

Livestock Marketing Information Newsletter

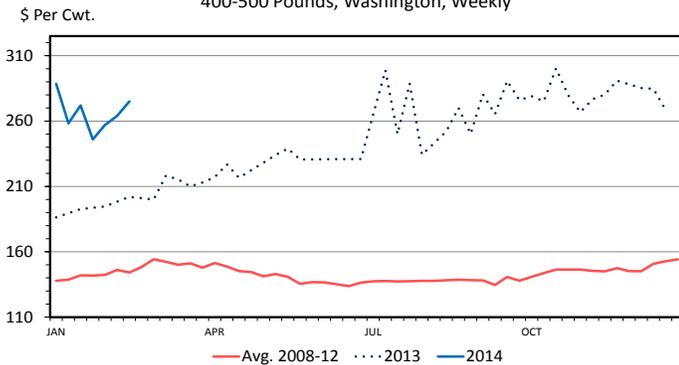


WSU Extension
<http://ext.wsu.edu>

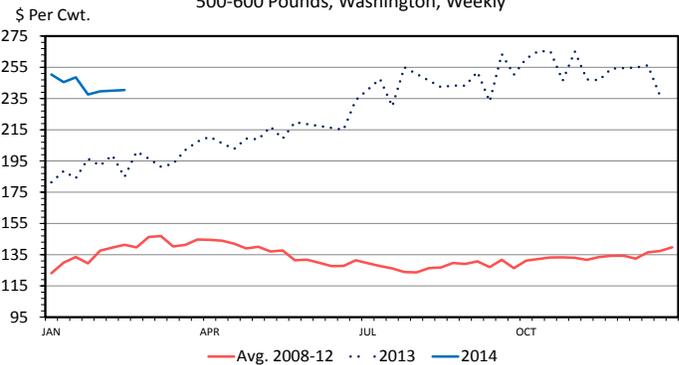
Livestock Marketing Information Center
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E-NEWSLETTER FOR WASHINGTON'S LIVESTOCK INDUSTRY

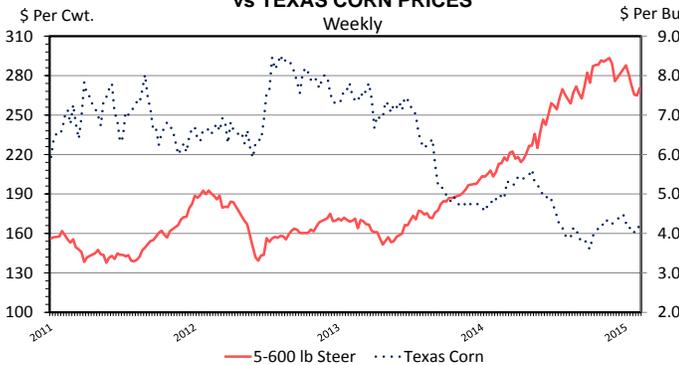
MED. & LRG. #1 & 2 STEER CALF PRICES
 400-500 Pounds, Washington, Weekly



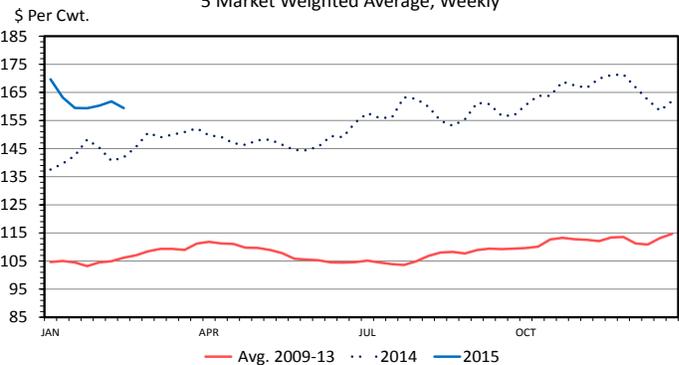
MED. & LRG. #1 & 2 STEER CALF PRICES
 500-600 Pounds, Washington, Weekly



SOUTHERN PLAINS CALF PRICES vs TEXAS CORN PRICES
 Weekly



SLAUGHTER STEER PRICES
 5 Market Weighted Average, Weekly



(All graphs courtesy of the Livestock Marketing Information Center – lmic.info)

in the cattle markets – Matthew Dierson, SDSU (2/23)

Cattle on Feed Analysis

February brings the long Cattle on Feed report with its annual summaries and additional inventory breakdowns. The total inventory on February 1 was up slightly from a year earlier after very low marketings in January. With the monthly breakdowns repeated in one report, it is easy to look for strong seasonal patterns in placements, marketings, weights, etc. In South Dakota, for example, there is a consistent sharp spike in placements in October.

