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USDA AMS Livestock and Grain Market News

TRI-STATE WOOL GROWERS

TOPICS TO DISCUSS

1. Colorado Feedlot Inventory Numbers.
2. FIS Slaughter Numbers.
3. Feeder Lamb Prices.
4. Imperial Lambs.
5. Territory Wool Prices.
6. Slaughter Lamb Prices.
7. Import Data.
8. Cold Storage.
9. Pelt Data.
10. How Did We Get Here?

COLORADO FEEDLOT INVENTORY NUMBERS

COLORADO FEEDLOT NUMBERS

- ✖ As of November 1st, 2012 Colorado had 259,170 lambs on feed.
 - + November of 2011 had 333,505 head on feed.
- ✖ That is a decrease of 74,335 or about 22% less than last year & 4,880 less than last month.
 - + Keeping in mind that the feedlot backup started in September of last year.
- ✖ Cost of gains are around 1.30-1.40.
 - + Slightly cheaper than projected to be in late August.

FEEDING SITUATION

- ✖ Corn prices began to increase last June.
 - + Due to a drought in the mid-west.
 - + Sep CBOT Corn contract closed on June 1st at 5.14.
 - + On July 19th the same contract closed at 8.07.
 - ✖ That is a 2.93 rally in the market in about 7 weeks.
 - + Sep corn contracts closed on Sep 14th at 7.77.
 - + Currently Dec Contracts currently between 7.30-7.40.

FEEDING SITUATION

- ✖ Hay prices continue to be firm.
 - + The drought that started in TX, NM, OK, and KS last year forced hay buyer to reach outside of regional borders to procure hay.
 - + Hay supplies in CO, WY, MT, NE, SD, and ND were bought up and shipped to the drought stricken areas.
 - ✖ Northeast Colorado, Good quality, FOB stack in Oct:
 - ★ 2010 – 95.00-100.00 per ton
 - ★ 2011 – 170.00-180.00 per ton (Similar to 2008)
 - ★ 2012 – 195.00-200.00 per ton
 - ✖ Currently as high as 275.00-280.00 Delivered.

CURRENT FEEDING SITUATION

- ✖ Due to minimal moisture and very hot conditions hay production was hindered.
 - + Yield were off by as much as a ton to the acre.
 - ✖ Due mostly to:
 - ★ 2011-2012 brought limited snow pack to the mountains.
 - ✖ Limiting Irrigation water.
 - ★ 2012 – 62 days over 90 degrees and 10 days over 100 degrees.
 - ★ 2011 – 48 days over 90 degrees and 1 day over 100 degrees.
- + These factors have kept strong pressure on the hay market.

FEDERALLY INSPECTED SLAUGHTER NUMBERS

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- ✖ Over the past 10 years the slaughter numbers have decreased on the average of 4 percent.
 - + Or an average decrease of 105,242 head per year.
- ✖ From 2002 to 2011:
 - + Just over 1.07 million head decrease in total slaughter.
 - + Just under 21,000 decrease per week.

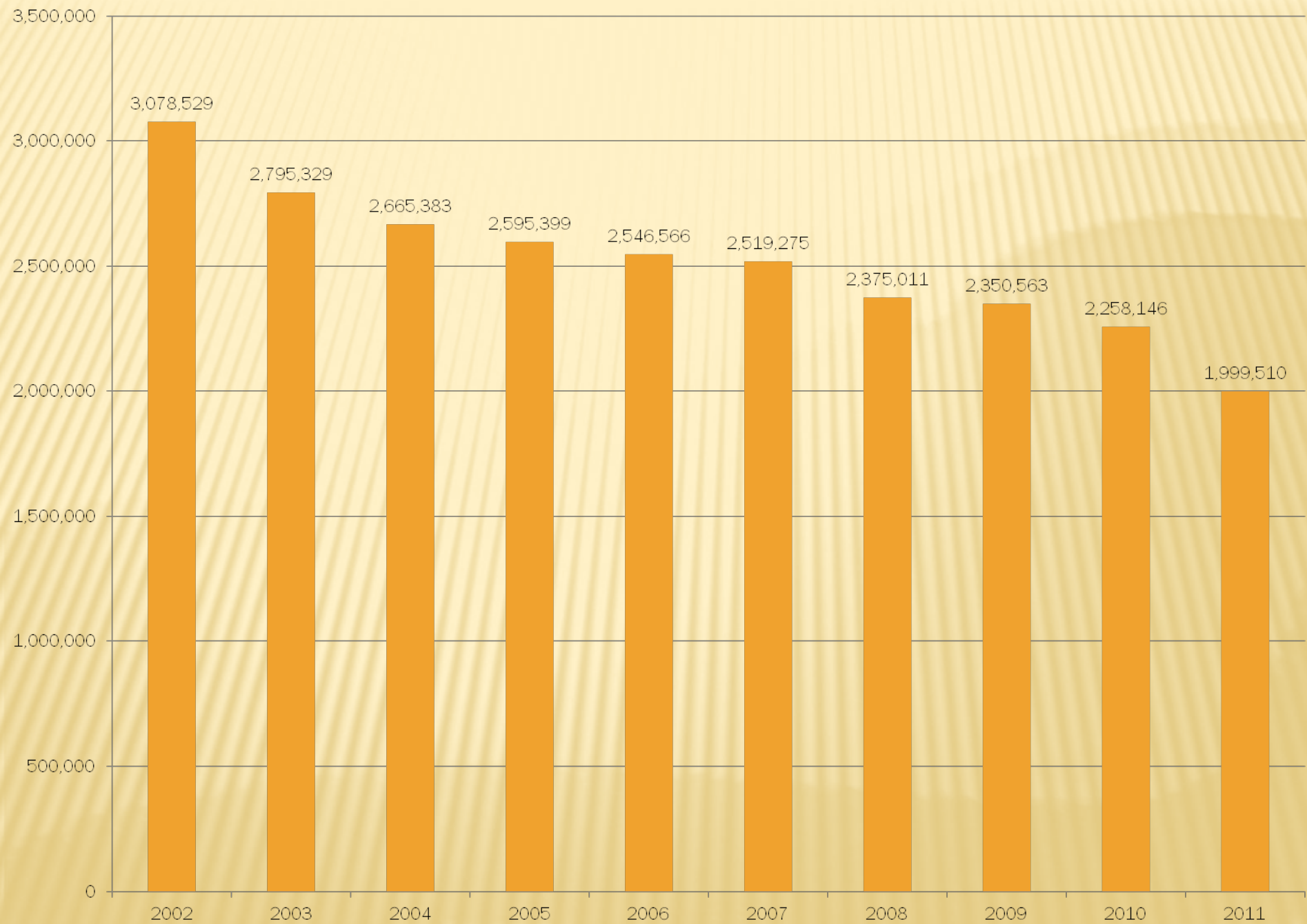
FEDERALLY INSPECTED SLAUGHTER NUMBERS

- ✖ The first three quarters of 2012 the slaughter was down 15,177 from 2011.
 - + Or 1 percent from 2011.
- ✖ In the first 42 weeks of 2012 the total slaughter is down 9,350 from the same time frame of 2011.
 - + Or down 1.53 percent from 2011.

