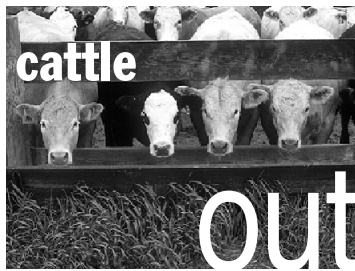


# Fed Cattle Prices Slide In Last Week's Trading



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**F**ed Cattle trade finally showed a negotiated sale of 140,459 head through Friday. The weighted average price for the five-market area for live cattle at \$91.00 per cwt was up \$0.85 per cwt from the price through Thursday but was down \$0.65 from a week earlier. The weighted average carcass price for the five-market area at \$145 per cwt for the full week was down \$0.50 from the price through Thursday and down \$2.25 for the full week compared to a week earlier.

Beef and veal exports for all of 2007 were up 25 percent from 2006. Beef imports for last year were down 1.05 percent from a year earlier. Net beef imports as a percent of production in 2007 at 6.13 percent down from 7.42 percent from 2006. The increase in beef exports along with population growth is the major reason why live fed cattle demand was up more from a year earlier in 2007 than consumer demand for beef.

Our beef exports in 2007 were up 208.7 percent to Japan, down 11.35 percent to Mexico, up sharply to South Korea, up 41.9 percent to Canada, up 4.9 percent to Taiwan, up 155.1 percent to Hong Kong, up 303.4 percent to Vietnam, down 23 percent to the Bahamas and up 28.1 percent to other countries from twelve months earlier.

Live cattle imports from Mexico were down 13.3 percent but up 36.2 percent from Canada. Total live cattle imports in 2007 were up 9 percent from 2006.

The January 1 cattle inventory in Canada showed the total number of cattle and calves down 1.5 percent on January 1, 2008 from 2007. The total number of cows and heifers that have calved on January 1 was down 0.7 percent from 12 months earlier.

Some trade observers were expecting a larger reduction in Canada's cattle herd than stats Canada show. Therefore, these small reductions are a bit of a disappointment.

USDA long term projections of beef consumption per capita in 2017 is for a decline from 65 pounds last year to 60.1 pounds in 2017. Pork is projected to decline from 50.5 pounds in 2007

to 48.8 pounds in 2017 and broilers are projected to increase from 85.4 pounds in 2007 to 88.1 pounds per capita in 2017.

Assuming a continued growth in population of a little less than one percent a year in the U.S., these projections would mean the broiler industry would be 12 percent larger in 2017 than 2007. The pork industry would be five percent larger in 2017 than 2007 and the beef industry would be the same size in 2017 as 2007. The projected sizes of these industries also assumed imports and exports continue at the 2007 level through 2017.

The trade estimate of the cattle on feed for February show the number of cattle on feed up 2.3 percent, the percent on feed during January up 9.5 percent and the number of fed marketings during January up 1.7 percent from 2007.

Feeder steers 600-800 pounds were steady to \$2 per cwt higher. Steers over 800 pounds and all feeder heifers steady to \$2 per cwt lower, steer and heifer calves steady to \$2 per cwt lower than last week at Oklahoma City.

The range in prices for medium and large frame number 1 steers by weight groups this week were: 450-500 pounds at \$124-134 per cwt, 500-600 pounds \$115-128 per cwt, 600-700 pounds \$108.75-118 per cwt, 700-800 pounds \$100.50-111.50 per cwt and 800-950 pounds \$93-102.25 per cwt.

Wholesale beef priced had Choice beef at \$148.38 per cwt Friday morning down \$1.07 per cwt from a week earlier. Select beef was at \$146.44 per cwt, down \$1.43 per cwt from seven days earlier.

The fed cattle trade was very light through Thursday with only a little over 6 thousand head in the negotiated trade. Live fed cattle prices weighted average for the five-market area were at \$89.90 per cwt down \$0.25 from a week earlier. Weighted average carcass prices at \$145.90, up \$0.40 from seven days earlier for the five-market area.

Slaughter this week under Federal Inspection was estimated at 620 thousand head, down 2.5 percent from a year earlier.

The Cattle on Feed report came in a little more positive than the trade estimate. The number on feed was expected to be up 2.3 percent, USDA estimate showed a 2 percent increase. The trade estimate on the placement on feed number during January showed a 9.5 percent increase USDA numbers show an increase of 5.7 percent. Fed marketings during January showed an increase of 0.9 percent. The trade estimate was for a 1.7 percent increase. △