NASS has adjusted the report to focus solely on steers and heifers on feed instead of including cows and bulls. This adjusts the numbers slightly at the national level. Regionally, South Dakota and Nebraska have a relatively large number of cows

and bull on feed. Each of those two states is showing about a 25,000 head adjustment lower in the on-feed numbers to account for cows and bulls. The report has a state-level breakdown of all cattle on feed for all feedlots that can be compared to the January Cattle inventory report.

There are still 72,000 feedlots in the U.S. with less than 1,000 head capacity. In 2014 those feedlots marketed 3 million head. The 70 feedlots in the U.S. with capacity of 50,000 head and over marketed about 8 million head. Turns (the ratio of marketings to inventory) are about 2.0 for large lots and only 1.25 for the smallest lots. One-time capacity of all large lots in the U.S. was revised up over 17 million head for most recent years. In 2015 the U.S. capacity is listed at 16.9 million hLocal

LIVESTOCK MARKETING INFORMATION WEEKLY – 2/27/2015

patterns and trends can make a difference when assessing the scope of changes in feeding patterns. For example, the number on feed in small lots (those with less than 1,000 head) in South Dakota has rebounded. In the 2007 Census of Agriculture the turns for small lots in South Dakota was about 1.5. In the 2012 Census of Agriculture the turns were closer to 2.0, but on a very small beginning inventory. Regardless, the increase in total cattle on feed in 2015 suggests the potential for much larger marketings than if one assumed the low level of turns typical at the national level by the smallest feedlots.

To put the South Dakota feeding inventory in perspective, it is instructive to compare it to Meat Animals - PDI data such as calf crops, inshipments, and marketings. The South Dakota calf crop in recent years has been stable at 1.7 million head.

Inshipments have typically been 600,000 head. Thus, the pool of cattle to draw from to feed or to use for replacements is 2.3 million head. Of those, typically about 400,000 are marketed out of the state as calves. About 300,000 head are needed to maintain the cow herd. Death loss is typically less than 200,000 head. Given the 2015 beginning on feed total, 700,000 head marketed as fed cattle would leave 700,000 head to be marketed as heavier feeders to other states.

The Markets

The cattle markets were mixed for the week. Live cattle futures and cash prices finished the week lower. Boxed beef and feeder cattle cash prices were higher for the week. Feeder cattle futures prices were steady. Feed prices were also mixed for the week with corn higher and distillers lower.

LMIC Livestock Monitor (February 16, 2015)

Production			Prices			
			Weekly Average (\$/Cwt)		Week	Year
Week Ending 2/14/2015	Last	Year Ago	Last	Ago	Ago	
FI Cattle Slaughter (Thou Hd)	537	540	Live Steer	160.54	160.28	141.89
FI Hog Slaughter (Thou Hd)	2222	2095	Dressed Steer	255.15	254.63	224.90
FI Sheep Slaughter (Thou Hd)	34	39	Choice Beef Cutout	238.69	241.75	208.83
Live Y. Chicken Sl. (Mil Hd)	157.2	160.0	USDA Hide/Offal	14.69	15.09	14.81
			GA Auction Fdr. Str. (6-7 Cwt.)	220.30	217.05	159.84
Slaughter Cattle Live Weight	1360	1335				
Slaughter Hog Live Weight	287	283	Iowa/S. Minn. Base Hog	58.70	63.10	85.01
Slaughter Lamb/Sheep Live Wt.	144	141	Natl. Net Hog Carcass	66.95	70.80	85.88
			Feeder Pigs (40 Lbs) (\$/Head)	67.68	72.74	104.95
Beef Production (Mil Pounds)	436.6	432.3	Pork Cutout	72.65	75.26	93.80
Pork Production (Mil Pounds)	479.1	445.8				
Lamb, Mutton Prod. (Mil Lbs.)	2.4	2.7	Lamb Cutout	331.28	341.55	335.93
Previous 6 Wk. Moving Avg.			Corn, Omaha (\$/Bu)	3.68	3.74	4.31
Total Beef (Mil Lbs)	451.1	460.5	Wheat, Portland (\$/Bu)	NQ	NQ	7.18
Total Pork (Mil Lbs)	482.6	459.9	Wheat, Kansas City (\$/Bu)	5.63	5.62	6.62
Total Lamb, Mutton (Mil Lbs)	2.5	2.7	Soybeans, Cntrl IL (\$/Bu)	9.97	9.93	13.60

