

April Slaughter Steer Price Dip Is Worrisome



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outlook

Problems with sovereign debt in Europe have caused both the value of the Euro and stock markets to decline in value. The Dow Jones average is the lowest since mid January. The weaker Euro has meant a stronger dollar. The dollar index is the highest since mid January. A declining stock market is not good for domestic meat demand. A strong dollar is not good for meat exports.

The 5 area slaughter steer price during April averaged \$121.20/cwt. That is \$5.60 lower than in March, but \$1.40 higher than April 2011. The average retail price of choice beef during April was \$4.986 per pound. That was down 6.7 cents from March, but up 16.5 cents from April 2011. Normally, April prices are higher than March, so the decline this year is worrisome.

USDA says 87 percent of corn acres had been planted by May 13. That compares to an average of 66 percent planted on that date and 56 percent planted on May 13, 2011. The Crop Progress report says 46 percent of the soybean crop was planted by May 13 compared to an average of only 24 percent on that date. Early planting correlates with above average yields.

The beef cutout value was higher this week. On Friday morning, the choice boxed beef carcass cutout value was \$192.51/cwt, up \$3.58 from the previous Friday, and the highest since March 12. The select carcass cutout was up \$4.25 from the previous week to \$187.29/cwt

of carcass weight.

Fed cattle prices were slightly higher this week. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$121.43/cwt, up 55 cents from last week and up \$13.06/cwt from the same week last year. Steer prices on a dressed basis averaged \$193.66/cwt this week, up \$1.53 from a week ago, and up \$16.91 from a year ago. Steer dressed prices are \$1.15/cwt above the choice cutout value.

This week's cattle slaughter totaled 641,000 head, up 0.3 percent from the week before, but down 3.2 percent from a year ago. The average dressed weight for slaughter steers for the week ending on May 5 was 832 pounds, up 4 pounds from the week before, up 16 pounds from a year ago, and above a year earlier for the 17th consecutive week. Year to date, beef production is down 3.0 percent.

Oklahoma City feeder cattle prices were mostly steady to \$2 higher this week with the ranges for medium and large frame #1 steers: 400-450# \$212, 450-500# \$194-\$196.75, 500-550# \$174.50-\$195.25, 550-600# \$171.50-\$185, 600-650# \$151-\$160, 650-700# \$153.50-\$168.50, 700-750# \$150-\$157.75, 750-800# \$147-\$152.50, 800-900# \$137-\$147, and 900-1000# \$129.25-\$140.75/cwt.

Cattle futures ended the week higher. The June live cattle contract settled at \$119.52, up \$4.37 from the previous Friday. The August contract gained \$4.22 this week to end at \$121.92. October live cattle ended the week at \$126.30/cwt. December closed at \$128.60/cwt.

The May feeder contract gained \$1.60 this week to settle at \$151.30. August feeders closed at 160.70/cwt. Δ

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