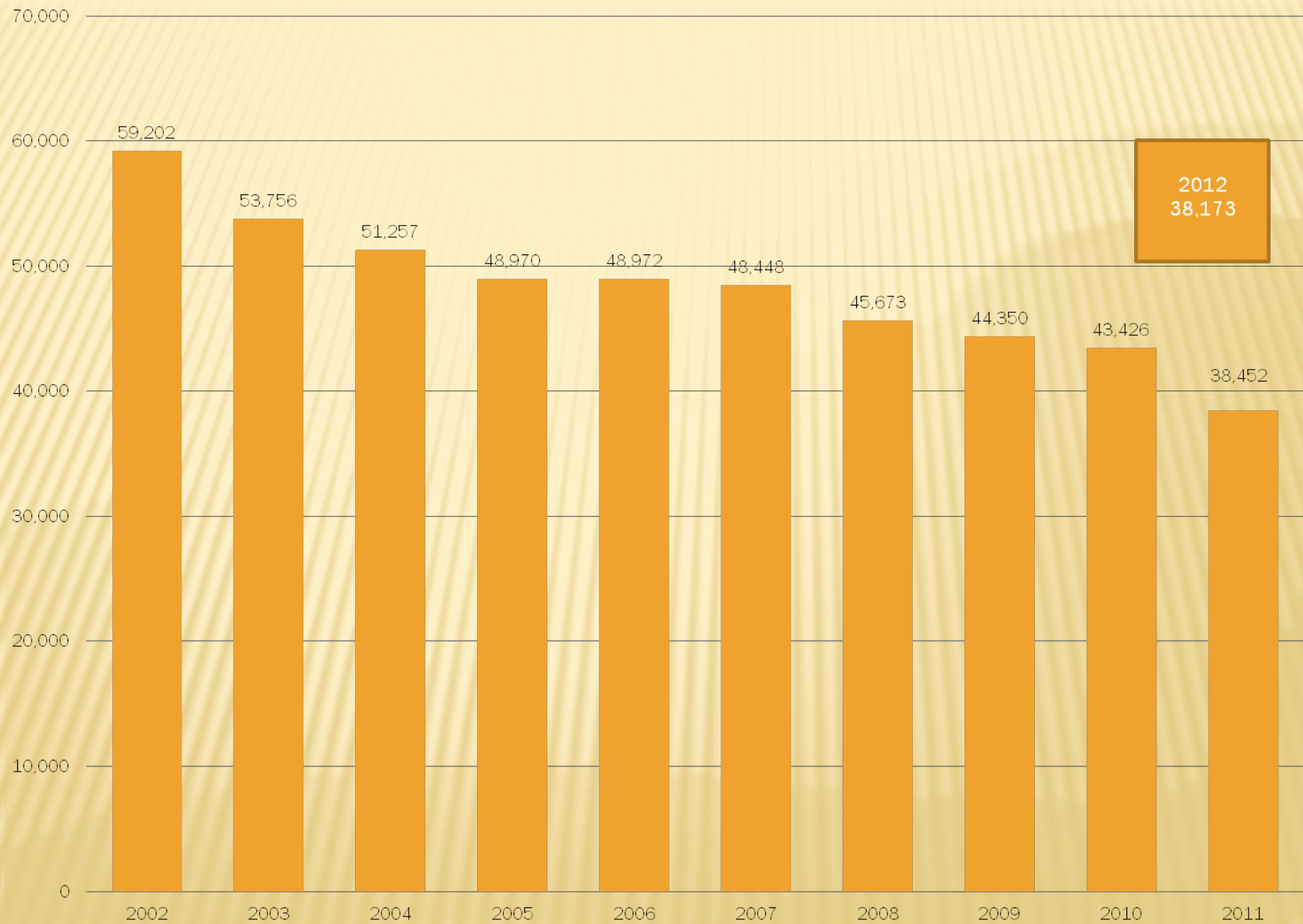
FEDERALLY INSPECTED SLAUGHTER NUMBERS

- ✖ July of 2011 weekly slaughter began to slow.
 - + This happened in reaction to decreasing demand.
 - + This also marked the highest fat lamb prices.
- ✖ Weekly slaughter numbers in the last 10 weeks have trended higher than the same time frame last year.
 - + Indicating some increasing demand.

Annual Federally Inspected Slaughter



Weekly Average Slaughter



FEEDER LAMB PRICES

FEEDER LAMB PRICES

✕ California Feeder Lambs

- + Weighted average price reported 146.25 FOB per cwt.
 - ✕ Trading started in Feb at 180.00 and last reported trade at 125.00.
 - ✕ Trade started about 20.00 under what the last reported trades were at last year.

✕ Idaho Feeder Lambs

- + Early 108.00-113.00 FOB.
- + Late 90.00 FOB.

FEEDER LAMB PRICES

- ✖ By the time UT and WY lambs began to trade the feeder market had found the bottom.
 - + Utah lambs traded 82.00-90.00.
 - ✖ Mostly 85.00-90.00 on 90-100 lb lambs.
 - ✖ 82.00-85.00 on lambs over 100 lbs.
 - + Wyoming lambs traded 85.00-97.00.
 - ✖ Mostly 85.00-90.00.
 - ✖ Few trades on lambs under 75 lbs at 94.00-97.00.

FEEDER LAMB PRICES

- ✖ Northern Video Auction on July 23.
 - + 21 lots offered in WY, MT, ID, and CA.
 - + 7 lots sold.
 - + Sold Lots:
 - ✖ 80-95 lbs
 - ✖ 92.00-100.00 FOB MT and WY.
 - ✖ With an average of 95.00.
- ✖ This is a decrease of 143.06 on the average from the same sale in July of 2011.

FEEDER LAMB PRICES

- ✘ This market trended reverse of last year.
 - + Most fall lambs traded over 200.00.
- ✘ Last year it benefited the producer to hold off.
 - + This year the longer you waited to sell the cheaper the market got.
 - ✘ Many lambs traded in Jun/Jul for fall del.
- ✘ Lamb feeders struggled to price lambs.
 - + They were facing increasing feed and freight costs, and a decreasing carcass market.

IMPERIAL VALLEY

IMPERIAL VALLEY

- ✘ In the last 6-8 years there has only been 1 lamb crop to profitable.
 - + 2010-2011 during the big market jump.
- ✘ A major decrease in lambs sent.
 - + 2010 – 140,000 head
 - + 2011 – 110,000 head
 - + 2012 – 90,000 head (Estimated)
 - ✘ First time ever less than 100,000.

IMPERIAL VALLEY

✘ Why fewer lambs?

+ Hay prices increased in 2011.

- ✘ Producers chose to cut hay rather than graze with sheep.
 - ✱ Forcing guys to take less lambs or graze less productive forages.

+ Daily cost of gain increased.

- ✘ 18-22 cents per head per day 3-4 years ago.
- ✘ 32-35 cents per head per day last year.
 - ✱ Project to be similar again this year.

+ Freight cost increasing.

- ✘ 2.00 fuel a few years ago to 4.00 plus fuel now.

TERRITORY WOOL PRICES

WOOL PRICES FOR TERRITORY STATES

2011 Clean Price

<u>Micron</u>	<u>Price</u>
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✕ 21	5.09
✕ 22	4.76
✕ 23	4.28
✕ 24	3.94
✕ 25	3.53
✕ 26	3.18

2012 Clean Price

<u>Micron</u>	<u>Price</u>	<u>Change</u>
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✕ 21	4.86	↓ .23
✕ 22	4.72	↓ .04
✕ 23	4.32	↓ .04
✕ 24	3.96	↓ .02
✕ 25	3.44	↓ .09
✕ 26	3.04	↓ .14

DOMESTIC WOOL TRADE

- ✖ Prices are down about 25% from 2011.
- ✖ Late wool trade was about 20 percent lower then previous year at the same time.
- ✖ The last 3-4 months the market has been quiet.
- ✖ In October this market showed some interest.
 - ✖ Australian market increase 4 weeks straight.
- + Also bringing some interest back to domestic wool.
 - ✖ Noting very small and limited trades.