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

2014's BEEF AND PORK EXPORTS: A TALE OF TWO HALVES

USDA-ERS released December data of U.S. meat trade on February 6th. During 2014, tight U.S. cattle and hog supplies pushed prices up to record levels for both domestic and international consumers. The first half of 2014 recorded above year ago levels for both beef and pork exports, then both dropped below year ago volumes during the second half of the year.

On an annual basis, pork exports in 2014 were 3% below total exports in 2013. Looking at the year closer however, the first half of 2014 experienced a 7% increase in exports compared to year ago levels but a 13% decrease during the second half of

the year. The same trend was true on the beef side. January through June of 2014 showed a 5% increase in volume of beef exports compared to that same time frame in 2013, but during July through December 2014, beef export tonnage was below a year ago every month except in September. The second half of the year saw exports 5% below 2013's. Total beef exports in 2014 were 1% below a year earlier.

On the beef side, feeder and slaughter cattle prices hit their peak in 2014 during the second half of the year. Hog prices experienced their peak during the first half of the year but Russian bans on first EU pork, then U.S. product, made the export market place more competitive. Both of these reasons,

combined with a strengthening dollar and ongoing western port issues during late 2014, worked against further increases in U.S. export levels.

Although this does not predict beef and pork export trends of 2015, it helps build the story of the international environment and export demand. January of 2015 saw dramatically increased pork production year-over-year, but weekly export data does not yet show an uptick in pork exports, leaving more product in the domestic market and creating a headwind for hog and pork prices. This is a clear example of the importance of the export market to the U.S. hog industry, which exported 22% of U.S. pork production in 2014. The U.S. cattle and beef industry is somewhat less dependent on export markets, in 2014 exports made up 11% of U.S. commercial beef production. However, even with a decreased percentage of total production going to exports, the export market still plays a key role in the cattle industry.

MACRO ECONOMIC UPDATE: KEY JANUARY DATA

January labor market trends reflected milder January weather this year. Milder winter weather across most parts of the U.S. (except for the Northeast) provided the foundation for the best labor market performance since 2012. This January, average hourly work weeks, the metric most vulnerable to bad weather, declined by only half an hour from December. In 2014, the decline was 0.8 hours and in 2013 the drop was 0.9.

Average weekly wages normally decline from December to January, and this year the decline was \$3.01. In 2014, the decline was \$12.67 and in 2013 the decline was \$14.97. The minimal decline in weekly wages should give a nice boost to the wages and salaries component of personal income, thereby leading to good gains in consumer spending. This scenario is already incorporated into the favorable forecast of the U.S. economy during the current quarter. For the most part, it's all about the weather during the balance of this quarter.

U.S. payroll trends during January provided some room for worry. Payrolls declined 2.7 million jobs from December 2014 to January 2015; the same decline as a year ago. The mix between service and goods-producing jobs is the crux of the issue. Service-providing jobs declined 1.9 million in January, versus a 2.0 million job decline a year ago. Goods-producing jobs meanwhile, declined by 360,000 compared to a 250,000 job decline in January 2014. Since goods-producing jobs should be more vulnerable to bad weather (outdoors, construction, mining, oil exploration, etc.), the better weather would normally be expected to provide a better job creation climate. Apparently, not so.

Importantly, food service and restaurant retail sales in January posted huge year-over-year gains, up 13% and the biggest jump in several years. Grocery store sales were 3.7% above 2014's and similar to the growth reported in December. In

contrast, retail sales for all businesses were up only 2.8%, with gasoline sales being the major factor due to lower overall fuel prices.

The January reports play very well to the forecast of food sector retail sales that has been in place for a while. Total food sector retail sales growth is expected to peak this quarter with gains of a robust 4% to 5% above a year ago and finish the year with gains of 1% to 2%.

