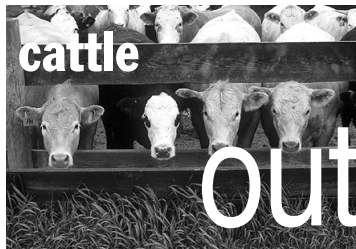


Cattle Herd Shrinking Despite High Prices



**GLENN GRIMES AND
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Agricultural Economists,

outlook

The big farm news this week was Thursday's USDA crop acreage report. USDA said 92.282 million acres are planted to corn, up 4.09 million from last year, and 1.515 million acres above the average of pre-release trade estimates. USDA also said corn stocks on June 1 totaled 3.67 billion bushels, 370 million bushels above trade estimates. The combination forced corn futures down the limit on Thursday. For the week, the July corn contract lost 29 cents and closed at \$6.41 per bushel on Friday. December corn ended the week at \$5.98 per bushel.

Despite record high cattle prices, indications are the cattle herd is still shrinking. Cow slaughter during the first half of 2011 was slightly higher than a year earlier which was 4 percent above the year before. The weak economy, high corn prices, and drought in the southern plains are likely reasons for the continuing herd decline.

The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$110.32/cwt, down \$1.85 from last week. Steers sold on a dressed weight basis this week averaged \$177.09/cwt, \$1.77 lower than the week before. This week last year, live steer prices averaged \$91.04/cwt and carcass prices averaged \$145.57/cwt.

Friday morning the choice boxed beef carcass cutout value was \$178.35/cwt, down 58 cents from last week. The select carcass cutout was down \$1.35 from the previous Friday to \$172.48 per hundred pounds of carcass weight.

This week's cattle slaughter totaled 667,000 head, down 2.5 percent from the week before, but up 0.9 percent compared to the same week last year. The average steer dressed weight for the week ending June 18 was 832 pounds, up 3 pounds from the week before and 12 pounds heavier than for the same week in 2010. Steer weights have been above year-ago levels for 28 consecutive weeks. Year-to-date beef production is up 0.5 percent.

Next week begins with Independence Day, so total slaughter for the week will be light. Hopefully, grocery store meat cases will be depleted by Tuesday morning as lots of folks get outdoors to grill steaks.

Cash bids for feeder cattle around the country this week were mostly steady to \$6 higher than last week. Oklahoma City prices this week were \$1 to \$3 higher with price ranges for medium and large frame #1 steers: 400-450# \$153-\$158, 450-500# \$143-\$146.50, 500-550# \$135.50-\$146.50, 550-600# \$138.25-\$144.75, 600-650# \$131.50-\$143, 650-700# \$130-\$143, 700-750# \$134-\$142, 750-800# \$134-\$139, 800-900# \$128-\$138 and 900-1000# \$123-\$128/cwt.

The August fed cattle futures contract ended the week at \$112.85/cwt, down 65 cents from last week's close. October ended the week at \$119.67/cwt, down 8 cents. The December contract closed at \$122.22. February settled at \$123.95/cwt. Δ

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