

Beef Exports For January-October Up 35 Percent



**GLENN GRIMES AND
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USDA reviewed their estimate for corn use for the current marketing year. They increased feed use by 50 million bushels, decreased amount used for ethanol by 300 million bushels and decreased exports by 100 million bushels. The bottom line is an increase in carryover stocks of 350 million bushels. The current price estimate for the 2008-2009 marketing year is \$3.65 – 4.85 per bushel, down from the November estimate of \$4.00 - 4.80.

For soybeans, USDA December estimate use shows crush down 30 million bushels and exports up 30 million bushels. This leaves the carryover stock at the same level as in November. Soybean meal price estimate for December is \$240-300 per ton down \$15 per ton from the November estimate. If the weak general economy does not weaken beef demand too much 2009 should be a better year for cattle feeders than 2008.

As indicated last week beef exports for January – October were up 35.3 percent and beef imports were down 22.2 percent. The net beef import as a percent of beef production declined from 6.6 percent in 2007 to two percent in 2008. Without this gain in exports and decline in imports, 2008 would have been even tougher on cattle producers.

The value of beef and beef variety meats for January – October of 2007 was \$75.47 per head slaughtered. This climbed to \$106.40 per head in these same months of 2008.

Retail beef prices in November declined 1.7 percent from October. However, for January – November retail beef prices in 2008 were 3.8 percent above the same months of 2007.

All segments of the beef industry benefited from these higher retail prices. The processor-retailer margin was up 6.1 percent, the packer margin was up 13.9 percent and fed cattle prices were one percent higher for these 11 months this year than last year.

Feeder cattle prices at Oklahoma City this week were steady to \$1 per cwt higher. Steer and heifer calves were \$2-4 per cwt lower than a week earlier.

The price range by weight groups this week at Oklahoma City for medium and large frame number one steers this week were: 400-500 pounds \$98-106.50, 500-600 pounds \$83-100.50 600-700-pound calves \$80-94 per cwt, 600-700-pound yearlings \$86-94 per cwt, 700-800 pounds \$87-92.50 per cwt and 800-1,000 pounds \$87.25-90 per cwt. Note the relatively narrow spread between light and heavy weighted feeder. Thus is the result of higher feed prices.

Live fed cattle prices through Thursday weighted averages for the five-market area at \$82.71 per cwt down \$2.28 per cwt from seven days earlier. The weighted average negotiated carcass price for the five-market area through Thursday at \$132.05 was down \$1.15 per cwt from a week earlier.

Wholesale beef prices Friday morning had Choice beef at \$141.31 per cwt, up \$0.87 per cwt from last week. Select beef at \$135.35 was up \$3.40 per cwt from seven days earlier.

Slaughter this week under Federal Inspection was estimated at 592 thousand head, down 10.2 percent from a year earlier.

USDA cattle number on feed December 1 at 93.8 percent of last year was very close to the trade estimates. Placed on feed during November at 94.8 percent of 2007 was a little larger than the trade estimates, but fed marketings during November were a little larger than the trade estimates at 90.6 percent of 2007.

If traders were trading the conditions as estimated by the trade, the futures prices should not be impacted very much by this report. Δ