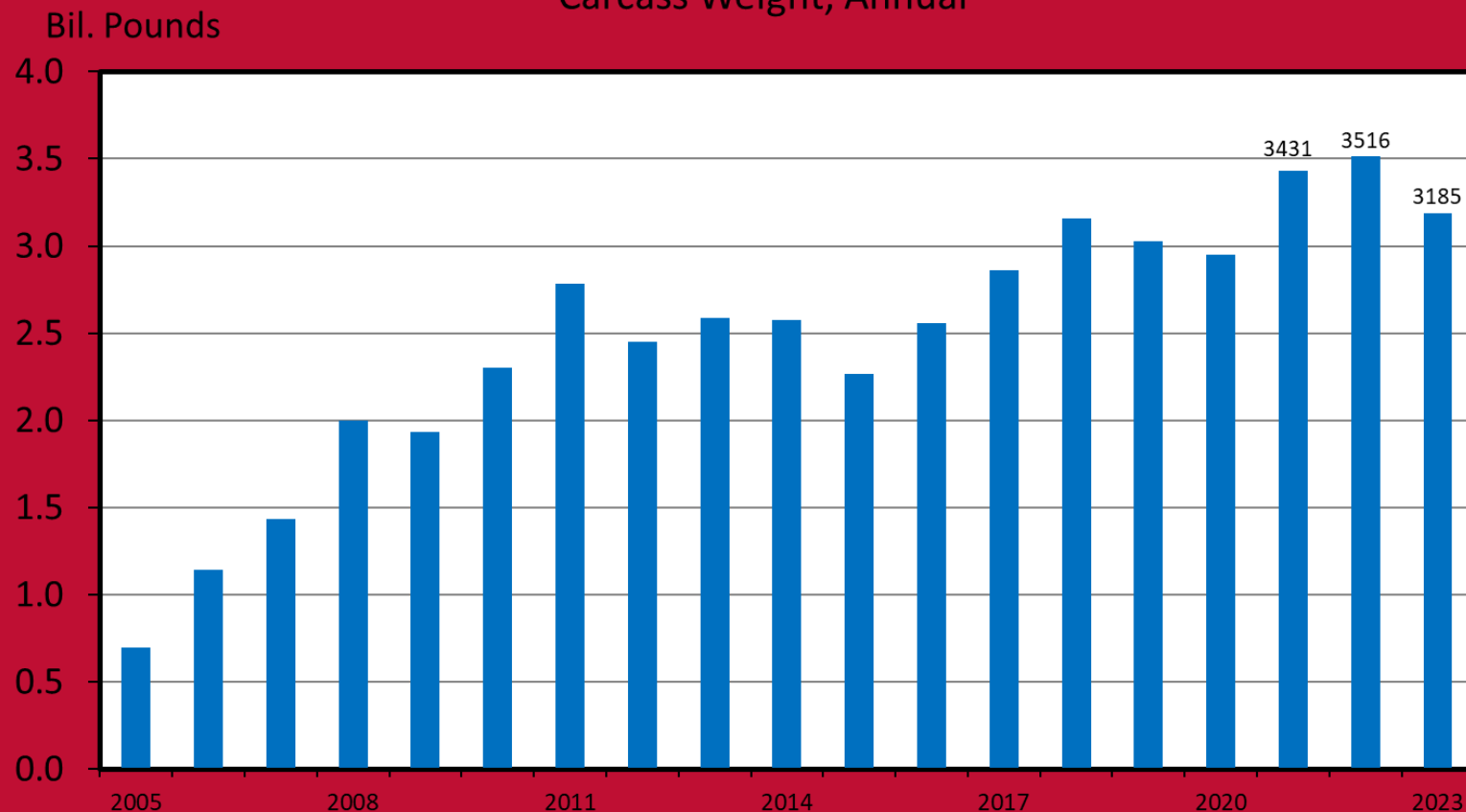


## Exports

# Beef & Veal

### U.S. BEEF AND VEAL EXPORTS

Carcass Weight, Annual



- 2022 record year at 3.562 B pounds (+5%)
- China now 3<sup>rd</sup> largest market (+26%) taking 19% of exports
- 2023 at 3.090 B pounds (-13.3%)