DOMESTIC WOOL TRADE

- ✘ There has been no reported trades on fall shorn wools yet.
 - + Buyers are still showing resistance with fluctuating currency and markets overseas.
 - + The most recent trades have been on Imperial Valley lamb wools.
 - ✘ WF – 21-22 micron, 35-50 mm 1.05 greasy
 - ✘ XB – 24-25.5 micron. 35-50 mm .70 greasy

AUSTRALIA DATA

- ✖ Early Nov of 2010 the U.S. dollar weakened to about par with the Australian dollar.
- ✖ Late 2010 to June 2011 the EMI trended to levels not seen in recent history.
 - + EMI topped out in late June of 2011 at 1436.
 - ✖ In the first 25 weeks of 2011 EMI increased 284 points.
 - ✖ For the most part the Australian dollar traded at par or stronger than the U.S. dollar.
 - + From late June of 2011 to September of 2012 the Australian market has been in a correction.

AUSTRALIA DATA

- ✖ The weak U.S. dollar and record high wool market in Australia made for the highest domestic wool prices in history in 2011.
 - + Europe became very active in the wool market assisting in the market increase.
- ✖ In 2012 microns under 20 have taken the biggest discount.
 - + Medium microns have actually stayed firm.
- ✖ The last two weeks Australia has corrected.

2011

Micron	Price
✕ 18	9.23
✕ 19	7.71
✕ 20	6.73
✕ 21	6.29
✕ 22	6.03
✕ 23	5.64
✕ 24	4.97
✕ 25	4.34
✕ 26	4.08
✕ 28	3.25
✕ 30	2.97

2012

Micron	Price	Change	
✕ 18	6.62	Dn	2.61
✕ 19	6.26	Dn	1.45
✕ 20	5.97	Dn	.76
✕ 21	5.92	Dn	.37
✕ 22	5.80	Dn	.23
✕ 23	5.68	Up	.04
✕ 24	5.27	Up	.30
✕ 25	4.70	Up	.36
✕ 26	4.10	Up	.02
✕ 28	3.09	Dn	.16
✕ 30	2.78	Dn	.19

AUSTRALIA FROM JANUARY TO NOVEMBER

SLAUGHTER LAMB PRICES

SLAUGHTER LAMB PRICES

- ✖ For the week ending Friday, Nov 4, 2011.
 - + Formula Carcass 363.71 Dressed.
 - ✖ Formula Carcass 184.40 Live.
 - + Negotiated Cash 174.11.
- ✖ For the week ending Friday, Nov 2, 2012.
 - + Formula Carcass 219.54 (down 144.17).
 - ✖ Formula Carcass 110.87 Live (down 73.53).
 - + Negotiated Cash 95.91 (down 78.20).
 - ✖ This week 102.05 (down 72.06)

SLAUGHTER LAMB PRICES

✕ Formula Carcass:

- + Top of the market was the week of July 4-8 2011.
 - ✕ 392.35 Dressed/198.53 Live.
- + Nov 2, 2012:
 - ✕ 219.54 Dressed/110.87 Live.
 - ★ Decrease of 172.81 dressed/87.66 Live.
- + A correction of 44% from the high last year.
- + Carcass weight has increased 3.7 lbs to 79.4 lbs.
 - ✕ Largest formula carcass weight was 93.8 the first week of Aug 2012. Which was a 19 lb increase year on year.

SLAUGHTER LAMB PRICES

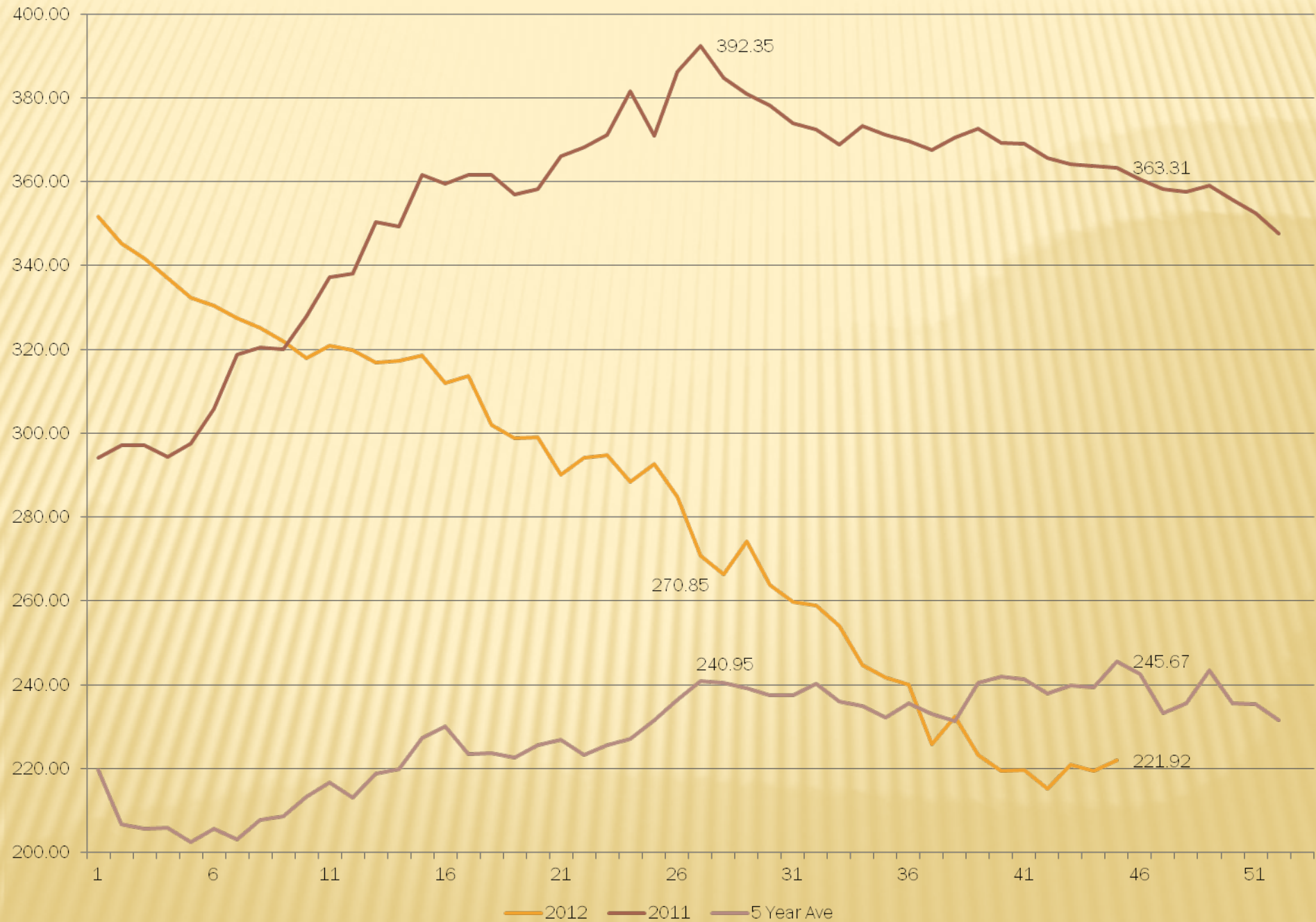
✕ Negotiated Cash:

- + Top of the market was the week of July 4-8, 2011.
 - ✕ 204.00 Live.
- + Nov 9, 2012:
 - ✕ 102.05 Live.
 - ★ Decrease of 101.95 Live.
- + This market has corrected 50% from the highest a year ago.

