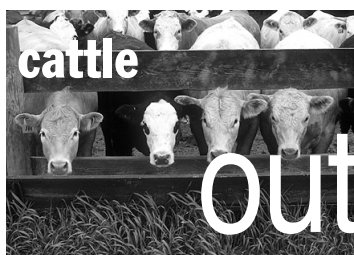


Choice Beef Retailed At Record High In May



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outlook

USDA's June cattle on feed report said placements during May were down 10.8 percent compared to a year ago. May marketings from large feed yards were up 7.3 percent. The number of cattle on feed at the start of June was up 4.1 percent compared to the same day last year. This is a bullish report compared to the average of pre-release trade forecasts which predicted placements would be down 7.5 percent, marketings up 3.2 percent, and the number on feed up 5.5 percent.

The average price of choice beef at retail during May was \$4.872 per pound, up 4.9 cents from April, up 40.9 cents from May 2010, and record high for the fifth consecutive month. The smallest per capita beef supply since 1952 is the primary cause of these record retail prices. The average slaughter steer price in the 5-area report for May was \$110.30/cwt, down \$9.50 from April, but \$11.60 higher than in May 2010.

Fed cattle prices were higher for the second week in a row. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$109.31/cwt, up \$3.11 from last week. Steers sold on a dressed weight basis this week averaged \$177.56/cwt, \$4.02 higher than the week before.

Boxed beef prices ended the week higher. Friday morning the choice boxed beef carcass cutout value was \$172.92/cwt, up \$1.51 from

last week. The select carcass cutout was up \$3.21 from the previous Friday to \$165.23 per hundred pounds of carcass weight.

This week's cattle slaughter totaled 688,000 head, up 1.5 percent from the week before and up 3.1 percent compared to the same week last year. The average steer dressed weight for the week ending June 4 was 827 pounds, up 7 pound from the week before and 10 pounds heavier than for the same week in 2010. Weights have been above year-ago levels for 26 consecutive weeks.

Cash bids for feeder cattle around the country this week generally ranged from \$3 lower to \$3 higher than last week with more locations up than down. Oklahoma City prices this week were steady to \$2 higher with price ranges for medium and large frame #1 steers: 400-450# \$152-\$162.50, 450-500# \$141-\$148.50, 500-550# \$130-\$137, 550-600# \$130-\$139.50, 600-650# \$120-\$135.50, 650-700# \$118-\$133.50, 700-750# \$113-\$130.75, 750-800# \$124.25-\$128, 800-900# \$117-\$124 and 900-1000# \$109.25-\$118/cwt.

The June fed cattle futures contract ended the week at \$109.75/cwt, up \$7.00 from last week's close. August ended the week at \$110.20/cwt, up \$6.73. The October contract closed at \$116.12, up \$5.97 or the week.

On Thursday, the U.S. Senate voted 73 to 27 to end the 45 cent per gallon tax credit for blending ethanol with gasoline and the 54 cent per gallon tariff on importing ethanol. This is a long way from being enacted, but it is encouraging news for livestock producers. Corn futures prices declined this week with the July contract losing 87 cents to settle at \$7.00 per bushel on Friday. Feeder cattle futures rallied this week with the August contract gaining \$9.03 to settle at \$132.65/cwt. Δ

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