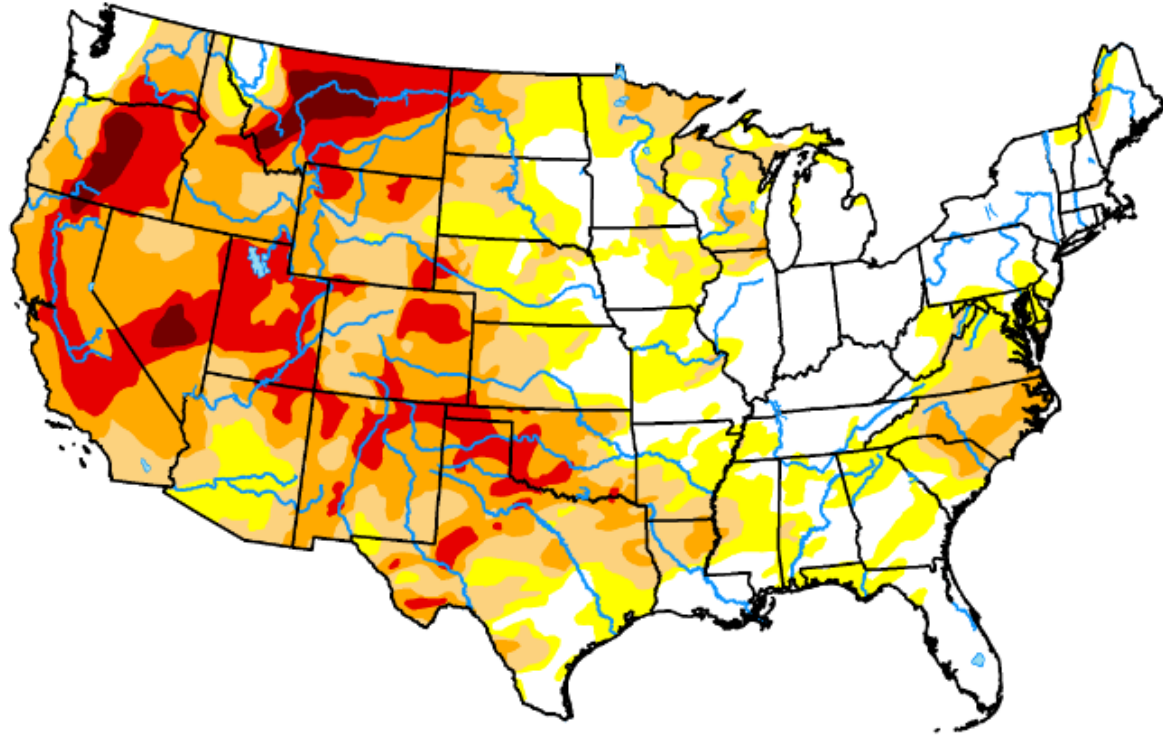


**Input Prices**

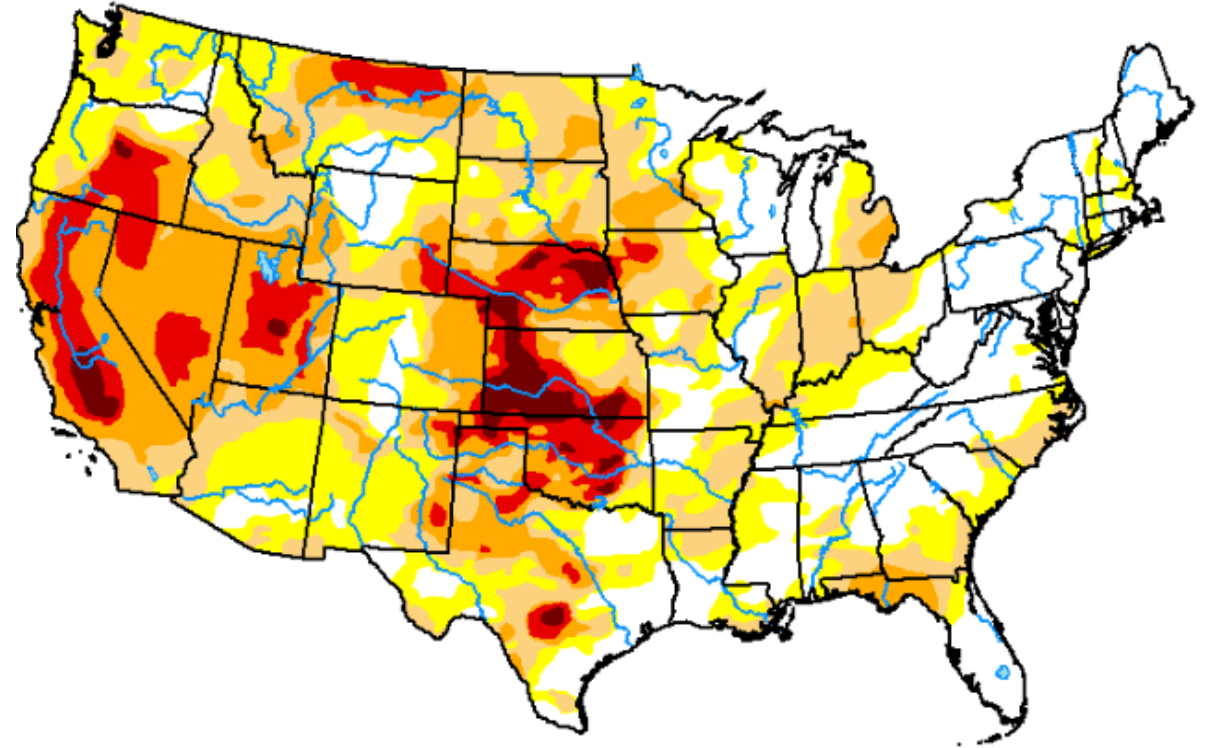
**Weather & Grain Prices**



# Weather Drought Monitor



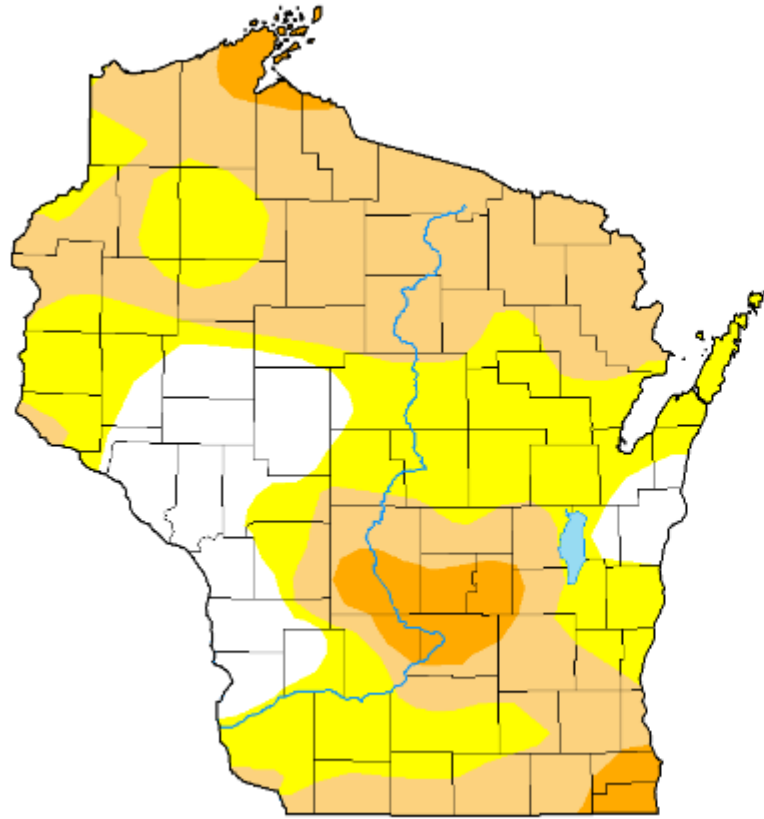
Dec 28, 2021



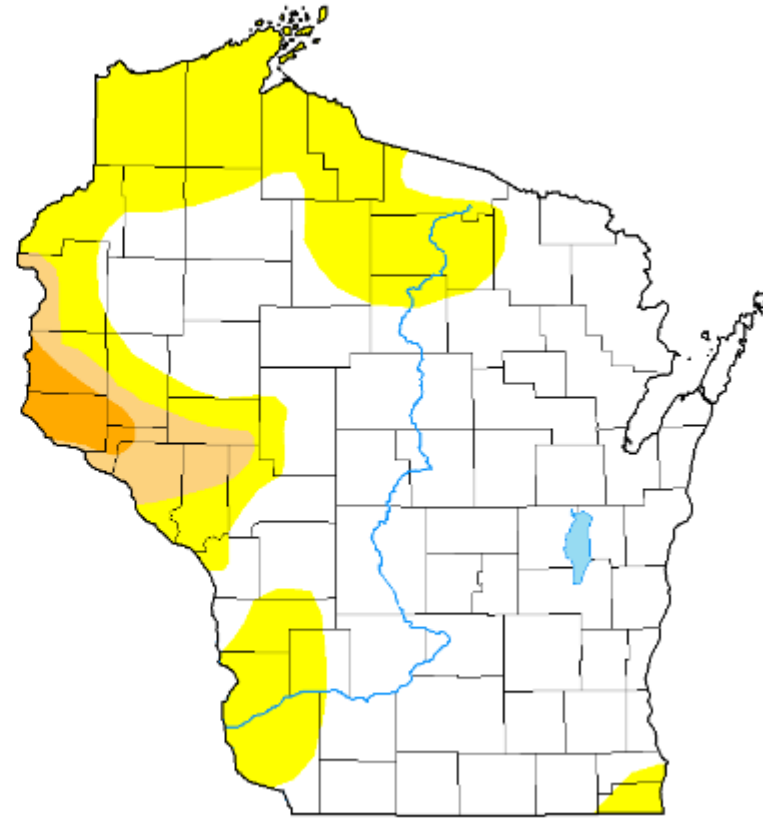
Dec 27, 2022

- Wisconsin pasture condition 54% good to excellent (71% in 2021)

# Weather Drought Monitor



Dec 28, 2021



Dec 27, 2022

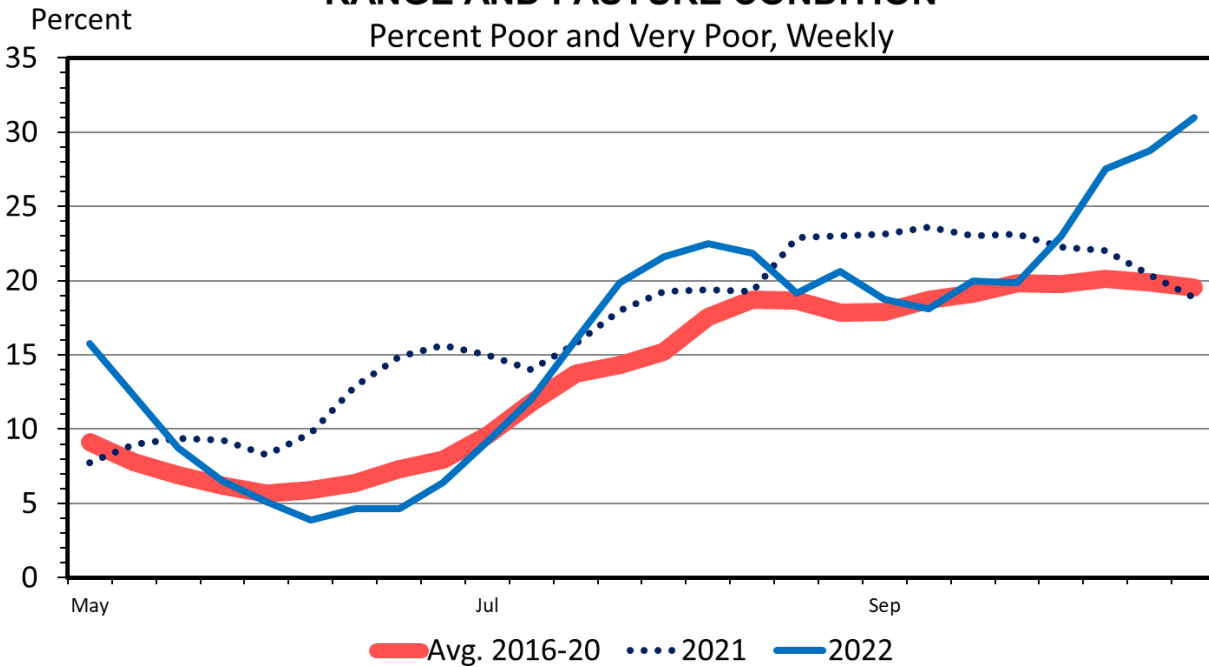
- Wisconsin topsoil moisture 19% short or very short (26% in 2021)
- Wisconsin subsoil moisture 22% short or very short (28% in 2021)



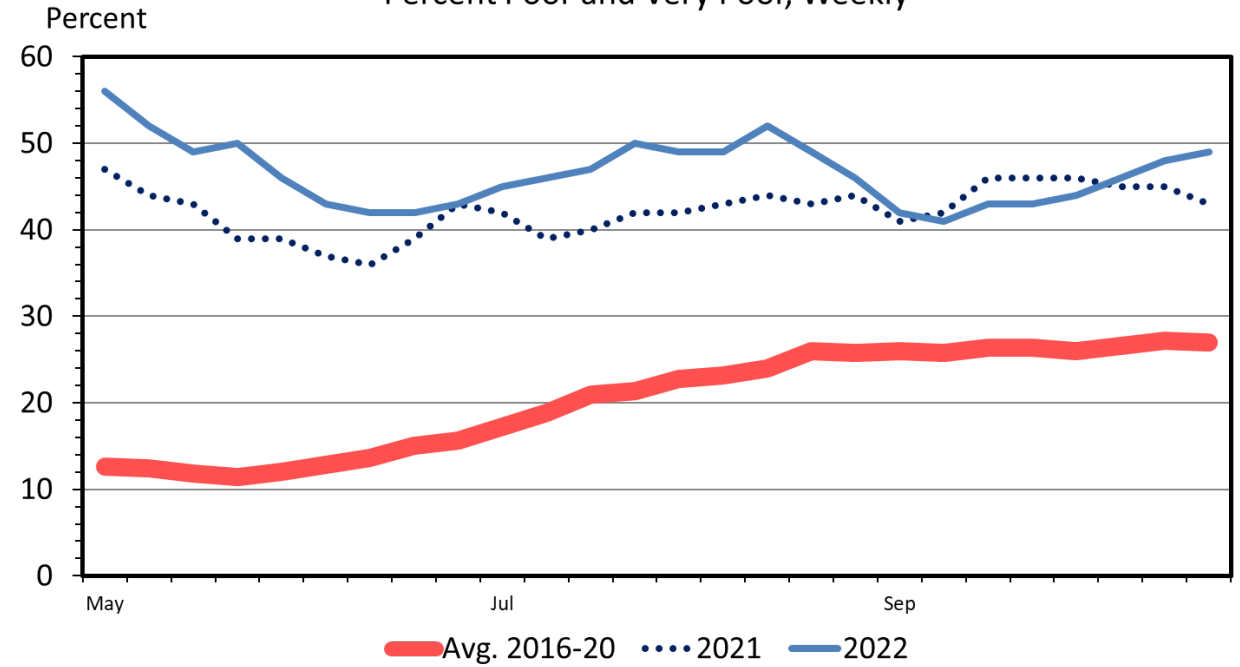
# Weather Pasture Conditions



**CORNBELT REGION  
RANGE AND PASTURE CONDITION**  
Percent Poor and Very Poor, Weekly



**US RANGE AND PASTURE CONDITION**  
Percent Poor and Very Poor, Weekly



- Wisconsin pasture condition 54% good to excellent (71% in 2021)