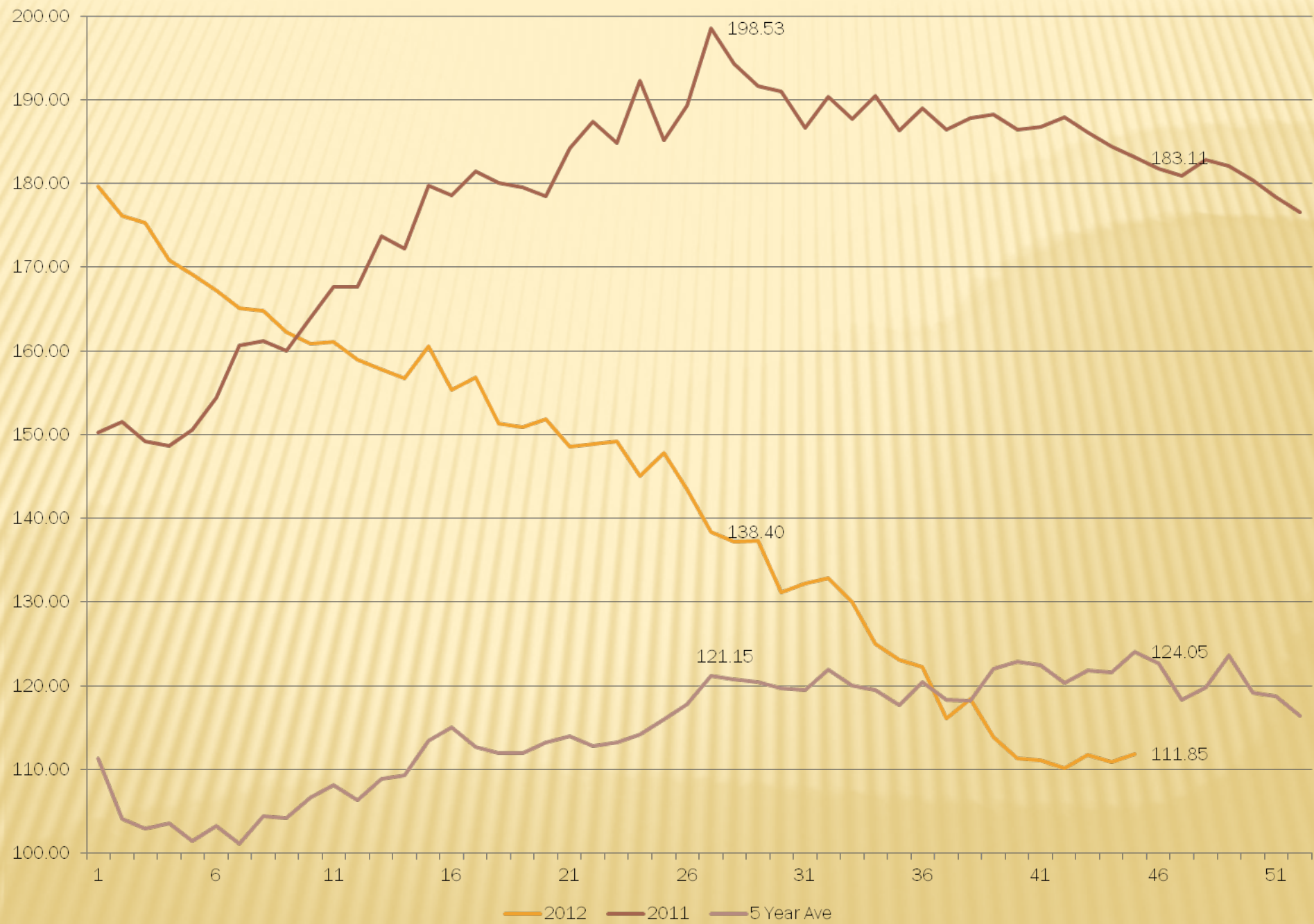
SLAUGHTER LAMB PRICES

- ✕ The fat lamb market is shown some stability.
 - + This coupled with the increasing slaughter the last 10 weeks is indicating demand is coming back.
 - + The formula carcass market has traded in a 6.77 range the last 6 weeks.
 - ✕ From 215.15-221.92 Dressed.
 - ✕ From 110.16-111.85 Live.
 - ✕ The Ave carcass is weighing 3.7 lbs more than last year.

Formula Carcass "Dressed"



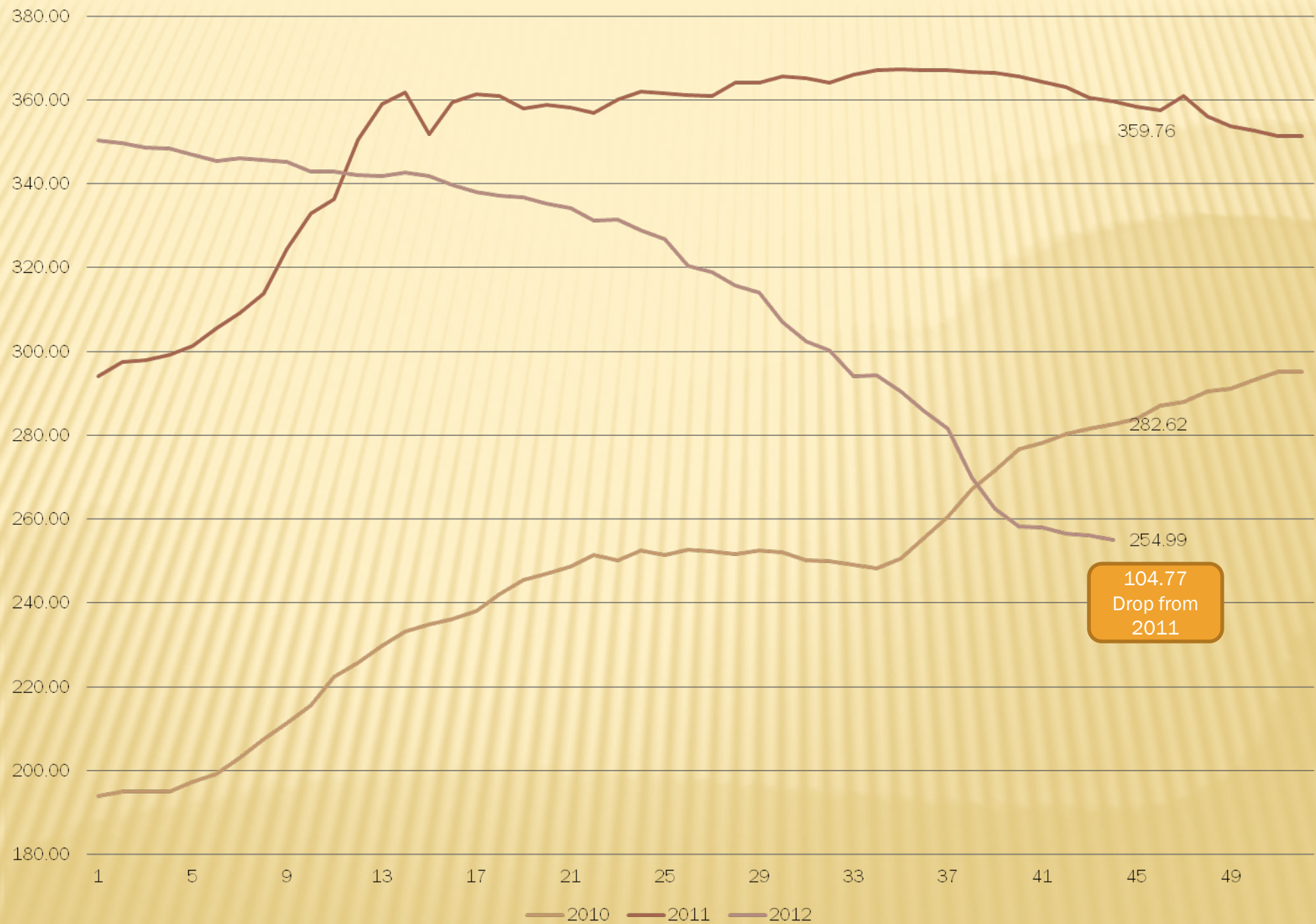
Formula Carcass "Live"



