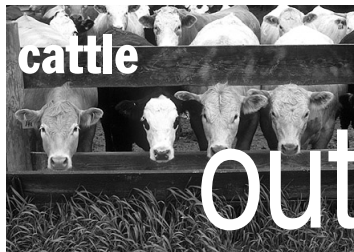


Chinese Firm Will Acquire Smithfield Foods



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Smithfield Foods, the world's largest hog producer and pork processor, has agreed to be acquired by Shuanghui International Holdings Limited, a Hong Kong company. Shuanghui will pay \$4.7 billion for Smithfield stock and assume \$2.4 billion of Smithfield debt. It is the most costly acquisition of a meat company ever and the largest Chinese acquisition of a U.S. firm. There are no plans to change Smithfield management or operations. The acquisition needs shareholder and regulatory approval.

As of May 26, 86 percent of corn acres were planted, up from 71 percent the week before, but down from 99 percent a year ago.

Fed cattle prices held steady this week on extremely light volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$124.81/cwt, up 36 cents from last week and up \$2.91/cwt from the same week last year. Steer prices on a dressed basis averaged \$199.06/cwt this week, down 79 cents from a week ago, but up \$4.28 from a year ago.

This morning, the boxed beef cutout value for choice carcasses was \$207.31/cwt, down \$2.62 from the previous Friday and up \$9.96 from a year ago. The select carcass cutout is at \$187.51/cwt, down \$3.60 for the week. The choice-select price spread is \$19.80/cwt.

This week's cattle slaughter totaled 594,000 head, down 8.3 percent from last week (due to Monday's holiday), and down 0.7 percent from a year ago. May is the third consecutive month with steer and heifer slaughter at a higher level than implied by feedlot placements.

The average steer dressed weight for the week ending on May 18 was 843 pounds, up 1 pound from the week before and up 2 pounds from a year ago. This was the 71st consecutive week with average steer weight above the year-earlier level.

Year-to-date cattle slaughter is down 1.6 percent; but due to heavier weights, year-to-date beef production is down only 1.1 percent.

There was no Oklahoma City feeder cattle auction this week because of the Memorial Day holiday. Missouri market prices were steady to \$2 higher this week with prices for medium and large frame #1 steers: 400-450# \$143-\$185, 450-500# \$140-\$180, 500-550# \$136.50-\$170.50, 550-600# \$135.50-\$166.75, 600-650# \$129-\$162, 650-700# \$126-\$154.75, 700-750# \$122.50-\$147.50, 750-800# \$124.25-\$142.50, 800-900# \$115-\$134, and 900-1000# \$113.25-\$129.60/cwt.

The June live cattle futures contract closed at \$121.30/cwt today, up 73 cents from last week's close. The August fed cattle contract gained \$1.23 from last Friday to settle at \$120.45/cwt. October fed cattle futures settled at \$123.75/cwt and December at \$125.85/cwt.

August feeder cattle futures settled at \$144.32/cwt, down 23 cents for the week. The September contract lost 10 cents from last Friday to close at \$146.57/cwt. October ended the week at \$148.12/cwt. Δ

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