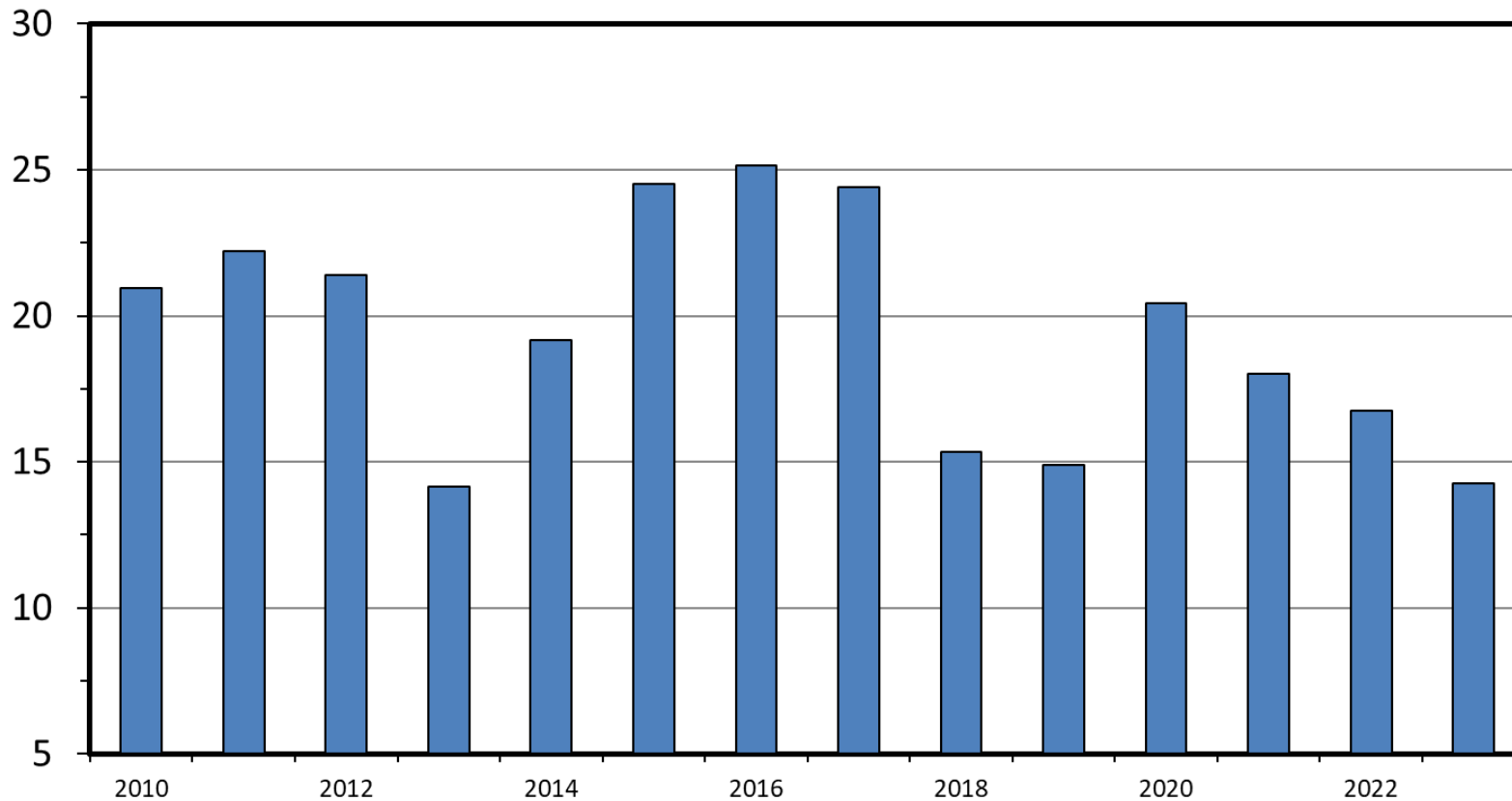
- Increased cull rate and placement rates



## US ALL HAY STOCKS

May 1 (Beginning of Crop Year)

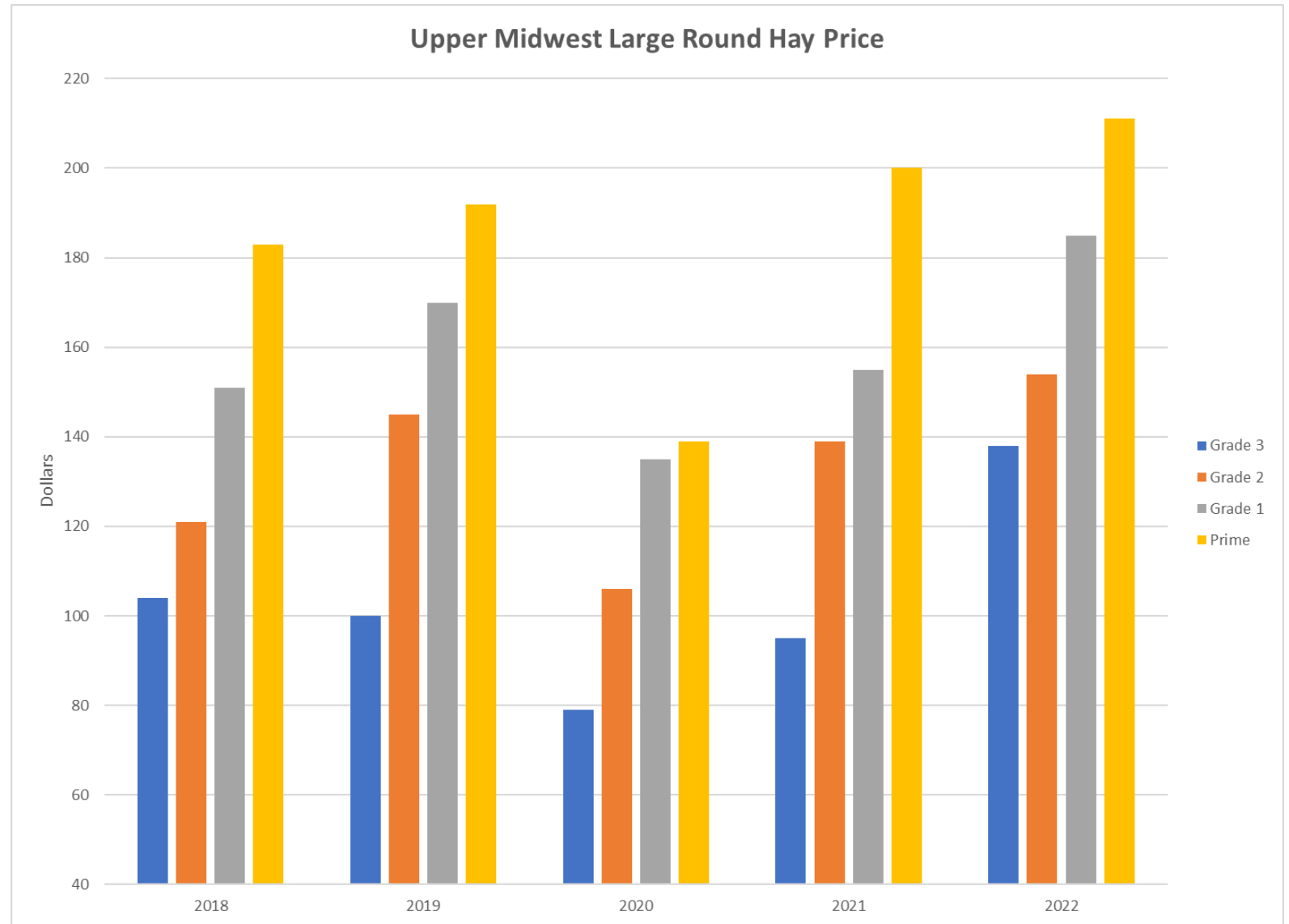
Mil. Tons



- Wisconsin stocks were up 11% on May 1 2022, over 2021
- National stocks are expected to show 15% decline on May 1 2023
- 2022 harvested acres at 51.5 million (+1.5%)
- Production down due to drought

# Prices Hay

- Wisconsin Prices Up
  - 6% Prime
  - 19% Grade 1
  - 11% Grade 2
  - 45% Grade 3
- 2023 will continue to see elevated prices



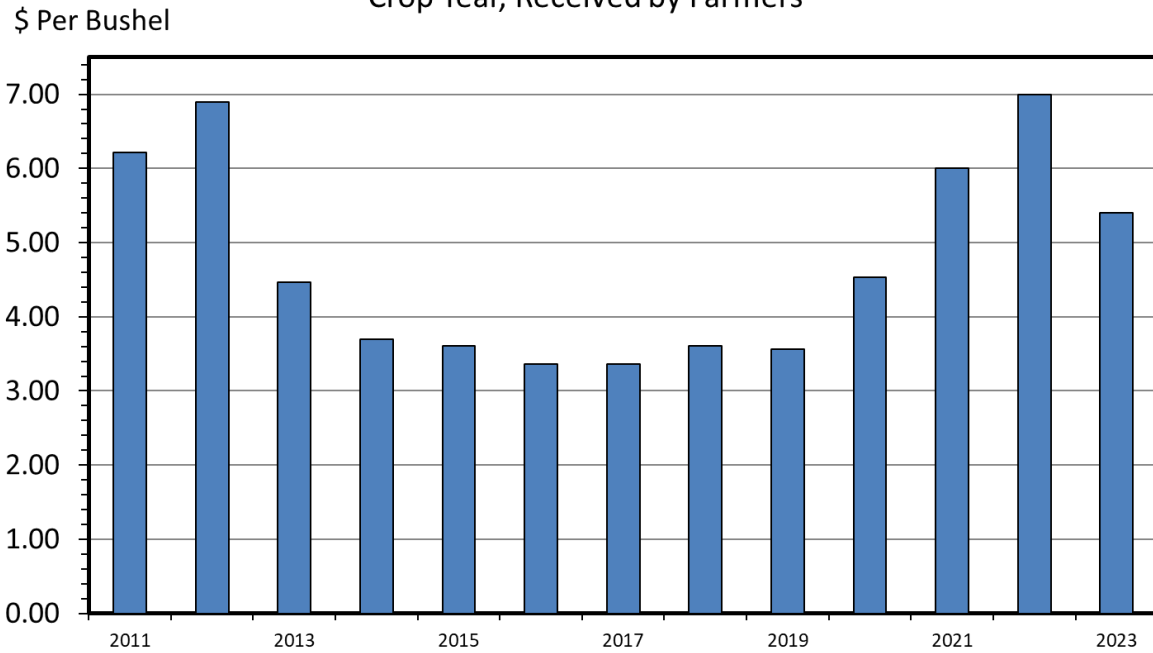
Source: Richard Halopka Hay Market Demand and Price Report