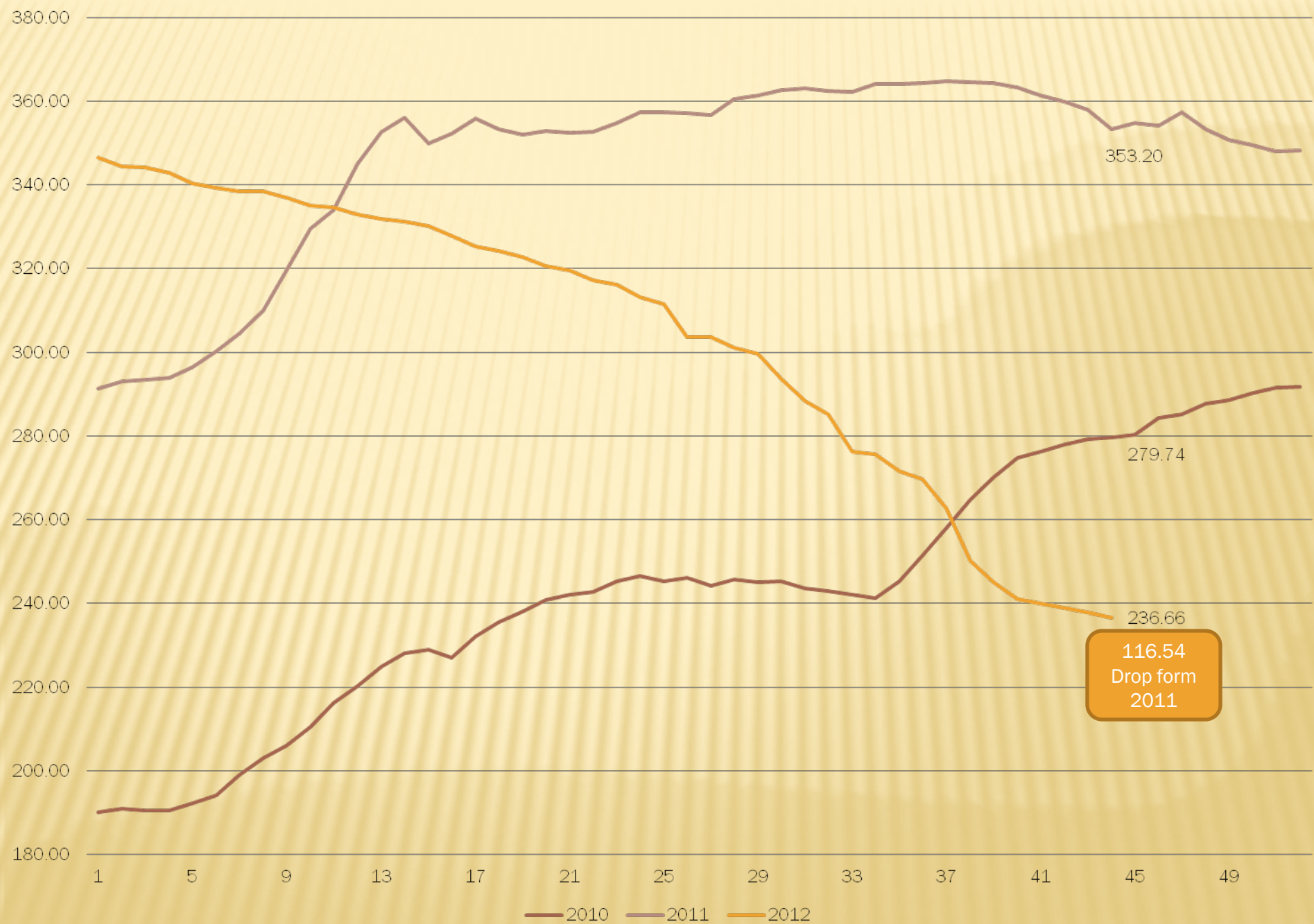
CARCASS TRADE

- ✖ In 2001 the 85 and up carcass trade accounted for about 9.6 percent of the total volume traded.
 - + 75 and up accounted for 36.5 percent.
- ✖ So far in 2012 the 85 up carcass trade has accounted for 28 percent of the total trade.
 - + 75 and up has accounted for 56.42 percent.
 - ✖ In late summer that percent was over 60.

