

Beef Exports Rise 12 Percent In June



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Cattle futures jumped on Thursday following Tyson's announcement that beginning on September 6 they will stop purchasing cattle fed Zilmax. Zilmax is a widely used feed additive that boosts weight gain. The futures market appears to be thinking that Tyson's change will lead to reduced slaughter weights. Will other packers follow Tyson's lead? If not, cattle feeders may continue to use Zilmax and simply sell to a packer other than Tyson.

U.S. beef exports during June were up 12 percent compare to a year earlier thanks to a 62 percent jump in exports to our biggest foreign customer, Japan. Beef sales were also strong to Hong Kong, Mexico, Taiwan and Canada. In total, 10.8 percent of U.S. June beef production was exported. Beef imports during June were down 10 percent compared to last June. Most of the decline was in beef imported from New Zealand. In total, June imports equaled 8.9 percent of U.S. beef production. June cattle imports were down 71,430 head compared to June 2012 thanks to a drop of 80,243 head in imports from Mexico.

My monthly calculations say year-over-year domestic meat demand was up 1.7 percent in June with beef up 1.2 percent, pork up 5.2 percent, chicken up 0.7 percent, and turkey down 4.5 percent.

Crop growing conditions continue to be much

better than last year. As of August 4, 64 percent of corn acres were rated in good or excellent condition. That is up 1 percentage point from the week before and up 41 points from a year ago.

Fed cattle prices were higher on light volume this week. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$122.37/cwt, up \$2.85 from last week and up \$3.22 from the same week last year. Steer prices on a dressed basis averaged \$193.00/cwt this week, up \$2.82 from a week ago and up \$4.22 from a year ago.

This morning, the boxed beef cutout value for choice carcasses was \$188.49/cwt, up \$1.71 from the previous Friday and up \$4.20 from a year ago. This follows ten consecutive weeks with lower choice cutout. The select carcass cutout is at \$181.95/cwt, up 96 cents for the week.

This week's cattle slaughter totaled 633,000 head, up 1.3 percent from last week, but down 1.1 percent from a year ago. The average steer dressed weight for the week ending on July 27 was 862 pounds, down 4 pounds from the week before and unchanged from a year ago.

Oklahoma City feeder cattle auction prices this week were \$1 to \$3 higher for steers and for heifers with prices for medium and large frame #1 steers: 450-500# \$194, 500-550# \$162-\$186, 550-600# \$161-\$175, 600-650# \$147-\$169, 650-700# \$144-\$162.25, 700-750# \$153-\$157, 750-800# \$142-\$155.10, 800-900# \$137-\$151.50, and 900-1000# \$130-\$145/cwt.

The August live cattle futures contract closed at \$122.50/cwt today, up \$1.85 from last week's close. The October fed cattle contract settled at \$126.87, December at \$128.80/cwt. Δ

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