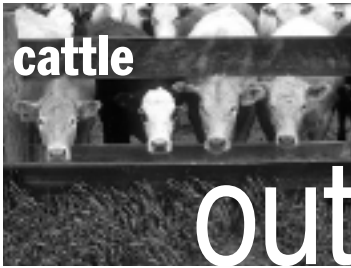


# Decline In Beef Cow Herd Has Slowed



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## outlook

**T**otal cow slaughter through the week ending August 1 was up 1.1 percent from a year earlier. Dairy cow slaughter was up 14.8 percent but beef cow slaughter was down 8.7 percent for this period compared to 2008.

For the four-week period ending August 1, total cow slaughter was down 5.5 percent from 12 months earlier. Dairy cow slaughter for these four weeks was up 2.1 percent but beef cow slaughter was down 11.0 percent from the same weeks last year.

The large dairy cow slaughter in recent months is due to the dairy cow buyout of the industry as they work to downsize. The probabilities are high that the dairy cow herd on January 1, 2010, will be smaller than a year earlier. However, the rate of decline in the beef cow herd has at least been slowed.

The southeastern states were very dry for two or three years through 2008. This year the southeastern states have received more timely rains, and they may be rebuilding their beef cow herds some.

In our opinion, we need to reduce the beef cow herd more to get supply of beef in line with demand at these higher costs associated with feed grains.

Corn production in 2009 is forecast at 12.8 billion bushels, up 5 percent from 2008 but down 2 percent from 2007. If this forecast holds, it will be the second largest crop of record trailing only 2007.

Corn yields are expected to average 159.5 bushels per acre, up 5.6 bushels per acre from last year and the second largest of record trailing only 2004.

Soybean production for this year is forecast at

a record-high 3.2 billion bushels. Yields for 2009 are forecast at 41.7 bushels per acre, up 2.1 bushels per acre from 2008. Acres for soybean harvest are forecast at 76.8 million acres, up slightly from June and up 3 percent from 2008.

The USDA estimated farm price for corn for the 2009-2010 marketing year is \$3.10-3.90 per bushel, down from \$4.00-4.10 per bushel for the current year. The estimate by USDA for soybean meal prices for the 2009-2010 marketing year is \$260-320 per ton, down from \$325 per ton in the 2008-2009 marketing year.

These crop estimates and the potential for lower feed prices will be positive for feeder cattle prices.

Feeder cattle at Oklahoma City this week were unevenly steady. Calves were firm in a light test.

The prices by weight groups for medium- and large-frame No. 1 steers were: 550-600-pound calves \$105.75-107 per cwt, 700-750-pound calves \$93.75-95 per cwt, 600-700-pound yearlings \$101-110.50 per cwt, 700-800-pound yearlings \$100-104 per cwt, and 800-1,000 pounds \$89.75-100.75 per cwt.

Beef exports in product weight were up 2.6 percent in June from a year earlier. For January-June, beef exports in product weight were up 4.0 percent from a year earlier. Beef exports in carcass weight equivalent will be in next week's letter.

Live weighted-average fed steer prices for the 5-market area through Thursday at \$81.98 per cwt were up \$0.71 per cwt from a week earlier. The weighted-average negotiated carcass price for the 5-market area through Thursday at \$130.68 per cwt was up \$1.07 per cwt from seven days earlier.

Wholesale beef prices Friday morning had Choice beef at \$141.31 per cwt, up \$0.74 per cwt from last Friday. Select beef at \$134.77 per cwt was up \$0.79 per cwt from a week earlier.

Slaughter this week under Federal Inspection was estimated at 643 thousand head, down 6.4 percent from a year earlier. Δ

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