CATTLE FEEDING RETURNS BACK INTO THE RED

Cattle feeding returns in 2014 were the best since 2003. LMIC estimates for feeding-out a 750-pound steer in a commercial Southern Plains feedlot incorporating all economic costs of production (including: yardage, interest on the feeder animal, normal death loss) showed very positive annual average per steer returns in 2014. In the summer months of 2014, cattle sold by feedlots recorded profit levels not seen since the fall of 2003. But that story changed for typical steers sold in December, which lost at least \$50.00 per head. The two major factors drove closeouts into the red: 1) surging feeder cattle costs as 2014 progressed; and 2) declining slaughterer steer prices.

Between January and November of last year the 700-to 800-pound steer price in the Southern Plains surged by over \$70.00 per cwt. Fed cattle prices dropped from a monthly average of just over \$171.00 per cwt. in November to about \$163.30 in December. Cattle sold in December lost more money than in any month since June 2013.

So far this year, losses on fed cattle sold have increased dramatically. Using total economic costs of production, estimated feedlot closeouts posted losses in January and February of nearly \$200.00 per steer. Those losses are not sustainable and have pressured heavyweight feeder cattle prices.

Since mid-December, for animals placed into feedlots, lower feeder cattle prices have begun to bring breakeven sale prices back into line. However, those breakevens remain well above price levels in the futures market. So, expect cattle feeders to remain rather cautious buyers of animals. Overall, feeder cattle prices will not repeat 2014's dramatic upswing this year, but prices for those animals are forecast to remain above a year ago into the summer months. In the second half of this year, yearling steer prices are expected to consistently post year-on-year declines. Still, for the calendar year, prices should be the second highest ever.

<http://lmic.info/tac/Monitor/monitorframe.html>

Ron Plain hog outlook

Hog prices were sharply higher this week following last Friday evening's agreement on a new labor contract for longshoremen who work at the 23 west coast ports. A work

slowdown had caused a serious backup in containers waiting for loading. This was especially problematic for perishable products waiting for export.

As expected, the latest cold storage report showed a lot more frozen meat. On January 31, there was 18.4% more pork, 10.5% more beef, and 2.5% more chicken in cold storage than the month before.

The average price of pork at retail was \$3.989 per pound in January. That is down 0.2 cents from the month before, but up 23.1 cents from a year earlier. The record monthly high for pork was \$4.215/lb last September. Bacon demand continues to be strong as retail bacon prices averaged \$1.105 per pound above boneless pork chop prices during January.

The average live price for 51-52% lean hogs was \$54.05/cwt in January. That was down \$7.19 from December and down \$4.31 from January 2014. Thursday's negotiated carcass price averaged \$64.94/cwt which is \$6.84 higher than a week earlier. Because of confidentiality rules, there were no eastern corn belt or national negotiated price reports this morning. The western corn belt had a morning average negotiated carcass price of \$64.72/cwt, up \$5.26 from the previous Friday morning. The Iowa-Minnesota average on the morning report today was \$64.77/cwt.

Peoria had a top live price today of \$38/cwt, \$2 higher than seven days ago. The top price Friday for interior Missouri live hogs was \$48.25/cwt which is up \$8.25 from the previous Friday.

Packer margins were squeezed this week as hog prices rallied and the cutout value declined. Friday morning's pork cutout value was \$69.98/cwt FOB the plants, down 86 cents from the week before and down \$34.69 from a year ago. This is the sixth consecutive week with a lower cutout value. Wholesale belly prices are down 48% from a year ago.

Hog slaughter this week totaled 2.262 million head, down 0.8% from the week before, but up 5.6% from same week last year. Hog slaughter has been above the year ago level for the last six weeks. Compared to a year ago, pork production during the last six weeks was up 6.7%.

The average live slaughter weight of barrows and gilts in Iowa-Minnesota last week was 284.6 pounds, down 1.2 pounds from the week before, up 2.4 pounds from a year ago, and up 8.4 pounds from two years ago. Weights have been above year ago each week since March of 2013.

