

# Domestic Beef Demand Index Falls In May



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**R**etail beef prices in May were 3 percent higher than a year ago. The average price of a pound of choice beef in grocery stores during May was \$4.463, up 2.3 cents from April and up 12.8 cents from May 2009. All of the increase went into fed cattle prices as the middlemen's margin shrank by 12.3 cents/pound compared to May 2009. Live prices of slaughter steers during May averaged \$98.70/cwt, unchanged from April and \$14/cwt higher than May 2009.

Despite the higher retail price, our domestic beef demand index was down in May. Adjusted for inflation, May choice beef prices were up 1 percent. With steady demand, consumption should have dropped by slightly less than 1 percent, but preliminary data indicates per capita beef consumption was down 5 percent.

After dropping for 5 consecutive weeks, the boxed beef cutout rose a bit this week. On Friday morning, the choice boxed beef carcass cutout value was \$1.5418/pound, up 0.81 cents for the week and 14.94 cents higher than last year. The select cutout was up 0.59 cents from the previous Friday to \$1.461 per pound. The choice-select spread is 8.08 cents which is more typical than the tight spreads during the last 17 months.

Fed cattle prices were down again this week. The 5-area daily weighted average price for

slaughter steers sold through Thursday of this week on a live weight basis was \$91.03/cwt, down \$1.70 from a week earlier, down \$8 from mid May, but \$9.84 higher than a year ago. Steers sold on a dressed weight basis this week averaged \$146.47/cwt, \$3.51 lower than the week before, but \$15.91 higher than last year.

This week's cattle slaughter totaled 667,000 head, up 0.9 percent from the previous week and down 0.9 percent compared to the same week last year.

Steer carcass weights averaged 817 pounds during the week ending June 5. That was up 7 pounds from the week before, but 11 pounds lighter than a year ago. This was the 28th consecutive week with steer weights below year earlier levels.

Cash bids for feeder cattle this week were unevenly steady around the country. Oklahoma City was called \$1 to \$4 higher. The price ranges at Oklahoma City for medium and large frame steers were: 400-450# \$133-\$134.50, 450-500# \$129.25-\$136, 500-550# \$129-\$131.25, 550-600# NA, 600-650# \$112.50-\$116.75, 650-700# \$112.75-\$116, 700-750# \$112-\$114.50, 750-800# \$111.85-\$114.50, and 800-1000# \$98.85-\$112.60/cwt.

The June fed cattle futures contract ended the week at \$89.30/cwt, down 20 cents compared to the previous Friday. The August contract gained 93 cents this week to end at \$88.20/cwt. The October contract settled at \$89.25.

The June cattle on feed report said May placements were up 23.4 percent and May marketings were down 4.3 percent. The June 1 inventory of cattle on feed is up 0.8 percent. All three numbers are in line with pre-release trade estimates. △

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