# Input Prices

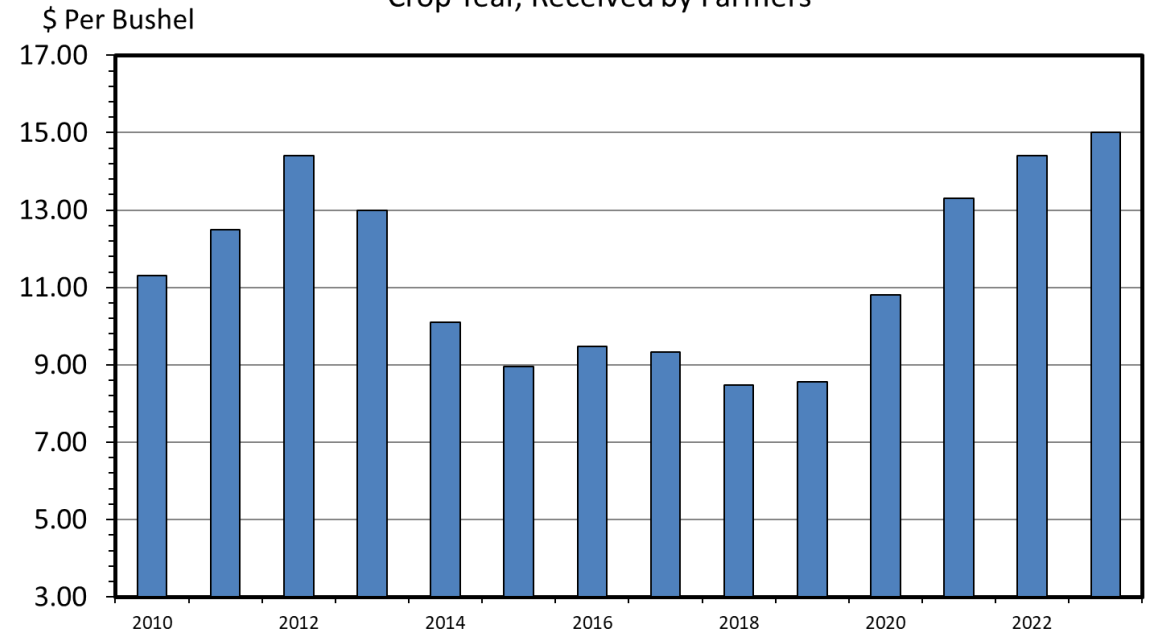
## Corn & Soybeans



**NATIONAL AVERAGE CORN PRICE**  
Crop Year, Received by Farmers



**NATIONAL AVERAGE SOYBEAN PRICE**  
Crop Year, Received by Farmers



## Where Are We Headed?

- Lower 2022 hay stocks
- December stocks lowest since 2012/2013
  - Wisconsin up
  - Minnesota down
- Remain high



**Production & Outlook**  
**Animal Proteins**



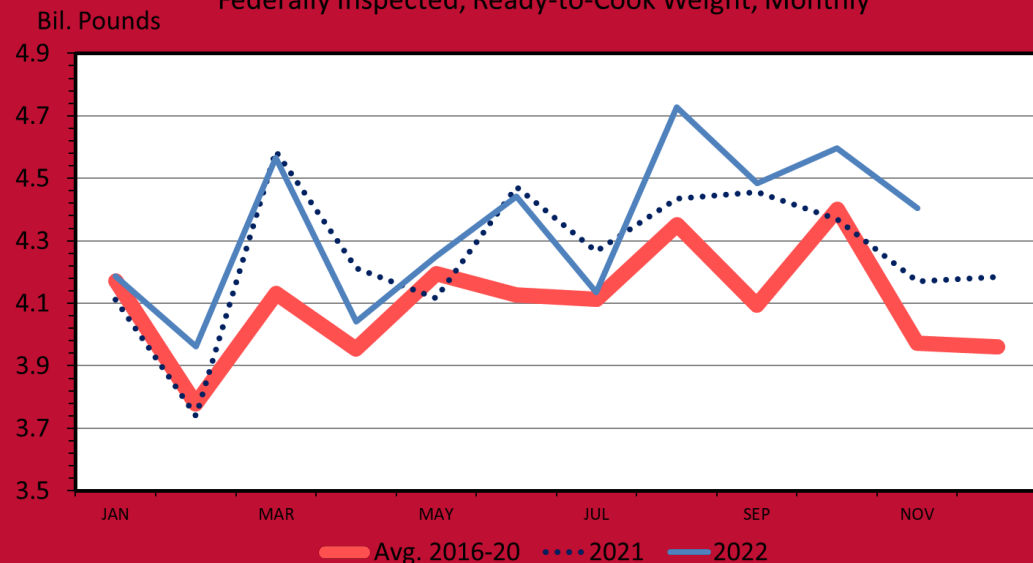
# Production & Outlook

## Poultry

- Poultry accounts for 51% of meat disappearance in U.S.

### POULTRY PRODUCTION

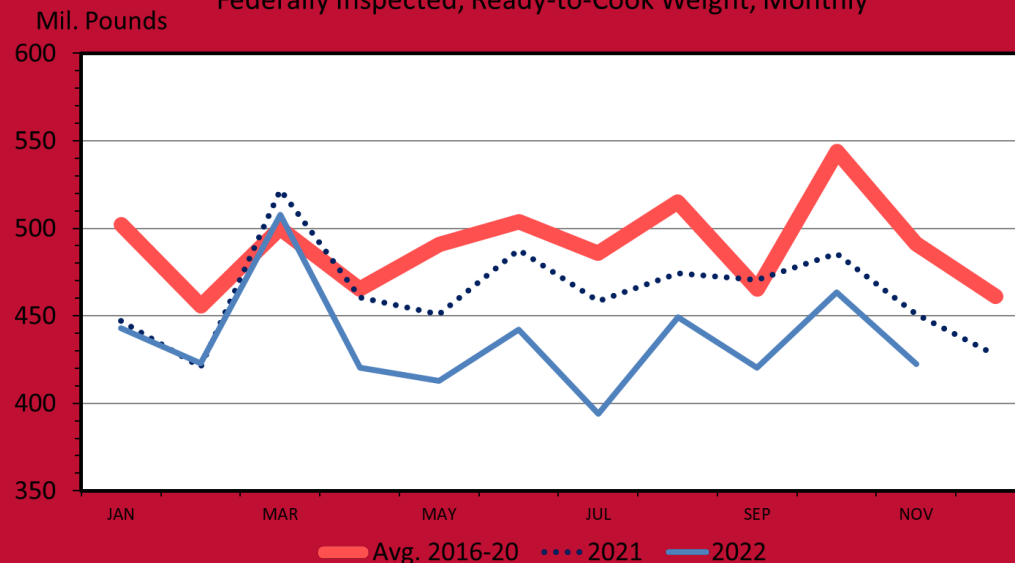
Federally Inspected, Ready-to-Cook Weight, Monthly



- Broiler production expected to be up 3% over 2021
- 2023 expected to be up 2%

### TURKEY PRODUCTION

Federally Inspected, Ready-to-Cook Weight, Monthly



- 3<sup>rd</sup> quarter turkey production 1.264 B pounds (-10% YoY)
- Jan – Nov down 6%
- HPAI continue to be reported as of November



