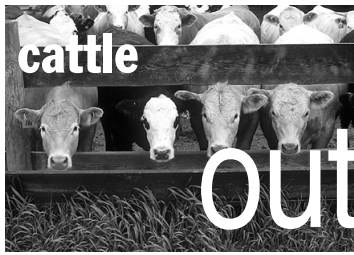


# Choice Beef Retail Price Declined In May



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**U**SDA's monthly supply and demand report made few changes to the corn and soybean projections for the coming year, though corn and soybean crop conditions have taken a turn for the worse in the last couple of weeks. As of last Monday's Crop Progress report both crops were below the 10-year average for good/excellent ratings. Current mid-point price projections for the 2012/13 marketing year are \$4.60 per bushel for corn and \$350 per ton for soybean meal. Though this implies a higher meal/corn price ratio than this year, it is still low by historical standards as the expected 2011/12 meal/corn price ratio is the lowest since 1984/85.

April beef exports were over 200 million pounds, the first time this level has been eclipsed in 2012. Imports were slightly higher than this however, the third month of the past four where the U.S. was a net importer of beef. The U.S. was a net beef exporter for every month from September 2010 – December 2011. Beef supplies for the domestic market (production adjusted for net trade) are 0.6 percent higher than year ago for the first four months of 2012.

The choice beef retail price declined in May for the third time in four months. The May price was only 1.9 percent above year ago, whereas the January 2012 retail price was 12.1 percent above year ago. The declines in the retail case are not unique to beef, as many pork and poultry retail prices have declined in recent months as well.

The choice boxed beef carcass cutout value

was higher this week at \$198.58/cwt as of Friday morning. This was up more than \$1 from last Friday. The select carcass cutout fell more than \$1 from the previous week to \$181.41/cwt of carcass weight. The choice-select spread continues to grow during 2012 and is now \$17.16/cwt.

Fed cattle prices were down this week. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$119.48/cwt, down \$3.31 for the week but up \$10.17/cwt from the same week last year. Steer prices on a dressed basis averaged \$191.32/cwt, down \$4.26 versus a week ago but up \$13.74 from a year ago.

This week's cattle slaughter totaled 653,000 head, down 0.3 percent from the week before and down 4.8 percent from a year ago. The average dressed weight for steers for the week ending on June 2 was 850 pounds, up 11 pounds from the week before, and continuing to run well above year ago.

Oklahoma City feeder cattle this week were mainly lower, with price ranges for medium and large frame #1 steers of: 400-450# \$195-\$197, 450-500# \$193.50-\$200, 500-550# \$164.50-\$197.75, 550-600# \$163.50-\$178, 600-650# \$155.50-\$172, 650-700# \$157-\$165.50, 700-750# \$148.75-\$162.50, 750-800# \$150.50-\$158, 800-900# \$140-\$154.25, and 900-1000# \$134.25-142/cwt.

Fed cattle futures ended the week higher. The June live cattle contract settled at \$116.00, down \$3.88 from the previous Friday. The August contract lost \$4.05 this week to end at \$116.78. October ended the week at \$121.20 and December at \$124.50/cwt.

The August feeder cattle contract settled at \$156.15/cwt, down \$3.23 from the previous Friday. September feeder cattle lost \$2.90 this week to close at \$157.63/cwt. October settled at \$158.50/cwt. Δ

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