Hog futures were higher this week. The April lean hog futures contract closed today at \$67.47/cwt, up 7 cents for the week. May hog futures ended the week at \$79.90/cwt, up \$2.60 from

the week before. June hogs gained \$1.15 this week to close at \$82.87/cwt. The July contract ended the week at \$83.17/cwt. <http://agebb.missouri.edu/mkt/bull1c.htm>

Ron Plain cattle outlook

The best news this week was the settlement of the labor dispute at west coast ports. A work slowdown had delayed movement of product through those ports in recent weeks. Quick handling at these ports is crucial to exporting perishable products like beef. The backlog of shipments is not expected to be totally cleared until April.

The average retail price of choice beef in grocery stores was a record \$6.333 per pound during January. This was up 2.3 cents from the month before and up 98.7 cents from a year earlier. Retail beef prices have set new record highs in 11 of the last 13 months. The average price of all fresh beef was a record \$6.00 per pound in January. Ground beef set a new record at \$4.235 per pound during January.

The 5 area average live price of slaughter steers was \$164.40/cwt in January. This was up \$1.30 from December and up \$22.60 from January 2014. The record month for slaughter steer prices was November at \$171/cwt.

Boxed beef prices increased for the second week. This morning the choice boxed beef cutout value was \$247.84/cwt, up \$7.72 from the previous Friday and up \$23.28 from a year ago. The select carcass cutout was \$245.93/cwt this morning, up \$9.07 from last week and up \$24.27 from a year ago.

Fed cattle prices were lower this week on light sales volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$156.69/cwt, down \$3.34 from last week's average, but up \$6.05 from a year ago. The 5 area average dressed price for steers was \$251.37/cwt, down \$4.99 for the week, but up \$11.39 compared to a year ago. Cattle slaughter this week totaled 523,000 head, up 0.4% from the week before, but down 8.2% from the comparable week last year. Cattle slaughter has been below year-ago for the last 52 weeks.

The average steer dressed weight for the week ending on February 14 was 881 pounds, down 3 pounds from the week before, but up 19 pounds compared to the same week last year. Steer weights have been above year-ago each week since June 14, 2014.

Feeder cattle prices at Oklahoma City were \$2 to \$7 lower this week. Prices for medium and large frame #1 steers by weight group were: 400-450# \$316-\$317, 450-500# \$280-\$298, 500-550# \$247-\$281, 550-600# \$256-\$278, 600-650# \$228.50-\$250, 650-700# \$224-\$234, 700-750# \$204.75-\$225, 750-800#

\$196-\$204, 800-900# \$178.75-\$197.50, 900-1000#, \$174.50-\$180/cwt.

The February live cattle futures contract settled at \$158.00/cwt today, up \$1.30 for the week. April fed cattle settled at \$151.70/cwt, up \$3.18 from the previous Friday.

June fed cattle gained \$1.98 this week to settle at \$143.85/cwt. The March feeder cattle contract ended the week at \$201.90/cwt, up \$2.73 for the week. April feeders settled at \$200.32/cwt which is \$1.97 higher than the Friday before. <http://agebb.missouri.edu/mkt/bull2c.htm>

USDA MARKET NEWS – MOSES LAKE

Washington feeder cattle report

(Davenport & Toppenish) Compared to last week, stocker cattle less than 650 lbs. 9.00-17.00 higher. Feeder cattle and heifers over 650 lbs. 5.00-6.00 lower. Slaughter cows and bulls 4.00-12.00 higher. Slaughter cows 45 percent, Slaughter bulls 5 percent, and feeders 50 percent of the supply. The feeder supply included 61 percent steers and 39 percent heifers. Near 69 percent of the run weighed over 600 lbs. http://www.ams.usda.gov/mnreports/ml_ls795.txt

Columbia Basin hay report

Compared to last week, Premium Export and Fair/Good dry cow hay steady in a light test. Trade slow to moderate for domestic and export markets. Some exporters having trouble with 4th cutting Alfalfa testing positive for GMO. Even though port operations are back to normal exporters are still having scheduling problems. Retail/Feedstore hay steady. Demand remains good. All prices are dollars per ton and FOB the farm or ranch unless otherwise stated.