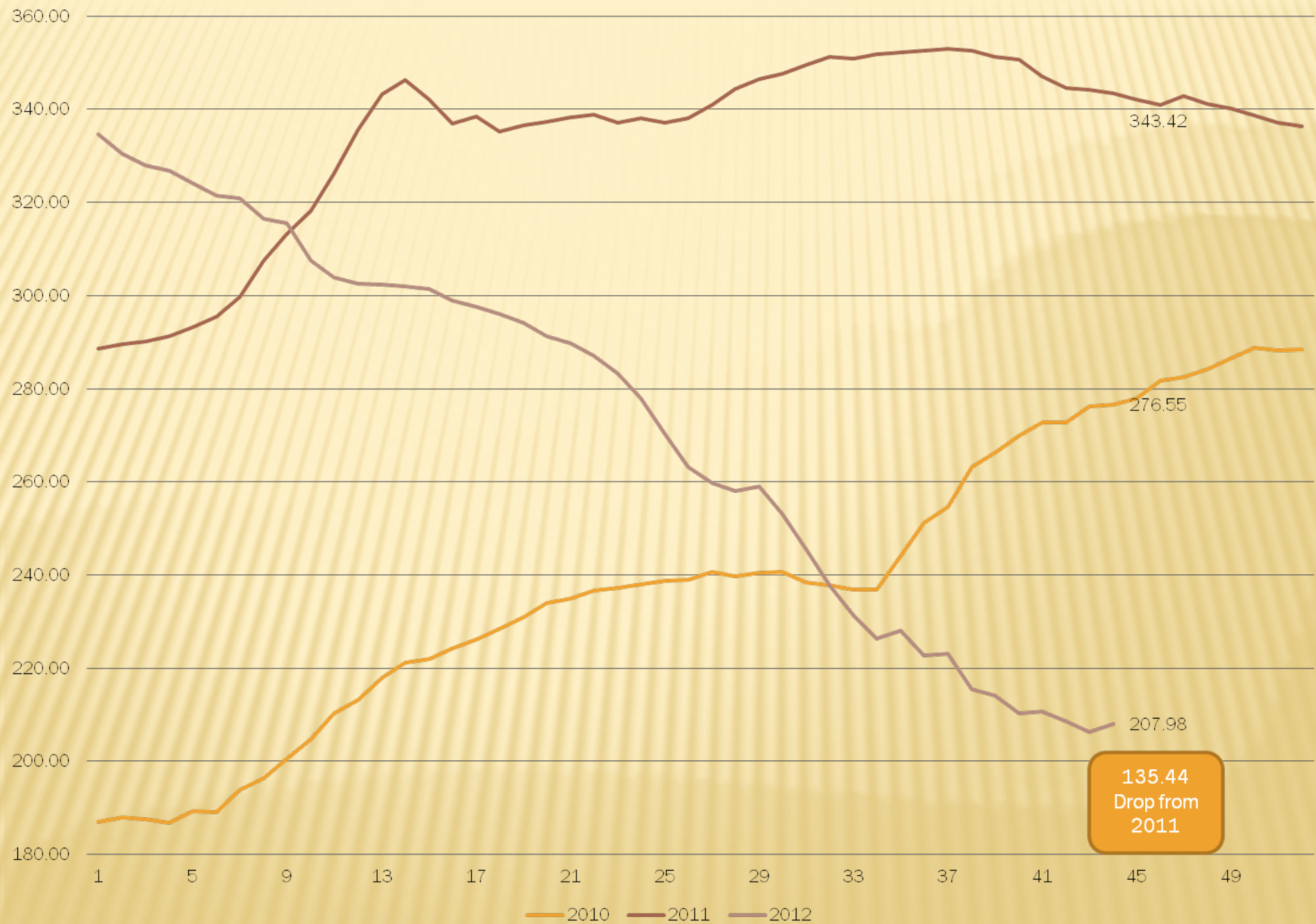
65-75 lb Carcass



75-85 lb Carcass



85 and Up Carcass



IMPORT NUMBERS

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- ✖ Australia and New Zealand 2010 imports totaled 164.9 million lbs.
- ✖ Australia and New Zealand 2011 imports totaled 161 million lbs.
- ✖ Australian and New Zealand Imports were down 3.9 million lbs from 2010.
 - + That is a decrease of about 2.4 percent.

IMPORT NUMBERS CONTINUED

- ✖ 2011 imports for the first two quarters:
 - + Australia – 58.5 million lbs.
 - + New Zealand – 38.2 million lbs.
 - + Total – 96.7 million lbs.
- ✖ 2012 imports for the first two quarters:
 - + Australia – 50.3 million lbs. (down 8.2 million lbs)
 - + New Zealand – 24.3 million lbs. (down 13.9 mil lbs)
 - + Total – 74.5 million lbs. (down 22.2 million lbs)

IMPORT NUMBERS CONTINUED

- ✖ 2012 first quarter:
 - + Lamb up 8 percent from 2011.
 - + Mutton down 73 percent from 2011.
- ✖ 2012 second quarter:
 - + Lamb down 22 percent from 2011.
 - + Mutton down 12 percent from 2011.

IMPORT NUMBERS CONTINUED

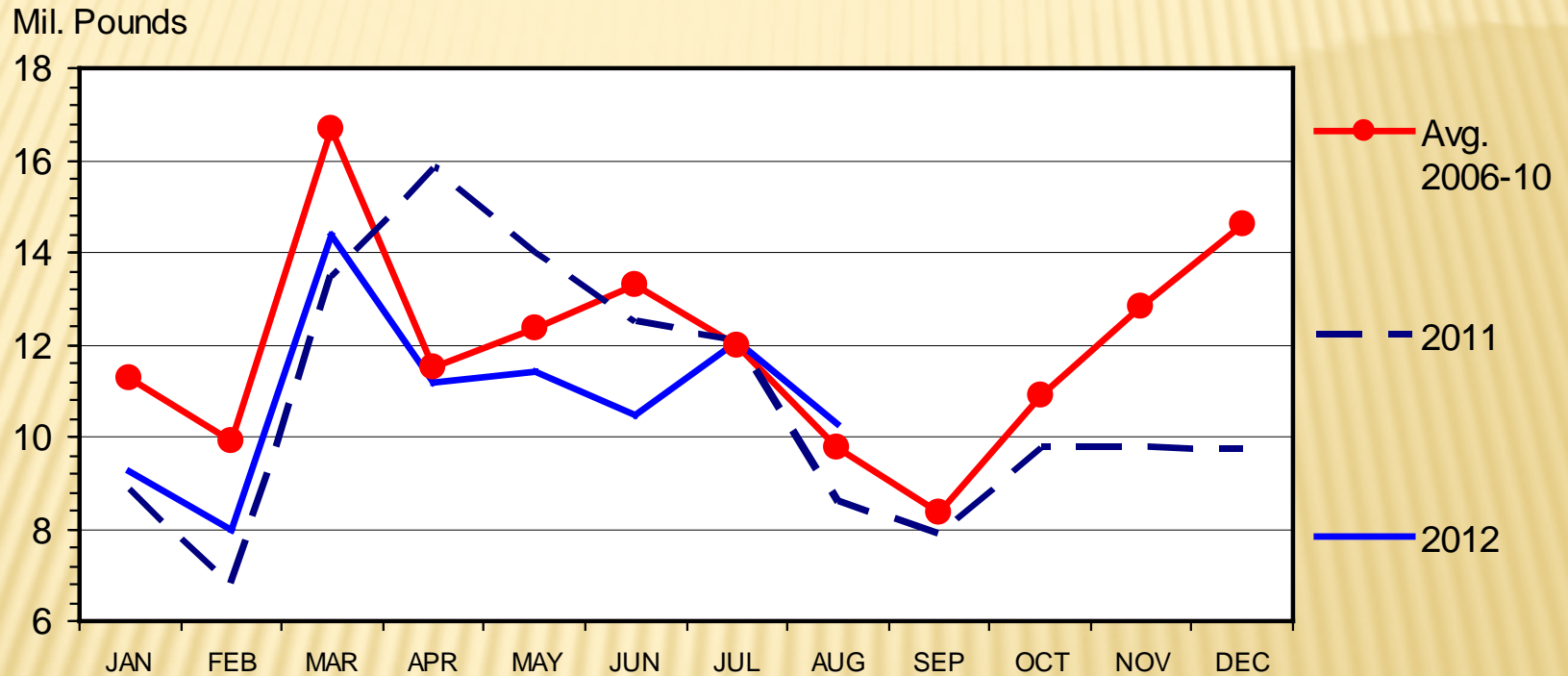
- ✖ Mutton increase in first quarter of 2011.
 - + 2010 first quarter – 12.6 million lbs
 - + 2011 first quarter – 19.9 million lbs
 - + 2012 first quarter – 5.3 million lbs
 - ✖ Mutton product down 73 percent from 2011-2012.
- + No clear explanation for the increased mutton.
 - ✖ It is attributed to the higher domestic mutton values in that time frame.

IMPORT NUMBERS CONTINUED

- ✕ Lamb and Mutton imports have been on a decline since 2007.
 - + 2007 – 201.7 million lbs.
 - + 2011 – 161.0 million lbs.
 - ✕ Down about 22 percent in the last 5 years.
 - ★ Or 4-5 percent per year.

