

Beef Carcass Cutout Values Mixed Last Week



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During July, the U.S. exported more beef than we imported for the first time since February. Exports equaled 10.5 percent of July beef production and imports equaled 8.8 percent of production. During the first seven months of 2012, 9.5 percent of U.S. beef production was exported while imports equaled 9.6 percent of production. U.S. beef exports during July were down 14.3 percent and imports were down 0.6 percent compared to 12 months earlier. The biggest growth market for U.S. beef exports in 2012 is Vietnam with most of that being reshipped to China.

The beef packer gross margin, which has to cover all costs other than cattle purchases, fluctuated from \$100 per steer to \$200 per steer during August. It averaged \$158 per head during the first week of September. The long term average is roughly \$153 per steer.

Cattle feeding returns were a negative \$225 in August according to LMIC calculations. Unhedged losses have exceeded \$200 per head each of the last four months.

Beef carcass cutout values were mixed this week. On Friday morning, the choice boxed beef carcass cutout value was \$191.44/cwt, up 53 cents from last Friday. The select carcass cutout was down \$1.20 from the previous week to \$180.79/cwt.

Fed cattle prices were higher this week. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$125.91/cwt, up \$4.11 from last week and up \$8.68/cwt from the same week last year. Steer prices on a dressed basis averaged \$195.41/cwt this week, up \$5.93 from a week ago, and up \$8.74/cwt from a year ago.

Cattle slaughter totaled 647,000 head this week, up 17.4 percent from the week before (which was light because of the Labor Day holiday), but down 1.8 percent from the same week last year. The average steer dressed weight for the week ending September 1 was 865 pounds, down 2 pounds from the week before, but up 16 pounds from a year ago. This was the 34th consecutive week above year-earlier.

Oklahoma City feeder cattle prices were called steady to \$2 higher this week with prices for medium and large frame #1 steers: 400-450# \$175-\$196, 450-500# \$164.50-\$178, 500-550# \$149-\$159.50, 550-600# \$146-\$155, 600-650# \$135-\$152, 650-700# \$138-\$150.75, 700-750# \$133-\$148, 750-800# \$139-\$146.50, 800-900# \$122-\$141.50, and 900-1000# \$124.25-\$133.50/cwt.

The October live cattle futures contract settled at \$127.05/cwt, up 58 cents from the previous Friday. December cattle closed at \$129.92/cwt, up 75 cents from the previous Friday. February fed cattle contracts settled at \$132.92/cwt.

September feeder cattle futures ended the week at \$145.00/cwt, 70 cents higher than last Friday. October feeder cattle contracts ended the week at \$146.62, up 47 cents from the week before. Δ

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