http://www.ams.usda.gov/mnreports/ml_gr310.txt

national feeder & stocker cattle summary

Compared to last week, yearlings traded mostly 2.00-5.00 lower, with calves selling unevenly steady. Weather curtailed receipts throughout much of the Southwest and Southeast as snow/ice storms moved across the trading areas. Significantly reduced sales were reported in Oklahoma, Missouri, Arkansas, Kentucky and Tennessee where many stocker buyers go to fill their springtime orders. Pressure still looms over the market with neither buyers nor sellers content and about the only market participant satisfied is someone who sold cattle two months ago. Lightweight stocker calf prices were very uneven depending on conditions and locations. Heavier yearling feeders weighing over 800 lbs found few friends with the continued erosion of the CME cattle futures and few options to achieve profitability. At times it almost appears that the feeder cattle market has given up demand for lent. Feeder and Live cattle contracts just keep getting beat up and continued a downtrend that accelerated last Friday and continued into the first part of the week. Then cattle futures did spark to life on Wednesday and Thursday but for the most part have remained unresponsive to anything that can be construed as positive. We have lost the fund positions in the cattle futures, as the relentless buying that drove the market last year has stopped.

The West Coast Port labor dispute has ended, which was a bearish factor on the market but has failed to put any positive spin on the future prices. Beef demand for the domestic market remains critical for the US beef industry. Harsh winter conditions in the Northeastern seaboard have certainly played a role in slowed foodservice business and demand. There is some positive news this week, as we are starting to see a late February rally in Boxed-beef as cutouts have closed with sharp gains on Tuesday and Wednesday of this week and modest gains on Friday. Choice has gained over 5.00 and select over 9.00 in the past week with Choice product closing at 247.58 on Friday afternoon, maybe looking forward to warmer spring days ahead. Auction volume included 73 percent over 600 lbs and 38 percent heifers. This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/sj_ls850.txt

nw direct feeder cattle summary

Compared to last week, feeder cattle steady to 3.00 lower. Trade remains slow with moderate to good demand. The feeder supply included 76 percent steers and 24 percent heifers. Near 80 percent of the supply weighed over 600 lbs. Prices are FOB weighing point with a 1-4 percent shrink or equivalent and with a 5-10 cent slide on calves and a 3-8 cent slide on yearlings. Delivered prices include freight, commissions and other expenses. Current sales are up to 14 days delivery.

http://www.ams.usda.gov/mnreports/ml_ls135.txt

national sheep summary

Compared to last week slaughter lambs were steady to sharply higher. Slaughter ewes were steady to 7.00 higher. Feeder lambs were 3.00-4.00 higher in light test. At San Angelo, TX 1256 head sold in a weather shortened sale. No sales in Equity Electronic Auction. In direct trading slaughter ewes were not tested and no comparison on feeder lambs. 4,000 head of negotiated sales of slaughter lambs were steady and 10,600 head of formula sales of carcasses under 65 lbs were not well tested; 65-75 lbs were 7.00-8.00 lower; 75-85 lbs were 6.00-7.00 higher; 85-95 lbs were 6.00-7.00 lower and over 95 lbs were 2.00-3.00 higher. 5,992 lamb carcasses sold with 45 lbs and down 1.76 lower; 45-55 lbs 5.72 lower; 55-75 lbs .91-.95 lower and 75 lbs and up 2.21-2.52 lower. All sheep sold per

hundred weight (CWT) unless otherwise specified. http://www.ams.usda.gov/mnreports/sa_ls855.txt

superior video

http://www.ams.usda.gov/mnreports/am_ls753.txt

NEWS

WEST COAST PORTS SHUTDOWN AVERTED WITH FIVE-YEAR LABOR AGREEMENT

2015-02-21

By James Nash and Alison Vekshin

(Bloomberg) -- West Coast dockworkers and their employers ended their nine-month standoff with a five-year contract deal, averting a shutdown of 29 ports that could have cost the U.S. economy \$2 billion a day. "This is now in the rear-view mirror," Labor Secretary Tom Perez told reporters late Friday outside the San Francisco headquarters of the Pacific Maritime Association, which had been locked in the contract battle with the International Longshore and Warehouse Union. "A significant potential headwind for this economic recovery has been removed." Perez brokered a compromise on the issue of whether the union could fire arbitrators in workplace disputes, which had held up settlement on a contract after the sides agreed on other terms. Instead of a single arbitrator, a panel now will hear grievances, union President Robert McEllrath told reporters. The labor standoff had reduced productivity at West Coast ports by as much as half since November. California citrus fruit bound for Asia spoiled on the docks, while Mardi Gras beads destined for New Orleans instead languished on cargo ships off the Southern California coast. Carmakers flew in vital components at more than 10 times the cost of shipping them, while Japanese McDonald's restaurants rationed french fries because of a shortage of Idaho potatoes. Perez had arrived in San Francisco on Feb. 17, dispatched by President Barack Obama after a federal mediator failed to bridge the gap between the two sides.