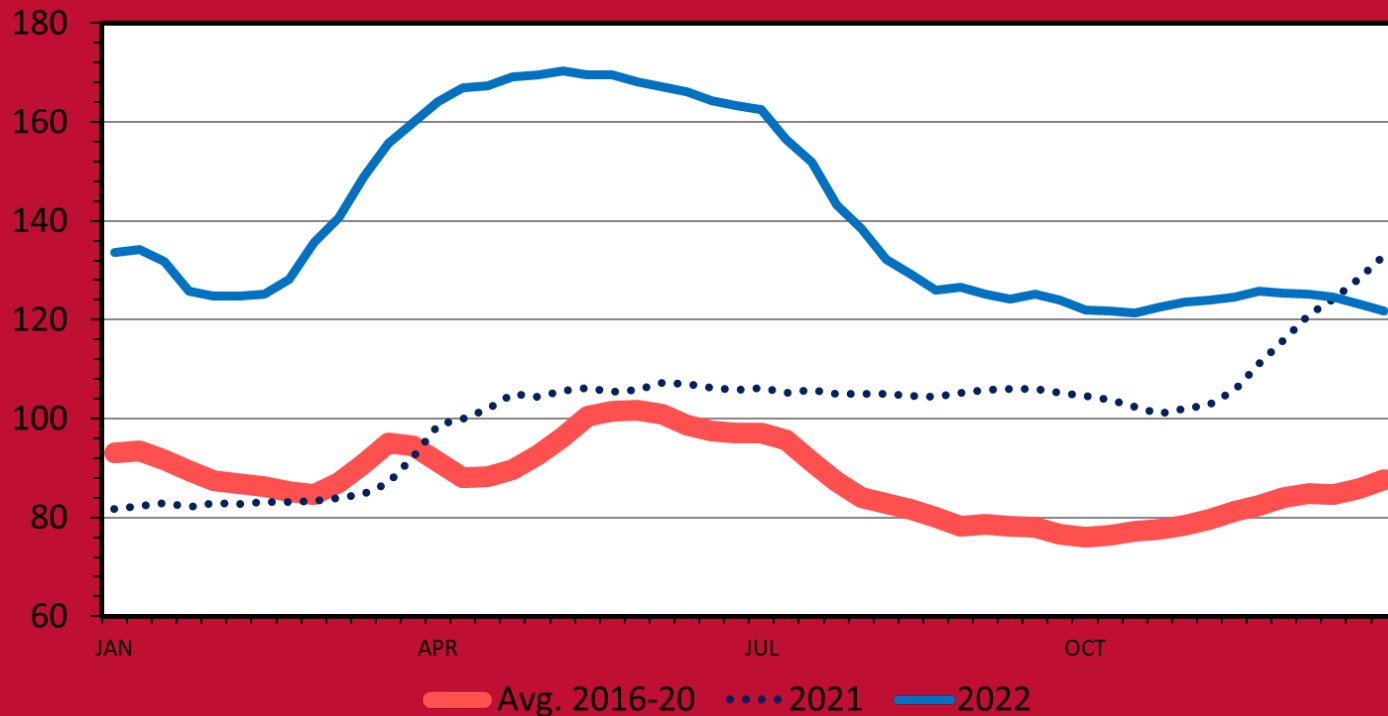
# Production & Outlook

## Broilers

### BROILER PRICES

National Composite (Whole Bird), Weekly

Cents Per Pound



- 2022 141 cents per pound
- 2023 unchanged

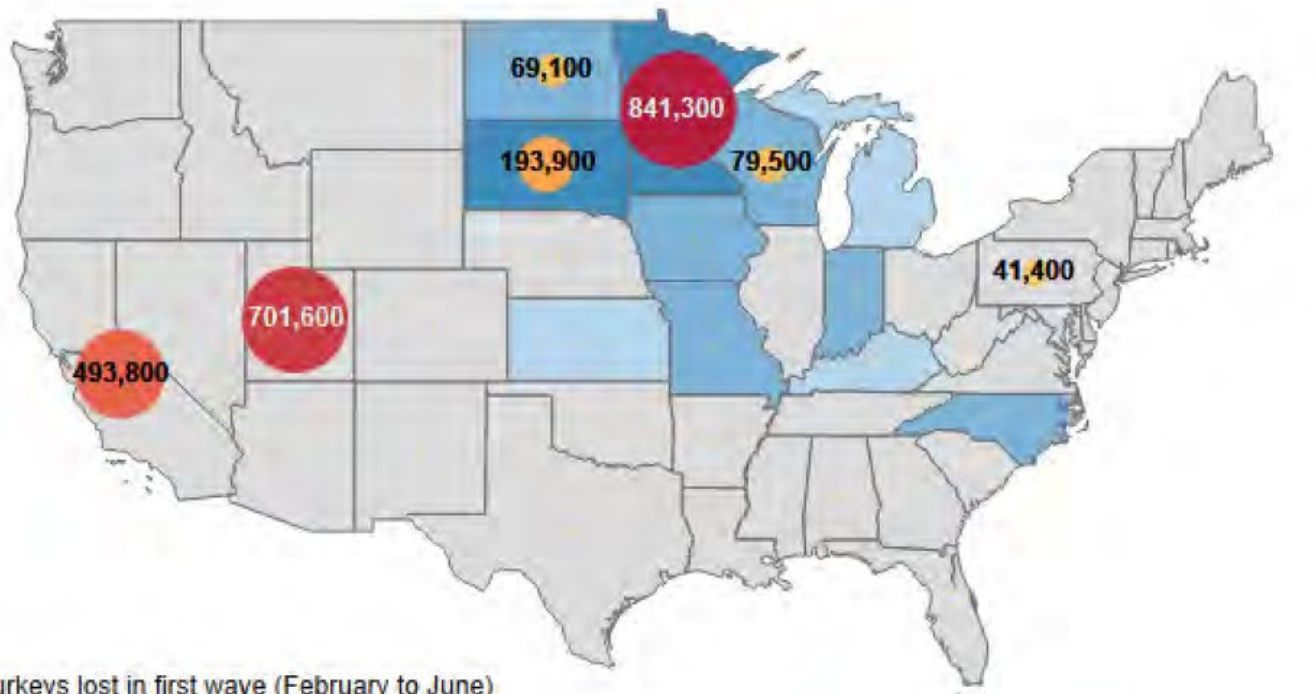




# Production & Outlook

# Turkey

2022 Commercial meat turkeys lost to Highly Pathogenic Avian Influenza (HPAI): First wave (February–May) versus second wave (July–November 8th)



- 2.5 M commercial turkeys depopulated since July
- 5.6 M Feb – May
- 2023 turkey production up 8% over 2022, 1% down from 2021

Source: USDA, Animal and Plant Health Inspection Service.

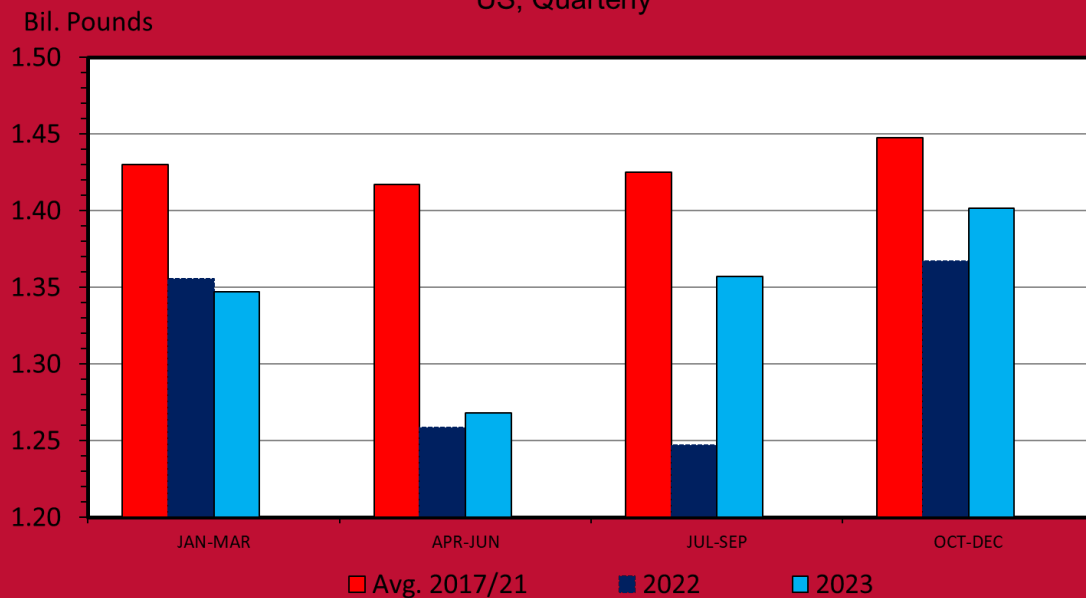


# Production & Outlook

## Turkey

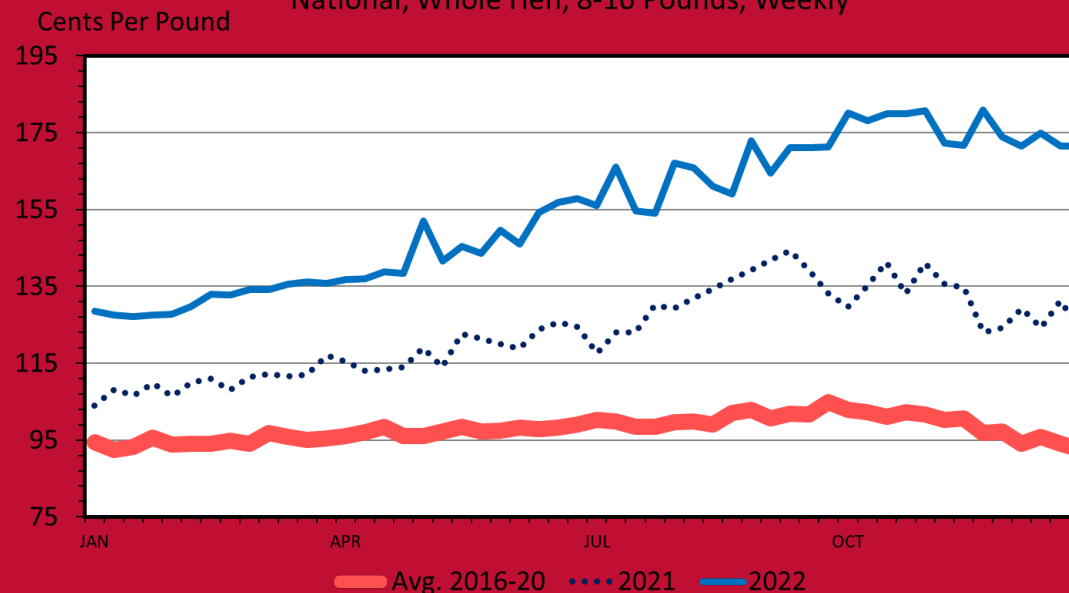
### RTC TURKEY PRODUCTION

US, Quarterly



### TURKEY PRICES

National, Whole Hen, 8-16 Pounds, Weekly



- 2023 turkey production up 8% over 2022

- 2022 154.7 cents per pound
- 2023 153 cents per pound



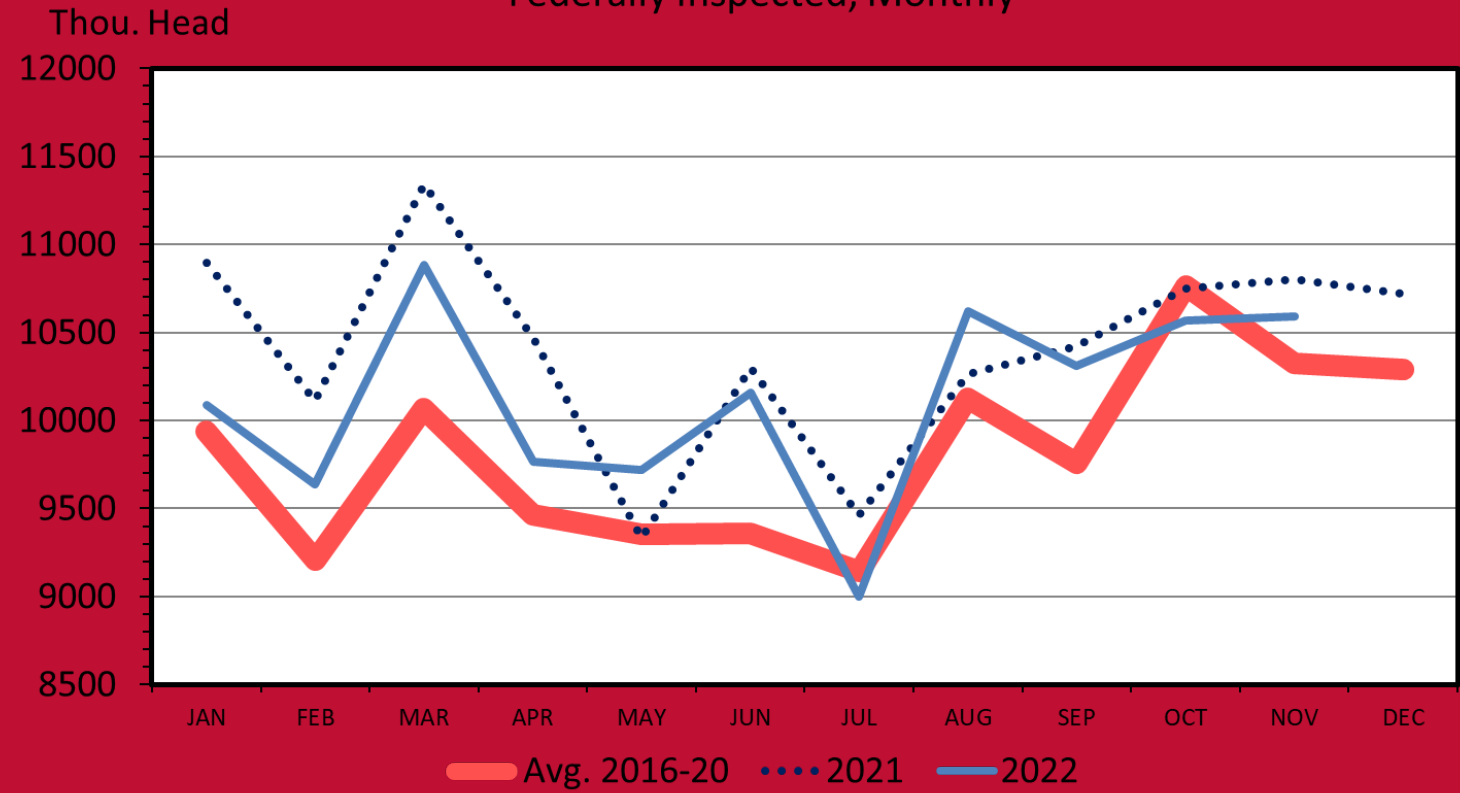
# Production & Outlook

## Pork

- Fewer hogs
- Dressed weights 215 pounds (-1)

