

August Feeder Cattle Futures Set At \$150.40/cwt



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U.S. beef exports to Japan in May were at their highest level since October 2003, and beef shipments to that market are up 50 percent vs. year ago for the first five months of 2013. Other markets are not faring quite as well, however, and total U.S. beef exports are trailing year ago levels by 2 percent. Russia's ban on meat containing ractopamine has basically brought a halt to all shipments there, and beef exports to both Mexico and Korea are down nearly 25 percent, adding to the overall weakness. The fact that the weakening of the U.S. dollar against many major currencies has slowed considerably or even reversed in the past few quarters is contributing to the slowdown.

The U.S. corn harvest is still projected by USDA to be record large, 6.6 percent above the previous high recorded in 2009. This should help feedlots be able to both increase the prices they pay for feeder animals and still improve what has been a long stretch of difficult financial times since crop prices spiked. Whether higher calf prices can overcome the worsening drought in the western U.S. and lead to beef cow herd expansion in the next few months is still in question.

It was another rough week for boxed beef cutout values, as the choice cutout declined every day this week. The Friday morning choice value was \$191.86/cwt, down \$4.48 for the week and nearly \$20/cwt lower than the record

high posted on May 23. The select carcass cutout was at \$184.02/cwt, down \$3.71 for the week.

Despite rather sharp declines in the cutouts, fed cattle prices were mixed this week. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$121.24/cwt, up \$1.66 from last week and up \$6.56/cwt from the same week last year. Steer prices on a dressed basis averaged \$191.73/cwt this week, down 86 cents from a week ago but up \$9.57 from a year ago.

This week's cattle slaughter totaled 640,000 head, up 81,000 head from last week's Independence Day shortened schedule, but down 5,000 head from a year ago. The average steer dressed weight for the week ending on June 29 was 855 pounds, up 1 pound from last week but down 1 pound from last year.

Oklahoma City feeder cattle prices were \$3-5 higher this week, except for 900 pounds and up which advanced by up to \$10. Prices for medium and large frame #1 steers were as follows: 400-450# \$177-\$195.50, 450-500# NQ, 500-550# \$166-\$177.50, 550-600# \$146-\$171, 600-650# \$144.50-\$164, 650-700# \$142-\$159.75, 700-750# \$135-\$156, 750-800# \$137.25-\$150.50, 800-900# \$138.50-\$149.85, and 900-1000# \$127.35-\$142.60/cwt.

The August live cattle futures contract closed at \$122.10/cwt today, up 15 cents from last week's close. The October fed cattle contract gained 5 cents from last Friday to settle at \$126.30/cwt. December ended the week at \$128.425/cwt.

August feeder cattle futures settled at \$150.40/cwt, down \$1.40 for the week. The September contract lost \$1.17 from last Friday to close at \$153.00/cwt. October settled at \$154.70/cwt. Δ

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