Clear Backlog

"This is great news for the parties involved in the negotiation and a huge relief for our economy – particularly the countless American workers, farmers, and businesses that have been affected by the dispute and those facing even greater disruption and costs with further delays," the Obama administration said late Friday in a prepared statement. Obama also called on the parties to cooperate to clear the backlogs and congestion in the ports as they work toward a final agreement, according to the statement. The Port of Los Angeles, the nation's busiest, handled 29 percent less cargo in January 2015 compared with January 2014, and volumes were down 19 percent in neighboring Long Beach, the second-busiest port, according to statements from both ports. The contract agreement won't end cargo bottlenecks right away, even after port operations return to normal by Saturday night, Perez said.

"The parties have agreed to ensure that there are fully operational ports up and down the West Coast beginning tomorrow evening," Perez said on a conference call with reporters. "I am confident that they understand the urgency of the task of eliminating the backlog."

Workplace Grievances

Talks had broken down this month over a union demand that it be able to fire arbitrators in workplace grievances. The two sides had reached terms over salaries, benefits, the right of union members to maintain and repair truck chassis used to haul shipping containers and health care. On Feb. 4, the management association publicized details of its contract offer, including raises of 3 percent per year for full-time dockworkers, along with maintaining fully paid health care that costs employers \$35,000 per worker per year. The maximum pension would rise to \$88,800 per year as part of the proposed five-year contract, the association said at the time. The union and Perez wouldn't confirm details of the final deal Friday evening. The tentative settlement still needs approval from unionized dockworkers from San Diego to Bellingham, Washington.

Reduced Capacity

"After more than nine months of negotiations, we are pleased to have reached an agreement that is good for workers and for the industry," said maritime association President James McKenna and McEllrath, the union president, in a joint statement released late Friday. "We are also pleased that our ports can now resume full operations." In their statement, the union and management declined to release details of the contract agreement until they are presented to members.

Negotiators for the two sides were seen shaking hands and hugging in the the Pacific Maritime Association headquarters shortly after 6 p.m. local time, just as word of a deal leaked out. The West Coast ports, responsible for 43.5 percent of U.S. trade, have been operating at reduced capacity since late October as dockworkers slowed cargo movement and port employers cut shifts. The deal came after Perez gave the dockworkers' union and shipping lines and terminal operators at the ports until the end of Friday to

respond to a contract settlement he proposed. He said that had they not reached an agreement, he would have moved the talks to Washington next week.

U.S. MEAT MARKETS STRUGGLING

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

A myriad of factors are joining forces to create significant challenges for beef, pork and poultry markets so far in 2015. These include supply and demand factors, domestic and international factors, and short and long term factors. Many of the factors are affecting all meat markets while others are specific to individual meats.

International demand for U.S. meat is being dampened by the strong dollar, which makes U.S. product more expensive in global markets. This is particularly challenging for beef, which is already high relatively to other meats due to limited supplies. In the case of pork, falling U.S. prices due to increased production are offset to some extent in international markets by the strong dollar. Meat exports are being further disrupted by the backlog at west coast ports. The inability to move perishable product out of the ports has resulted in reduced export demand and diversion of meat back into domestic markets. Cold storage holdings of red meat and poultry were up significantly in January, partly as a result of the port slowdown. Settlement of the labor dispute this past week will improve conditions but it will take several weeks for port operations to return to normal. Simultaneous to reduced export flow of meat, a series of severe winter storms has crippled population centers in the eastern U.S. disrupting normal meat shipments and reducing meat demand domestically.

Pork production is increasing rapidly with planned expansion enhanced by smaller than expected PEDv impacts. The PED virus, while still circulating in U.S. pig herds, is having less impact this winter due to a combination of vaccine effectiveness, natural immunity and improved biosecurity which limits that spread of the virus among hog farms. Pork production is expected to increase four to five percent in 2015 and with little growth in pork exports expected, the majority of the increased production will be consumed domestically. Abundant supplies of European pork are finding their way into many global markets increasing the competition for U.S. pork. Wholesale pork values are falling and sharply lower hog prices may curtail production at some point but not likely before the end of the year or into 2016.