### BARROW AND GILT SLAUGHTER

Federally Inspected, Monthly

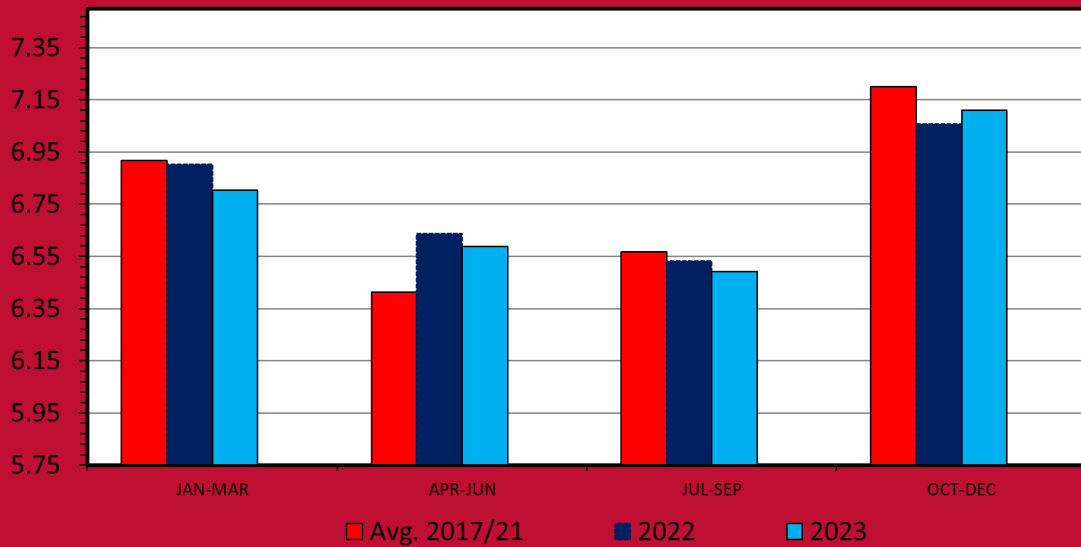




# Production & Outlook Pork

### COMMERCIAL PORK PRODUCTION US, Quarterly

Bil. Pounds

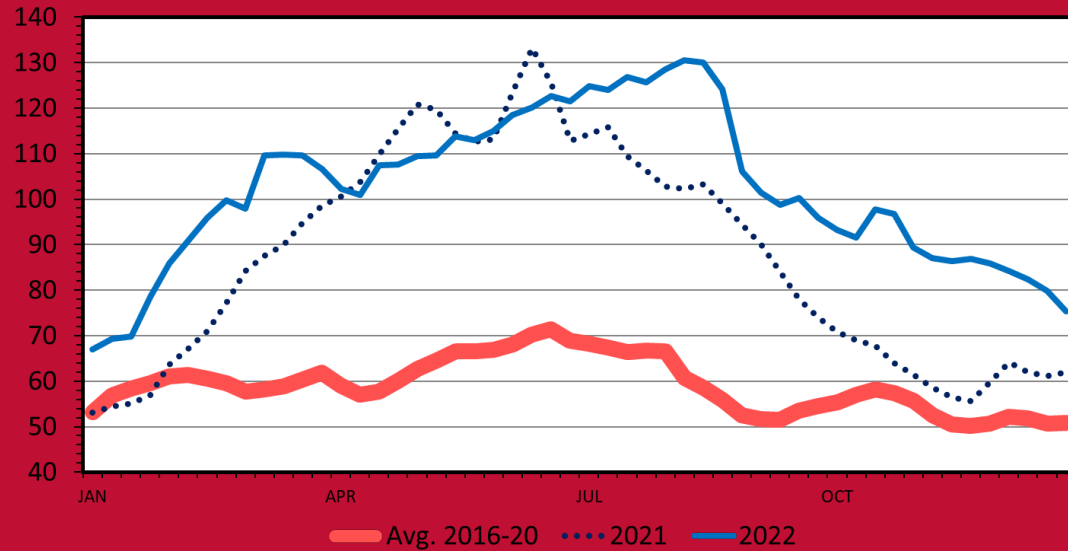


- 2022 down 2.4%
- 2023 down 0.9%

### BARROW AND GILT PRICES

Iowa – So. Minnesota, Carcass Base Price, Weekly

\$ Per Cwt.



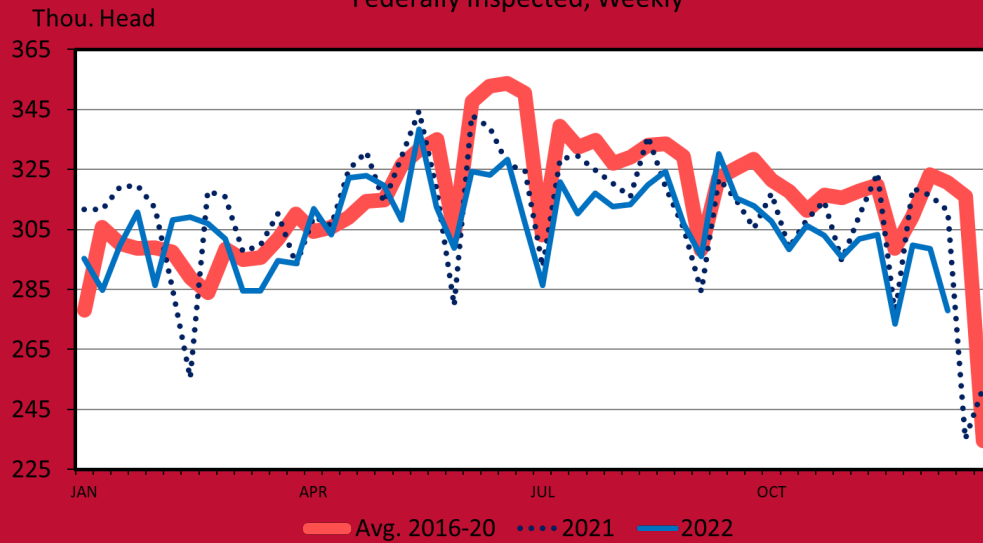
- 2022 up 6.7%
- 2023 down 0.3%



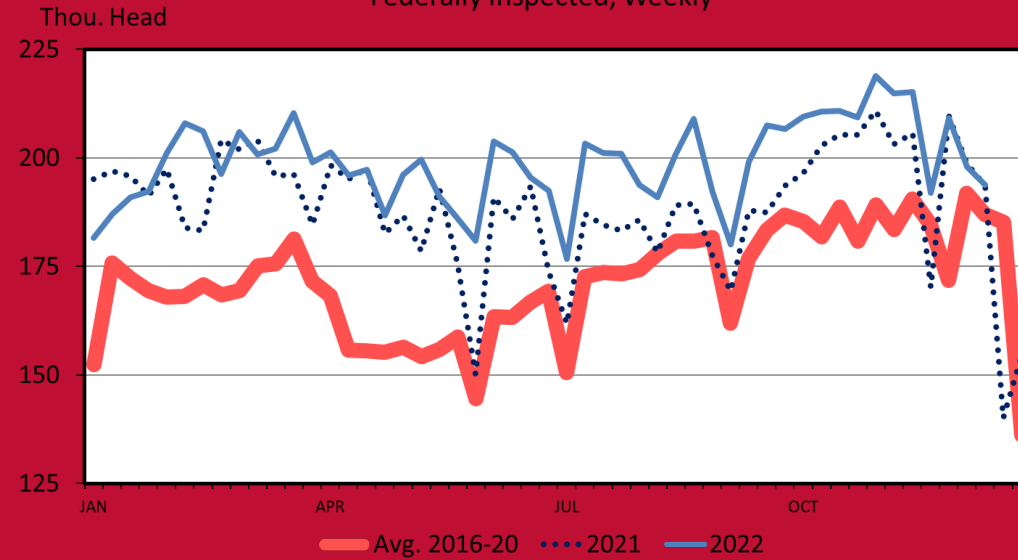
# Production & Outlook

## Beef

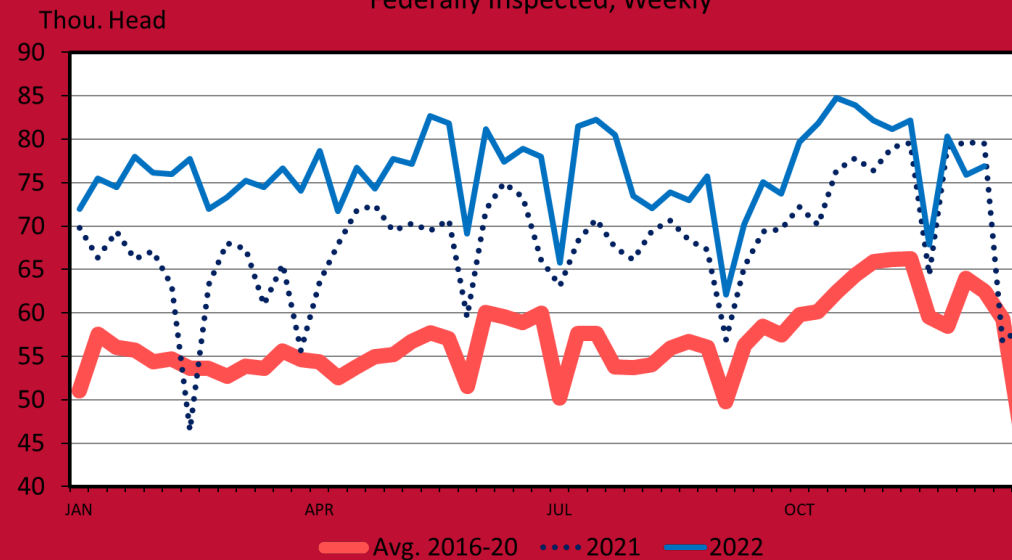
**STEER SLAUGHTER**  
Federally Inspected, Weekly