U S LAMB IMPORTS

Carcass Weight, Monthly



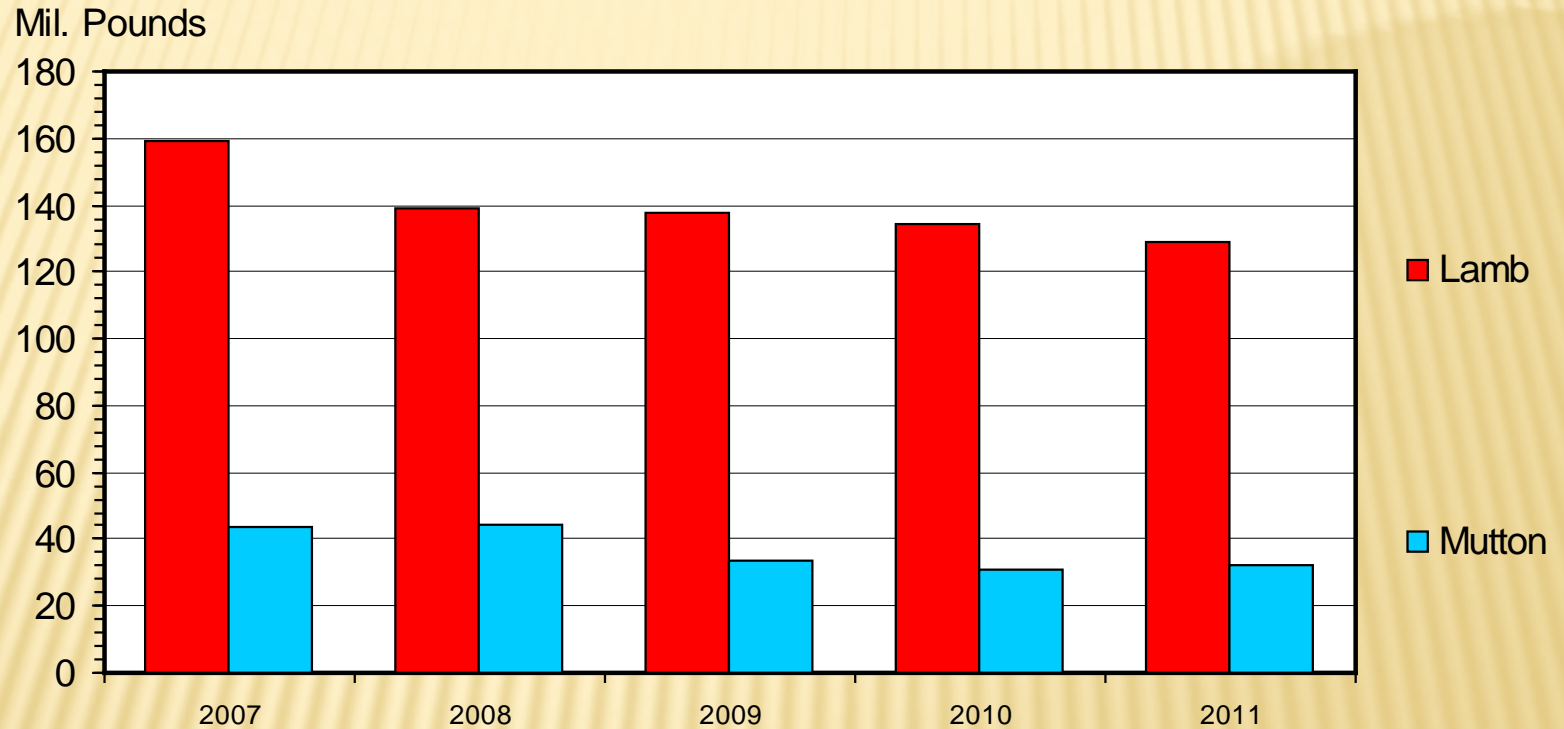
Livestock Marketing Information Center

Data Source: USDA-ERS & USDA-FAS

I-N-44
10/12/12

U. S. LAMB & MUTTON IMPORTS

Carcass Weight, Annual



FRESH DOMESTIC VS FRESH IMPORTED

Racks

✘ Domestic:

- + 2219.00 in 2011
- + 1337.51 in 2012
 - ✘ 881.49 decrease from 2011

✘ Imported:

- + 1254.02 in 2011
 - ✘ 964.98 less than domestic
- + 908.76 in 2012
 - ✘ 428.75 less than domestic
 - ✘ 345.26 decrease from 2011

Racks

✘ Domestic:

- + 40% decrease from 2011.

✘ Imported:

- + 28% decrease from 2011.

✘ 2011: Imported about 43% less than domestic.

✘ 2012: Imported about 32% less than domestic.

FRESH DOMESTIC VS FRESH IMPORTED

Shoulders

- ✖ Domestic:
 - + 329.53 in 2011
 - + 239.12 in 2012
 - ✖ 90.41 decrease from 2011
- ✖ Imported:
 - + 237.48 in 2011 – (Dec)
 - ✖ 92.05 less than domestic
 - + 203.51 in 2012
 - ✖ 35.61 less than domestic
 - ✖ 33.97 decrease from 2011

Shoulders

- ✖ Domestic:
 - + 27% decrease from 2011.
- ✖ Imported:
 - + 14% decrease from 2011.
- ✖ 2011: Imported about 28% less than domestic.
- ✖ 2012: Imported about 15% less than domestic.

