

Fed-Live Cattle Demand Up, Good News For Cattle Industry



**GLENN GRIMES AND
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Fed cattle prices were pushed about \$100 per cwt live last week with the five-market area averaging \$101.25 per cwt and the five-market carcass price averaging \$159.80 per cwt.

Choice wholesale beef prices on Thursday July 3 was at \$171.61 per cwt – up nearly \$5 per cwt from a week earlier.

Feeder steers and heifers at Oklahoma City for the week ending July 5 were steady to \$1 per cwt higher than a week earlier. Steer and heifer calves were not well tested, few sales of weaned calves were steady to firm.

Demand for beef at the consumer level for January-May was down over 3 percent from a year earlier. Only pork demand for these five months was above a year earlier at a modest growth of 1.2 percent. Both broilers and turkey demand showed substantial losses in demand for January-May. Broilers were down 3.9 percent and turkey was down 5.9 percent from 12 months earlier.

The good news for the cattle industry is that fed-cattle live demand was up 1.3 percent from the same months in 2007. Most or all of the live fed-cattle demand growth was due to larger exports and smaller imports.

With the weaker demand for beef at the consumer level the odds are not very good that wholesale beef can be pushed much higher than the 174 level with current fed cattle production level.

Feeder steer prices were steady and feeder heifer prices were pushed \$1-2 per cwt higher. Steer and heifer calves were not well tested again this week at Oklahoma City.

The price for medium and large frame number one steers by weight groups this week at Oklahoma City were: 450-500 pounds \$123.75-124 per cwt, 550-600 pounds \$112-115 per cwt, 650-700 pounds \$112.25-117 per cwt, 700-800 pounds \$109-112 per cwt and 800-1,000 pounds \$104.25-112 per cwt.

The differences in prices for feeder steers by weight groups have narrowed substantially in the last year with the increase in price of corn. This is the way we get more grass used to back-ground cattle than to produce more calves.

Cow slaughter for the year through the week ending June 21 was up 5.7 percent, dairy cow slaughter up 1.6 percent and beef cow slaughter up 8.6 percent compared to a year earlier. For the four weeks ending June 21 total cow slaughter was up 11.7 percent dairy cow slaughter up 6.9 percent and beef cow slaughter up 12.8 percent.

This increase in cow slaughter in recent weeks indicate producers may be speeding up the rate of decline in the cow herd which needs to be reduced substantially to get supply and demand in balance with the big increase in feed prices.

The weighted average price for live fed cattle for the five-market area through Thursday at \$99.20 per cwt were down \$1.01 per cwt from eight days earlier. The weighted average negotiated carcass price for the five-market area through Thursday at \$158.20 down \$1.49 compared to last week.

Wholesale beef prices Friday morning at \$173.55 per cwt for Choice beef was up \$1.94 per cwt from a week earlier. Select beef at \$166.13 per cwt was up \$1.10 from a last week.

Slaughter this week under Federal Inspection was estimated at 694 thousand head, up 2.4 percent from a year earlier. △