**HEIFER SLAUGHTER**  
Federally Inspected, Weekly



**BEEF COW SLAUGHTER**  
Federally Inspected, Weekly



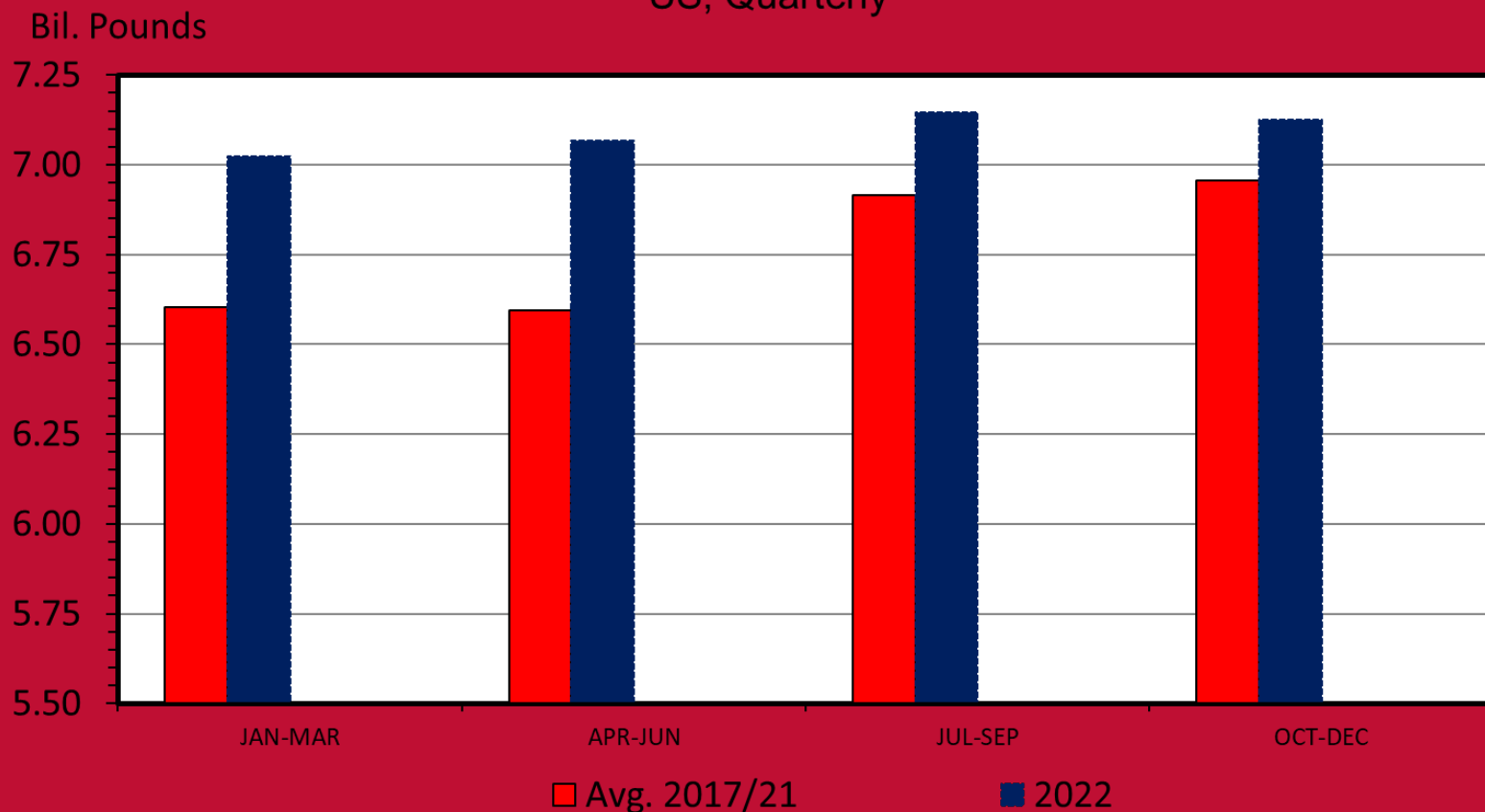
- Steer slaughter down 1.9%
- Heifer slaughter up 4.6%
- Beef cow slaughter up 10.9%



# Production & Outlook

## Beef

**COMMERCIAL BEEF PRODUCTION**  
US, Quarterly



- Total slaughter up 1.7%
- Dressed weights down 0.1%
- 2022 production up 1.5% from 2021



# Production & Outlook

## Beef

**HEIFERS ON FEED AS A PERCENT  
OF TOTAL CATTLE ON FEED**

U.S., Beginning of Quarter



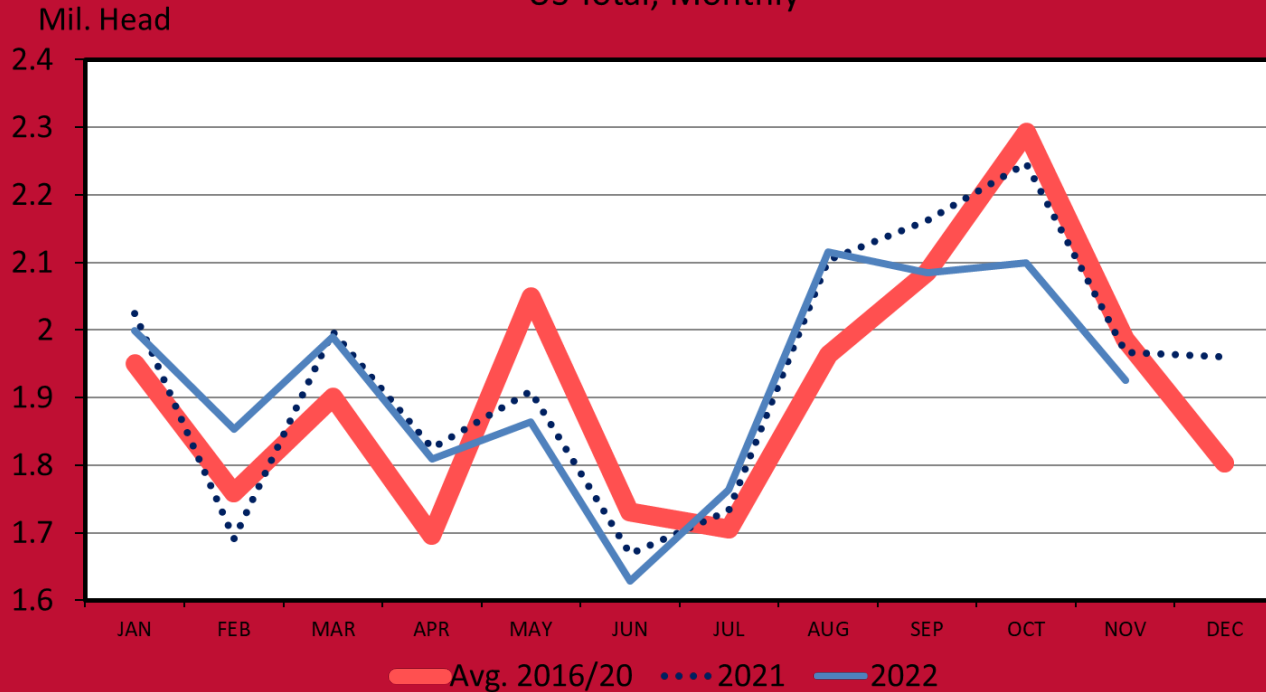
- Heifer placements 39.7% of COF
- Expected level during contraction at 34.4%
- Cow herd contraction is not equal across US
- 2022 beef herd contracted approximately 1 million head (-3.3%)
- Cow culling likely decrease another 300,000 head in 2023
- 2022 calf crop down 2%, see 2023 down another 2.3%



