

Consumer Demand For Beef Declined At End Of 2007



**GLENN GRIMES AND
RON PLAIN**

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outlook

Cash fed cattle prices maintained the full decline in prices when the bulk of the trade occurred last Friday. The weighted average for the full week for live cattle for the five-market area was \$87.92 per cwt. The weighted average carcass price for the five-market area was \$140.60 per cwt.

The spread between Choice and Select beef continued quite narrow indicating market current has slipped. Friday morning the spread between Choice and Select beef was only \$0.62 per cwt.

Demand for beef at the consumer level declined at the end of 2007 and beginning of 2008. For November through January the demand for beef at the consumer level was up 0.5 percent. For December through February, consumer demand for beef had slipped to a minus 2.8 percent. The index can and does change substantially within a three-month time frame for the calculation.

Live fed cattle demand also slipped for December-February compared to November-January. The earlier period fed cattle demand was at a plus 3.5 percent but declined to plus 1.8 percent for the December-February three-month period compare to a year earlier.

The futures market for live cattle continues to

point to fed cattle prices about \$100 per cwt for the end of 2008 and early 2009. Cattle producers did not get good news on March 31 as to acres of corn planned to be planted in 2008. The estimate is for 86 million acres, down 7.6 million acres from 2007. However, the 86 million acres is the second largest average planted to corn since 1949.

The bottom line is, very high corn prices compared to history for the foreseeable future indicate the cattle industry will need to be downsized.

Feeder steer prices at Oklahoma City this week were steady to \$2 per cwt lower after a \$2-5 per cwt lower start; 650-700 pound steers stayed at the full decline through the day. Feeder heifers were \$2-5 per cwt lower and stocker cattle and calves steady to \$3 per cwt lower.

The prices by weight groups for medium and large frame Number One steers were: 400-500 pounds \$120.50-137 per cwt, 500-600 pounds \$114-128 per cwt, 600-700 pounds \$96-106.25, 700-800 pounds \$97-106 per cwt and 800-1000 pounds \$84.75- 98.25 per cwt.

Choice wholesale beef prices Friday morning at \$137.13 per cwt down \$1.20 per cwt, Select beef at \$136.51 per cwt down \$1.79 per cwt from a week earlier.

Cash live fed cattle prices for the five-market area through Thursday at \$85.85 per cwt down \$2.12 per cwt from a week earlier. Cattle sold in carcass weighted average for the five-market area at \$138.25 per cwt down \$2.50 per cwt from seven days earlier.

Cattle slaughter this week under Federal Inspection estimated at 624 thousand head, up 3.8 percent from a year earlier. Δ