

# Feed Efficiency May Skyrocket In Coming Year



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The average price of choice beef at retail during August was \$4.872 per pound, up 9.1 cents from the month before, up 49.8 cents from August 2010, and tied with the record set in May. Pork prices also were record high during August. Unsurprisingly, the Consumer Price Index for food was also record high in August.

USDA's September WASDE report predicted the feed and residual use of corn for the 2011-12 marketing year will total 4.7 billion bushels, down 6 percent from the year before and the lowest for any marketing year since 1995-96. Add in other grains plus DDGS and total feed and residual for the coming year is the equivalent of 6.38 billion bushels, which is 4.4 percent less than the past year and the lowest of any marketing year since 2002-03.

USDA is predicting 2012 red meat and poultry production will total 92 billion pounds, down only 0.9 percent from this year and the lowest since 2009. That's 4 percent less feed to produce 1 percent less meat. Either USDA is wrong, or feed efficiency is going to skyrocket in the coming year, or we face the possibility that USDA's forecast of \$7/bu. for this fall's corn crop is too low. Livestock prices have been record high this year, but profits are far from records. It seems likely that 2012 will bring more livestock price records, but because of high feed costs, little or no profit.

Friday morning the choice boxed beef carcass cutout value was \$185.79/cwt, up \$5.67 from

last week. The select carcass cutout was up \$2.56 from the previous Friday to \$173.68 per hundred pounds of carcass weight. The choice-select spread hasn't been this large since December 2010.

The 5-area average price for slaughter steers sold through Thursday of this week on a live weight basis was \$117.23/cwt, up 49 cents from last week. Steers sold on a dressed weight basis averaged \$186.67/cwt, 12 cents lower than the week before.

This week's cattle slaughter totaled 653,000 head, up 13.2 percent from the week before which was low because of Labor Day, but down 3.1 percent compared to the same week last year. The average steer dressed weight for the week ending September 3 was 849 pounds, up 4 pounds from the week before, 3 pounds heavier than for the same week in 2010, and above year-earlier for the 39th week in a row.

Cash bids for feeder cattle around the country this week mostly ranged from \$3 higher to \$5 lower than the week before with more markets down than up. Prices this week at Oklahoma City were steady to \$8 lower with price ranges for medium and large frame #1 steers: 400-450# \$144-\$146.50, 450-500# \$136-\$147, 500-550# \$137-\$145.50, 550-600# \$132-\$143.50, 600-650# \$128-\$141.25, 650-700# \$125-\$139.50, 700-750# \$132.85-\$135.75, 750-800# \$130-\$136, 800-900# \$125.25-\$129.25 and 900-1000# one group at \$118.25/cwt.

The October fed cattle futures contract ended the week at \$118.50/cwt, up 5 cents from last week's close. December cattle gained 70 cents to end the week at \$118.95/cwt. February live cattle settled at \$121.70/cwt, down 12 cents from last Friday. Δ

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