Poultry production is also expanding in 2015 on lower feed prices and improved returns in 2014. A nearly four percent increase in broiler production is expected in 2015 and, like pork, broiler exports are likely to see only slight growth leaving most of the increase in broiler production to fall on the domestic market. Broiler wholesale values are higher than year ago levels for breast meat and wings, though sharply lower for legs. However, increased broiler supplies and falling pork values will likely weigh on broiler product values in the coming weeks.

The challenges for the beef industry are particularly troublesome. Beef production is expected to decrease another one percent in 2015, in addition to the nearly 6 percent decline in 2014. Yet the pressure for higher beef prices that accompanies limited supplies is running headlong into weaker export demand, aggravated by the strong dollar; the domestic market disruptions described above; and growing pork and poultry supplies that sharpen the competition among meat in the domestic market. Falling pork wholesale values have led to an extremely wide beef to pork wholesale price ratio limiting the ability of beef prices to advance. Beef wholesale values, after a brief rally in early January dropped sharply into February and have managed only to stabilize recently despite lower beef production.

In the latest Cattle on Feed report, feedlot inventories were about even with one year ago. January placements were down 11 percent from one year ago. Delayed feedlot marketings, down nine percent year over year in January, have allowed feedlot inventories to hold close to year ago levels but feedlot production continues to fall. Total feedlot placements in the past six months are down 3.8 percent from one year ago and the 12 month moving average of placements is at the smallest level since July 1996. Feedlot marketings and cattle slaughter will continue lower year over year in 2015.

OTHER RESOURCES

USDA Market News: www.ams.usda.gov

Northwest Commodity

Corner: <http://www.ams.usda.gov/mnreports/lswnwcomm.pdf>

Video auction home pages

Superior Livestock Auction
<http://www.superiorlivestock.com/>
Western Video Market
<http://www.wvmcattle.com/>

National Feed & Seed

Weekly: <http://www.ams.usda.gov/mnreports/lswfeedseed.pdf>

Northern Livestock Video Auction

<http://www.northernlivestockvideo.com/>

USDA market news reports for individual PNW auctions

Stockland Livestock Auction (Davenport, WA)

http://www.ams.usda.gov/mnreports/ML_LS756.txt

Toppenish Livestock Auction (Toppenish, WA)

http://www.ams.usda.gov/mnreports/ML_LS754.txt

Selected PNW livestock auction home pages

Central Oregon Livestock Auction (Madras, OR)

<http://www.centraloregonlivestockauction.com/marketreports.htm>

Producers Livestock Marketing Association

(Vale, OR & Jerome, ID)

<http://www.producerslivestock.com/>

Stockland Livestock Exchange (Davenport, WA)

<http://www.stocklandlivestock.com/>

Lewiston Livestock Market (Lewiston, ID)

<http://www.lewistonlivestockmarket.com>

Hot topics

WSU Avian flu

<http://anr.wsu.edu/AvianFlu.htm>

WSU - West Nile Virus

<http://wnv.wsu.edu/>

Northwest Pilot Project (AID)

<http://www.northwestpilot.org/>

USDA National Animal Identification System

<http://animalid.aphis.usda.gov/nais/index.shtml>

NCBA BSE page

<http://www.bseinfo.org/>

USDA Country-of-origin labeling

<http://www.ams.usda.gov/cool/>

The most recent editions of this newsletter are posted on the WSU Extension Central Washington Animal Agriculture Team website (<http://animalag.wsu.edu>). In this newsletter, clicking on a link will open the website containing the report or will load the PDF from the web in your browser window. If you have any problems please email me at HUDSONT@WSU.EDU. Several of the articles are in Adobe Acrobat (PDF) format, and you may need the current version of Adobe Reader for the hotlinks to work. Go to <http://www.adobe.com/products/acrobat/readstep2.html> to download Adobe Acrobat Reader for free. To subscribe automatically, send a blank email to SUBSCRIBE-livestockmarkets@lyris.cahnrs.wsu.edu.

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