# Production & Outlook

## Beef

**FEEDLOT PLACEMENTS**  
US Total, Monthly



- Placements have dropped in Q4, 2022

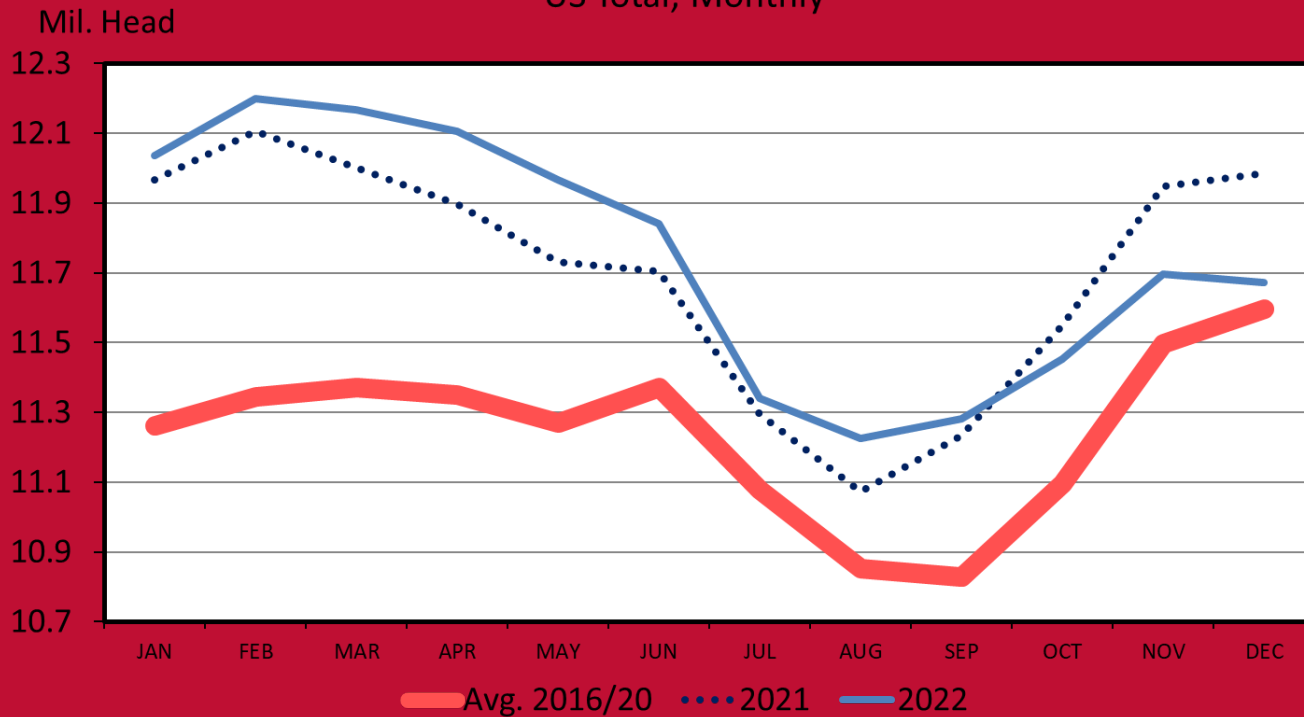




# Production & Outlook

## Beef

**CATTLE ON FEED**  
US Total, Monthly



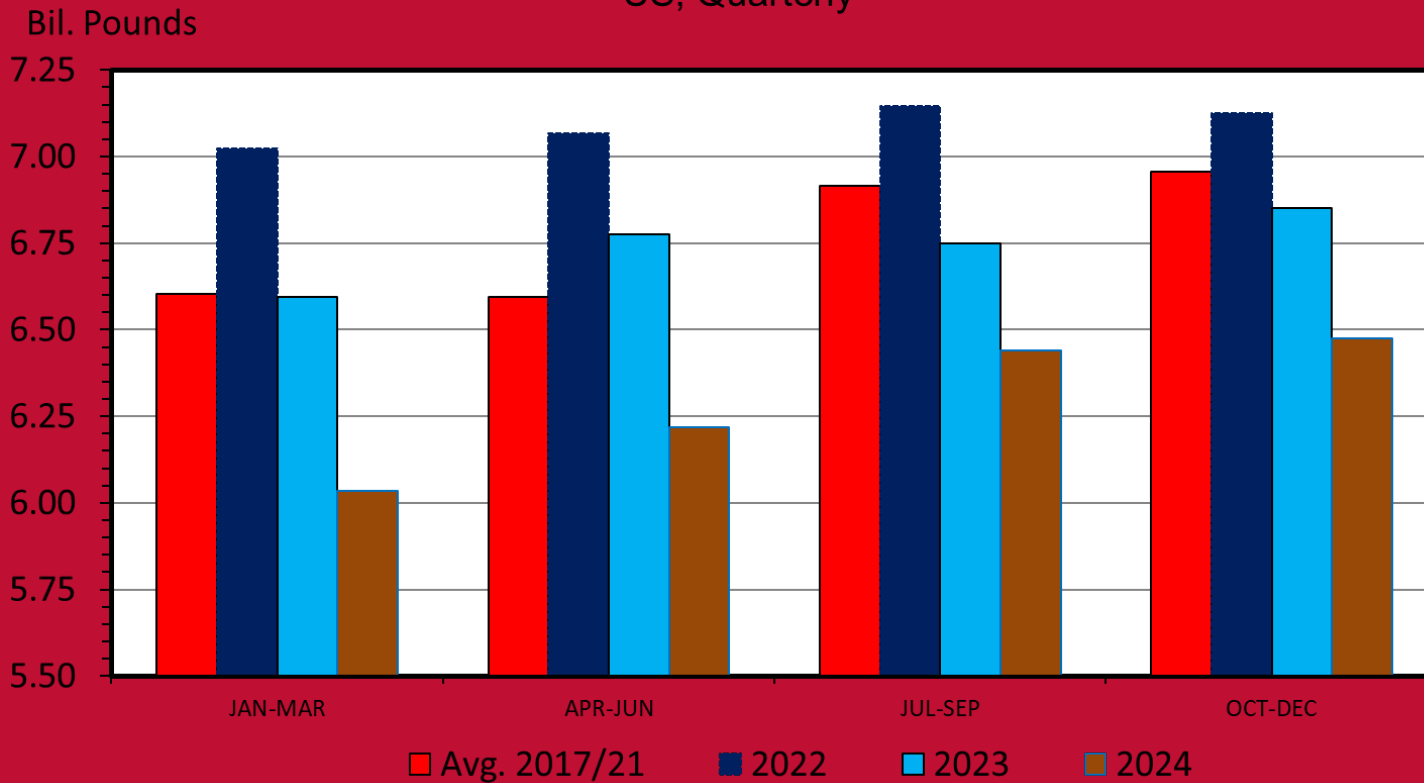
- Feedlots remained full for 3 years
- Start 2023 down 1.7%



# Production & Outlook

## Beef

**COMMERCIAL BEEF PRODUCTION**  
US, Quarterly



- 2023 production down 4.9%



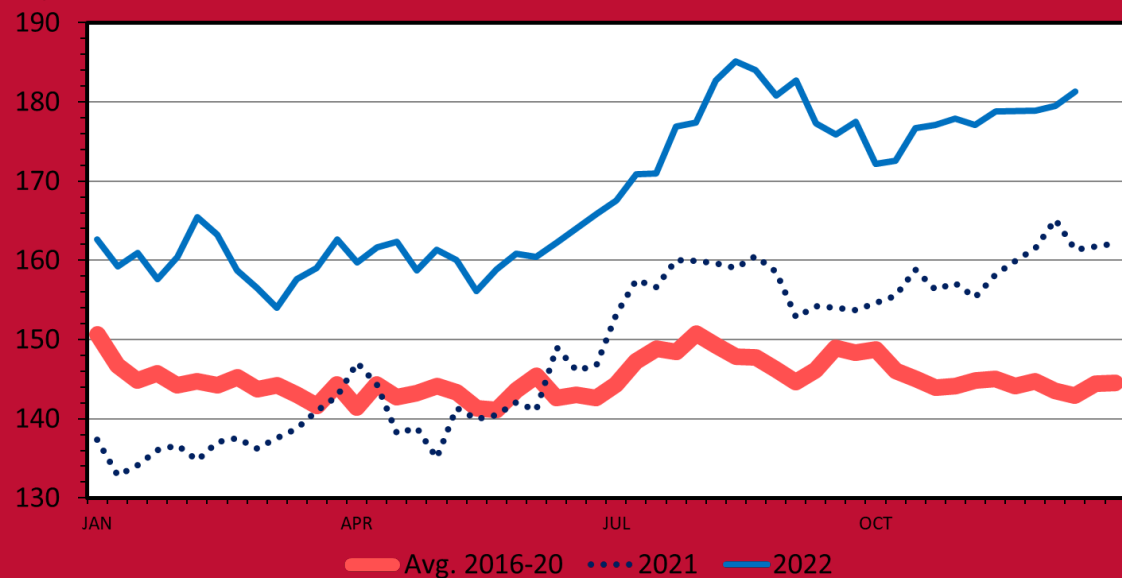
# Production & Outlook

## Beef

### MED. & LRG. #1 FEEDER STEER PRICES

700-800 Pounds, Southern Plains, Weekly

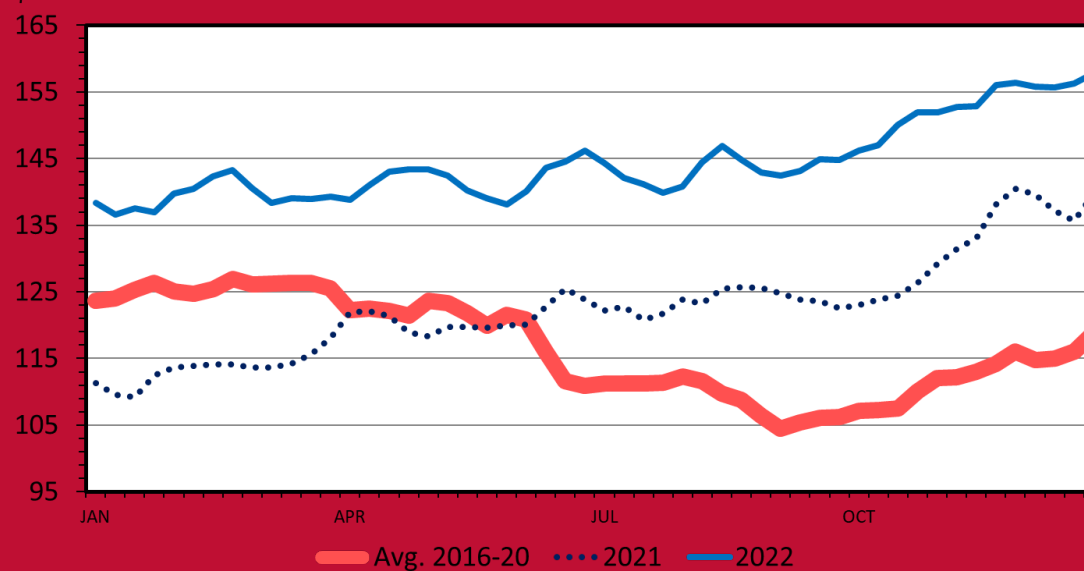
\$ Per Cwt.



### SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

\$ Per Cwt.



### Feeders

- Q1 – 11.9%
- Q2 – 12.2%
- Q3 – 3.1%
- Q4 – 4.8%

### Calves

- Q1 – 0.9%
- Q2 – 6.7%
- Q3 – 9.4%
- Q4 – 17.5%

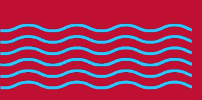
### Live Steers

- Q1 – 7.4%
- Q2 – 9.6%
- Q3 – 6.7%
- Q4 – 3.0%

## Forecast

# Where will prices and output go from here?

	Domestic Demand	Retail Price	Exports	Farm Prod	Farm Price
Broilers	↑	↓ 1%	↑ 1%	↑ 2%	↔
Turkey	↑	↓ 1%	↑ 1%	↑ 8%	↓ 1.1%
Pork / Hogs	↔	↔	↓ 1.8%	↑ 0.9%	↓ 0.3%
Beef / Cattle	↓	↑ 1%	↓ 13.3%	↓ 4.9%	↑ variable



# Factors to Watch

- Recession & Value of Dollar
- HPAI, ASF, PURS, etc
- Weather



# Questions or Comments

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- 715-425-4061