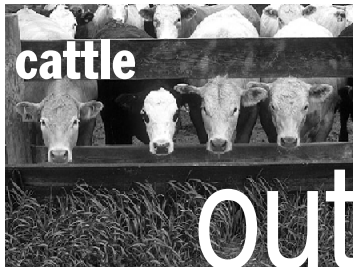


# Cow Herd Dwindling Due To High Grain Costs



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**T**he demand for beef at the consumer level continues to show weakness for January-September. Demand for beef lost 4.1 percent from 12 months earlier.

The good news for producers continues to be the demand for live fed cattle, which was up 1.1 percent for January-September from a year earlier. The growth in live fed cattle demand is due to export growth, which is slowing based on weekly data.

For the year through the week ending October 11, cow slaughter was up 9.7 percent, dairy cow slaughter was up 3.9 percent and beef cow slaughter was up 14 percent. For the four-week period ending October 11, total cow slaughter was up 10.3 percent, dairy cow slaughter was down 0.8 percent, but beef cow slaughter was up 19.4 percent from a year earlier. These data continue to support the belief that the cow herd is being reduced due to the high cost of grain.

Beef in cold storage at the end of September was up two percent from a month earlier, but down nine percent from a year earlier. However, pork cold storage stock on September 30 was up four percent from a month earlier and up five percent from 12 months earlier. Worse news is that chicken stocks at the end of September were up one percent from a month earlier and up 16 percent from a year earlier. Even worse, turkey stocks were up 22 percent from the end of September 2007. These large stocks of competing meats will be negative for beef in these distressed

economic times.

On Tuesday, October 28, USDA released an abbreviated crops report for corn, sorghum and soybeans. This new report reduced the acres harvested for corn by one million acres. Corn production for 2008 was reduced by 167 million bushels from the early October report.

The acres harvested of soybean was reduced by 1.1 million acres. Soybean production for 2008 was reduced by 45 million bushels.

USDA revised the estimated corn price for the 2008-2009 marketing year by \$0.05 per bushel to a midpoint estimate of \$4.75 per bushel. For soybeans, the USDA estimates this year marketing crop's price up \$0.10 per bushel to a midpoint of \$10.45 per bushel. The futures market responded on Tuesday by bidding both corn and soybean prices up substantially.

This week feeder cattle and calves lost most or all of the big gains in price made last week with Feeder cattle \$2-4 per cwt lower and steer and heifer calves \$5-10 per cwt lower than seven days earlier.

The prices by weight groups for medium and large frame No. 1 steers were: 400-500 pounds at \$105-120 per cwt, 500-600 pounds at \$100-115 per cwt, 600-700 pound calves \$83.50-97.50 per cwt, 600-700 pound yearlings at \$94.50-105 per cwt, 700-800 pounds at \$92.75-98.50 per cwt, and 800-1,000 pounds at \$87.25-93.25 per cwt.

Live fed cattle prices weighted average for the five-market area through Thursday at \$91.20 per cwt up \$1.40 per cwt from a week earlier. Weighted average negotiated carcass cattle prices for the five-market area at \$140.50 per cwt through Thursday up \$2.50 per cwt from seven days earlier.

Wholesale beef prices Friday morning showed Choice beef at \$141.67 per cwt up \$0.05 per cwt from a week earlier. Select beef at \$136.09 per cwt up \$0.77 per cwt from Friday morning of last week.

Slaughter this week under Federal Inspection was estimated at 638 thousand head down 3.5 percent from a year earlier. △