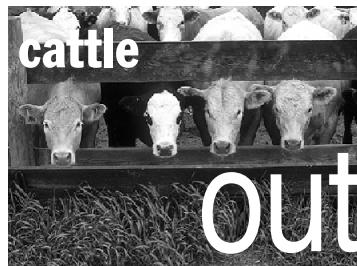


Cattle Herd Dips 3.2 Percent From 2006



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outlook

The U.S. cattle herd on July 1 was a little larger than expected by trade estimates. The total cattle herd on July 1 was down 1.5 percent, the trade estimate was for a 1.7 percent decline. The total cow herd that had calved was down 1.4 percent, the trade estimate was for a 1.5 percent decline.

Heifers held for beef herd replacements were down 2.2 percent and the trade estimate was the same. Heifers held for dairy cow replacements were the same as last year, while the trade estimate was for a 4.3 percent decline. The number of dairy cows in the herd was down 1.7 percent, while the trade estimate was for a 1.3 percent decline. The dairy cow reduction program of the industry has reduced the herd some more than the industry estimated, but the number of heifers held for dairy cow replacements at last year's level is a disappointment to the industry in their effort to get mild production in relative to demand so milk prices are at a profitable level.

The total cattle herd on July 1 was down 3.2 percent from the cycle high in 2006. Some additional reduction is needed to get beef production in line with demand to produce a profit for cattle producers.

The number of cattle on feed July 1 was down 5.3 percent. The trade estimate was for a 4.8 percent decline. The number of cattle placed on feed during June was down 8.4 percent. The trade estimate was for a 7.1 percent decline. Fed cattle marketings during June were up 0.6 percent. The trade estimate was for a 0.6 percent decline.

The cattle placed on feed during June were heavier than a year earlier. The number placed on feed during June weighing less than 600 pounds was down 13.7 percent, the number placed weighing 600-699 pounds was down

10.8 percent, the number placed weighing 700-799 pounds was down 3.1 percent, and the number placed weighing 800-pounds-or-more was down 6.7 percent from a year earlier.

The live cattle futures contracts opened Monday a little lower for practically all contracts but ended the day with the nearby contracts up a little. On Tuesday at the close, live cattle contracts were up \$0.10 to \$0.675 from Monday. Futures ended up being positive to the cattle on feed report but nothing big.

Demand for beef at the consumer level for January-June was down about one percent from a year earlier. Demand for pork for these six months at the consumer level was up 4.2 percent, broiler demand was down 4.4 percent and turkey demand was up 5 percent.

Live fed cattle demand was down 6.9 percent from January-June. The larger decline in fed cattle demand than consumer demand was due to a larger net import of beef and weak demand in the hotel and restaurant trade.

Wholesale beef prices Friday morning showed Choice beef at \$141.66 per cwt, down \$1.23 per cwt from a week earlier. Select beef at \$136.30 per cwt was down \$136.30 per cwt from seven days earlier.

Live weighted average fed cattle prices for the five-market area through Thursday at \$82.61 per cwt were down \$0.77 per cwt from a week earlier. The weighted average negotiated price for the five-market are through Thursday at \$131.63 per cwt was up \$2.19 per cwt from seven days earlier.

Feeder steers and heifers at Oklahoma City this week were steady to \$2.00 per cwt lower than last week. Medium- and large frame Number One steers by weight groups at Oklahoma City were: 400-500 pounds \$113-116 per cwt, 500-600 pounds \$100-110 per cwt, 600-700-pound calves \$94-105 per cwt, 600-700-pound yearlings \$102.50-107 per cwt, 700-800 pounds \$100.50-106.55 per cwt and 800-1,000 pounds \$91.35-101.75 per cwt.

Slaughter this week under Federal Inspection was estimated at 639 thousand head, down 3.5 percent from a year earlier. △

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