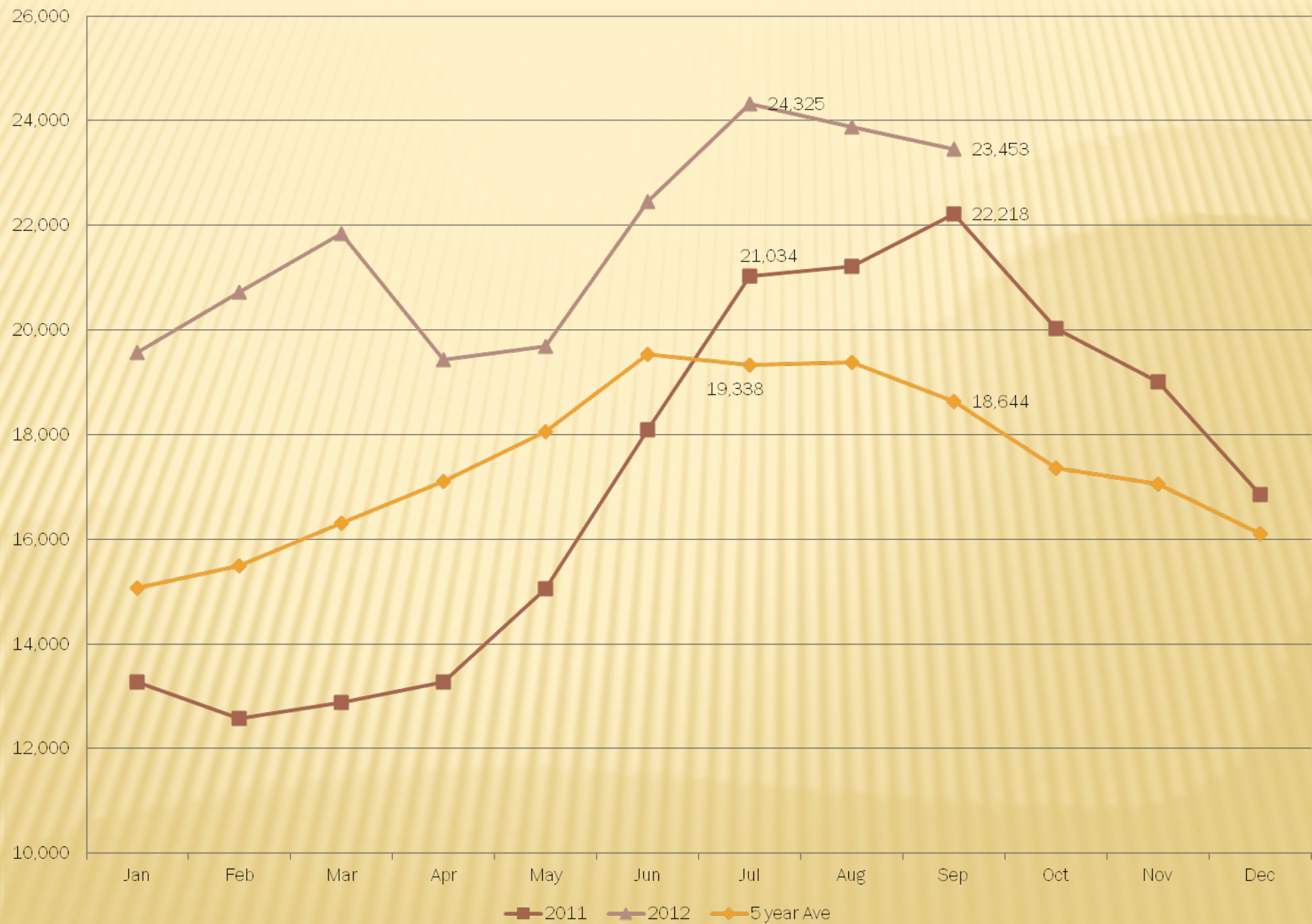
COLD STORAGE

COLD STORAGE

COLD STORAGE

- ✖ 2011 inventories was below average until July.
 - + When demand began to back off.
- ✖ Ever since July of 2011 inventories have remained above the 5 year average.

Lamb and Mutton Cold Storage



PELTS

PELTS

- ✖ Pelt demand in 2011 was very good over seas.
 - + Imperial pelts bringing in the mid 20.00 range.
- ✖ Pelt demand in 2012 has been a reverse of 2011.
 - + Foreign demand has decreased.
 - + Imperial pelts worth about 11.00-12.00.

WHAT IS THE DIFFERENCE FROM LAST YEAR?

HOW DID THE INDUSTRY GET HERE?

- ✖ We need to go back in time a little bit.
- ✖ In late 2009 the industry was very current and holiday demand began show up.
 - + Feedlots were very current and very good weights.
 - + Packers had very manageable inventories.
- ✖ Lambs that were slated to be harvested in January or February of 2010 were moved up to fill the holiday demand.

HOW DID THE INDUSTRY GET HERE?

- ✖ The carcass market followed the demand.
 - + Prior to 2010 the highest a 65-75 lb carcass got was 235.00 and that was back in July of 2008.
 - + By July of 2010 that market had reached 252.00.
- ✖ Demand stayed strong through Easter of 2010 keeping the feedlot supply very current.
 - + California springer trade ended at 135.00.

HOW DID THE INDUSTRY GET HERE?

- ✖ The spring of 2010 was the first year the Imperial Valley lambs were profitable in 5 or 6 years.
- ✖ Demand for feeder lambs carried right through the fall delivery lambs.
 - + The majority of the fall lambs brought 150.00.
- ✖ The U.S. dollar continued to weaken through the fall and early winter slowing imported product.

HOW DID THE INDUSTRY GET HERE?

- ✖ In early 2011 the U.S. dollar weaken further.
- ✖ California springers began trading at 170.00.
 - + Then ended over 200.00.
- ✖ Fall delivery lambs began trading in early spring.
- ✖ Northern video market had a very active sale in July with lambs trading over 250.00.
- ✖ In the spring of 2011 hay prices in California began to increase due to tight supply and poor haying conditions.

HOW DID THE INDUSTRY GET HERE?

- ✖ TX/NM shipped about 50 percent of the sheep numbers due to the drought.
- ✖ The first week of July 2011 brought the highest fat lamb market in history at 392.35 dressed/198.53 live.
 - + At about the same time the dollar began to strengthen, due mostly to uncertainty in the European economy.

HOW DID THE INDUSTRY GET HERE?

- ✖ July of 2011 demand really began to decrease.
 - + Forcing the carcass market to slowly follow suit.
 - + By the time the carcass market began to correct a very high percent of the fall delivery lambs were already contracted.
- ✖ When fall lambs began to deliver the availability of feed in California got very tight.
 - + This limited the number of head that were shipped to the Imperial Valley.

HOW DID THE INDUSTRY GET HERE?

- ✖ About 30,000 head of lambs were shipped to the feedlots in Colorado instead of the valley.
- ✖ By the time holiday demand should have showed up the U.S. dollar had strengthened to about par with Australia opening up imports.
 - + The domestic carcass prices did not correct fast enough to spur the demand on U.S. product.

HOW DID THE INDUSTRY GET HERE?

- ✗ The holiday demand that was there the previous year did not develop in late 2011.
- ✗ In 2012:
 - + The carcass market remained on a slow correction.
 - + The U.S. dollar remain within a few percent of par with Australia.
 - ✗ Spurring increased lamb imports.
 - + Cooler inventory began to increase starting in the fall of 2011.
 - ✗ The first quarter of 2012 ranged 30-40% over the first quarter of 2011.

HOW DID THE INDUSTRY GET HERE?

- + Easter demand in 2012 was nonexistent.
- + Lambs were kept on feed.
 - × In some cases over 200 days.
 - × Carcass weights began to increase in late 2011.
 - × Pelt prices decrease.
 - ★ 2011 Imperial pelts worth around 25.00.
 - ★ 2012 Imperial pelts worth around 12.00.
 - × An abnormally high feedlot inventory in Colorado.
 - ★ Compared to 2011:
 - × Jan/Feb – up 40 percent.
 - × Apr/Jun – up 23-32 percent.
 - × Oct/Nov – Down 17-22 percent (comparable to 2010 numbers)
 - + Noting Oct/Nov of last year was when the feedlots really started to back up.

HOW DID THE INDUSTRY GET HERE?

✗ Currently:

- + Formula lambs have decreased 144.17 dressed from a year ago.
- + Demand still weak for domestic product.
 - ✗ Noting signs of increasing.
- + The last old crops were slaughtered in late Oct.
 - ✗ 3-4 months later than normal.
- + California feeder lambs started to trade at 180.00 finished trading around 125.00.
- + Intermountain lambs traded mostly 85.00-90.00.

HOW DID THE INDUSTRY GET HERE?

✕ Currently:

- + Imported product is substantially cheaper than domestic product.
 - ✕ 65-75 lb carcass domestically around 255.00
 - ✱ Imported product can be delivered in under 200.00.
- + Cooler inventories as of the Sep 1st were at 23.5 million lbs.
 - ✕ 1.2 million lbs over 2011 or 5.3% more.

HOW DID THE INDUSTRY GET HERE?

- ✕ Currently:
- ✕ USDA has also issued 12 million in product purchase to the sheep industry.
 - + 2 million in the first offer.
 - + 10 million in the second offer.
 - ✕ These contracts have very specific specification.
 - ★ Temp and fat cover for example.

Carcass
Weight?

200 lb
Carcass



Fat thickness?

Over 2 ½
Inches

**THANK YOU FOR YOUR
TIME!!!!!!**

?

QUESTIONS