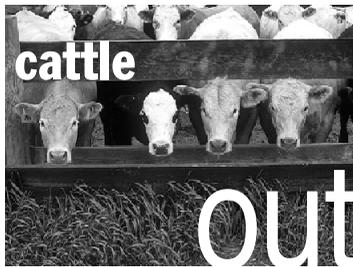


Average Fed Cattle Weights Are 20 Pounds Heavier Than Year Earlier



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The difference between Choice and Select beef continues to be narrow based on history. However, there are no indications that fed marketings are not fairly current.

Trade reports suggest this narrow differential between Choice and Select beef is due to most of the Choice beef now being used by the restaurant and hotel trade and select beef by consumer purchased through food stores. Trade reports indicate the restaurant and hotel trade is being hit harder than the store trade by the current weak economy.

According to the USDA, only 27 percent of the corn crop was planted as of May fourth. This compares with 45 percent by this date last year and 59 percent for the five-year average of 2003-2007.

It now looks like corn prices for the next year will be extremely high. Even with normal yields and plantings near the level indicated by the March 30 planting intentions, we probably will need to get corn prices high enough to close down some ethanol plants for some time period to keep from running out of corn before the 2009 crop becomes available. With gasoline prices at current levels it is believed it will require at least \$7-8 per bushel to close some

ethanol plants. Even with distillers grain \$7-8 corn will mean extreme pain for the cattle industries.

Even with the high price for feed, the average weights of fed cattle in recent weeks are about 20 pounds heavier than a year earlier. About the only rational reason why cattle are being fed to higher weights with the current losses is that the futures markets continue to indicate higher prices. With higher prices just around the corner, feeders decide to hold cattle for another week after they are market ready.

At Oklahoma City this week feeder steers and heifer were steady to \$1.00 per cwt higher with the full advance on heifers compared to a week earlier. In a light test, calves were near steady with seven days earlier.

The range in prices by weight groups for medium and large frame no 1 steers at Oklahoma City this week were: 400-450 pounds \$122-127.50 per cwt, 500-600 pounds \$113-121.50 per cwt, 600-700 pounds \$108-115.75 per cwt, 700-800 pounds \$104-111.25 per cwt, and 800-1000 pounds \$92-104 per cwt.

Whole sale Choice beef at \$156.08 per cwt Friday morning up \$1.59 per cwt from a week earlier. Select beef at \$151.47 per cwt down \$1.55 from last Friday.

The weighted average price of live fed cattle through Thursday for the five-market area at \$92.30 per cwt up \$0.28 per cwt from a week earlier. The weighted average carcass price through Thursday for the five market are at \$147.00 per cwt unchanged from seven days earlier.

Slaughter this week under Federal Inspection was estimated at 698 thousand head, up 3.9 percent from a year earlier. Δ