

Beef Production Expected To Slide 2 Percent



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outlook

The odds appear very high that the production of all meats will be down this year compared to 2008. USDA current estimate is for beef production to be down but by only 0.1 percent from a year earlier but pork production is expected to be down 2.6 percent, chicken down 3.8 percent and turkey down 7.4 percent from last year. These levels of decline would result in a 2.8 percent decline in all meat production in 2009 compared to 2008.

For 2010, USDA is estimating beef production to be down 2.0 percent, pork production down 0.5 percent, chicken production up 1.7 percent and turkey production up 2.1 percent compared to this year. This would result in a gain of total meat products in 2010 by less than 0.1 percent from 2009.

We certainly hope pork production is down more than 0.5 percent in 2010 than 2009, otherwise the odds are very high that the average cost producer would face three years of substantial losses. It is uncertain whether lenders will hang with higher cost and weak financial producers that long.

With a two percent decline in beef supplies next year and the potential for stable or some growth in demand would be the environment to see strength in fed cattle prices.

Beef exports in March were up 5.2 percent from a year earlier. Beef imports in March 2009 were up 7.1 percent from 12 months earlier.

Beef and veal exports for January-March 2009 were up 6.6 percent from a year earlier. Beef imports for January-March were up 10.4 percent from last year.

Net beef imports as a percent of production for January-March of 2009 at 5.22 percent was up from 4.35 percent of production in 2008 or an increase of 20 percent.

Live feeder cattle imports from Mexico in January-March were up 39.1 percent but total cattle imports from Canada were down 26.9 percent from a year earlier. Total cattle imports for the first three months of 2009 were down 10.3 percent from 2008.

Feeder steers \$2 per cwt higher, heifers steady and stocker cattle and calves were not well tested but higher undertone noted at Oklahoma City this week compared to last week.

The price ranges by weight groups for medium and large frame Number One steers were: 400-500 pounds at \$120-124.50 per cwt, 500-600 pounds at \$114-122.75 per cwt, 600-700 pounds at \$103.50-111.25 per cwt, 700-800 pounds at \$97-107 per cwt and 800-1,000 pounds at \$84.85-99.85 per cwt.

Wholesale beef prices Friday morning with Choice beef at \$146.59 per cwt was up \$1.60 per cwt from last Friday. Select beef at \$143.23 per cwt was up \$0.98 per cwt from seven days earlier.

Weighted average live steers for the week through Thursday for the five-market area at \$85.11 per cwt were up \$1.05 per cwt from a week earlier.

The weighted average negotiated carcass prices for the five-market area at \$136.52 per cwt were up \$2.73 per cwt from seven days earlier.

Slaughter this week under Federal Inspection was estimated at 672 thousand head, down 6.5 percent from a year earlier. Δ

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