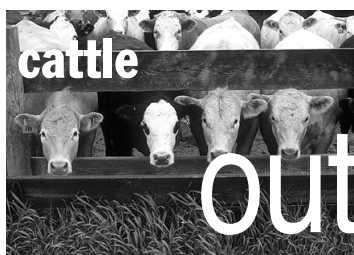


Beef Production Expected Down In 2012



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USDA's December World Ag Supply and Demand Estimates didn't change U.S. corn production, but did increase predicted foreign corn production by 336 million bushels. USDA lowered their midpoint forecast of the marketing year average price of corn by 30 cents to \$6.40 per bushel. They lowered their midpoint estimate of soybean meal price by \$30 to \$295 per ton.

USDA is now predicting that 2012 U.S. beef production will be down 4.6 percent compared to this year. They also predict 2012 broiler production to be down 2.1 percent, but pork production is expected to be up 1.7 percent and turkey production up 0.7 percent. Total U.S. red meat and poultry production in 2012 is expected to be down 1.7 percent compared to this year.

Given a typical 0.9 percent increase in the U.S. population, per capita meat supplies in 2012 should be tight enough to produce another big jump in cattle prices. USDA is forecasting the average live price for slaughter steers will average \$114.85/cwt this year and somewhere between \$120/cwt and \$128/cwt in 2012. The current record high annual average price for fed cattle is \$95.38/cwt set in 2010.

Fed cattle prices dropped from last week's record highs. The 5-area average price for slaughter steers sold through Thursday of this week on a live weight basis was \$122.28/cwt, down \$5.62 from last week, but \$21.43/cwt

above the same week last year. Steers sold on a dressed weight basis averaged \$196.79/cwt, \$6.41 lower than the week before and \$35.94 above a year ago.

Beef cutout value also took a big hit this week. On Friday morning, the choice boxed beef carcass cutout value was \$184.92/cwt, down \$6.79 from last week.

The select carcass cutout was down \$3.33 from the previous Friday to \$170.13 per hundred pounds of carcass weight. The choice-select spread, \$14.80, was down \$3.45 from a week earlier. The cutout value of choice steers is \$11.87/cwt below the dressed weight cattle price. This will keep pressure on cattle prices.

This week's cattle slaughter totaled 650,000 head, down 2.4 percent from the week before and down 3.4 percent compared to a year ago. The average steer dressed weight for the week ending November 26 was 856 pounds, up 4 pounds from the week before, and the same as a year ago. Year-to-date beef production is down 0.4 percent.

Cash bids for feeder cattle around the country this week were mostly \$3 lower to \$5 higher than the week before with more markets higher than lower. Prices this week at Oklahoma City were \$3 lower to \$3 higher with price ranges for medium and large frame #1 steers: 400-450# \$190-\$200, 450-500# \$178-\$184, 500-550# \$166.50-\$177, 550-600# \$155.50-\$165, 600-650# \$140-\$153, 650-700# \$134-\$153, 700-750# \$143.50-\$149, 750-800# \$142.50-\$147.50, 800-900# \$135-\$145.75 and 900-1000# \$120-\$130.50/cwt.

The December live cattle futures contracted ended the week at \$118.30, down \$3.60 from the previous Friday. The February contract settled at \$118.45/cwt today, down \$4.80 for the week. Δ

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