

# Expect Cattle Slaughter Down Again In 2010



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**B**ased on preliminary data, total cattle slaughter was down 2.7 percent in 2009 with steer slaughter down 3.4 percent and heifer slaughter down 3.2 percent. Beef cow slaughter was off 6.7 percent. Thanks to the CWT dairy herd buyout program, dairy cow slaughter was 9.6 percent higher in 2009 than 2008. USDA estimates that the 2009 calf crop was 1.4 percent smaller than the 2008 crop and 3.8 percent smaller than the 2007 calf crop. Thus, there is good reason to expect cattle slaughter to be down again in 2010.

One of the key items that determine feeder cattle prices is the price of corn which is a prime factor in the cost of gain. Today's close for 2010 corn futures ranged from a low of \$4.205/bu for March delivery to a high of \$4.45 for the December contract. This is little different that a year ago. On January 7, 2009, corn futures ranged from \$4.10 for the March contract to \$4.54 for December. Feeder cattle futures are \$2-4 higher than at this time last year thanks to stronger fed cattle futures.

Cash bids for feeder cattle were mostly steady to higher this week. The price ranges at Oklahoma City for medium and large frame steers were: 400-500# \$107.50-\$115.25, 500-550# \$102.50-\$113.50, 550-600# \$97-\$108.25, 600-650# \$94.50-\$97.75, 650-700# \$95.25-\$97.60,

700-750# \$93.50-\$97.25, 750-800# \$93.25-\$96, and 800-1000# \$86.75-\$94.25/cwt.

Fed cattle prices were a little higher this week. The 5-area daily weighted average price for slaughter steers sold through Thursday on a live weight basis was \$84.17/cwt, up 4 cents from a week earlier and 20 cents higher than a year ago. Steers sold on a dressed basis averaged \$136.47/cwt, \$1.26 higher than the week before and \$2.86 high than the same week of 2009.

Choice boxed beef cutout values also were higher this week. On Friday morning, the choice carcass cutout value was \$1.419/pound, up 3.13 cents for the week but 3.35 cents lower than the same week last year. The select cutout was up 3.51 cents from the previous Friday to \$1.3659 per pound.

Federally inspected cattle slaughter for this week is estimated to total 637,000 head, up 4.6 percent compared to a year ago.

Steer carcass weight averaged 841 pounds for the week ending December 26, down 8 pounds from the same week in 2008.

The February live cattle futures contract ended the week at \$85.82/cwt, up \$2.72 for the week. April settled at \$89.80, up \$2.98 from the week before. June settled at \$88.02/cwt and the August live cattle contract ended the week at \$87.82.

Feeder cattle futures move higher this week. The March contract ended the week at \$96.65/cwt, up \$3.98 from last Friday. May gained \$3.00 this week to settle at \$98.60/cwt.

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