

# Feed Situation Seems To Impact Fed Cattle Prices



**GLENN GRIMES AND  
RON PLAIN**

Agricultural Economists,  
University of Missouri

**P**acker bids for fed cattle were lower this week. The 5-area daily weighted average price for slaughter steers sold through Thursday was \$88.44/cwt on a live weight basis, down \$3.08 from a week earlier, but still \$0.85 higher than a year ago. Steers sold on a dressed basis averaged \$142.74/cwt, \$6.82 lower than the week before, but \$3.15 higher than the same week of 2007. The normal seasonal price pattern favors a higher trend in cattle prices until March.

The feed situation appears to be impacting on fed cattle prices. Short pastures pushed a lot of feeder cattle into feed yards during the fourth quarter of 2007 and high corn prices are keeping the feeding periods fairly short.

Choice boxed beef cutout values were lower this week. On Friday morning, the choice carcass cutout value was \$1.4612/pound, down 2.83 cents for the week. The select cutout was down 0.34 cents from the previous Friday to \$1.3901 per pound. The choice-select spread is about normal for this time of year.

The February live cattle futures contract ended the week at \$91/cwt, down \$0.35 for the week. April settled at \$94.25, down \$1.25 from the week before. June settled at \$93.27/cwt. The futures market is optimistic about fed cattle prices in late 2007. The October live cattle

contract ended the week at \$100.20, December closed at \$101.30 and February 2009 settled at \$102.60/cwt.

Federally inspected cattle slaughter for this week totaled 651,000 head, up 5.0 percent compared to a year ago. Steer carcass weights have been below year-ago levels each of the last four weeks. Hopefully, this is an indication feed yards are current on marketings. Dressed weights during first week of January averaged 832 pounds for steers and 770 for heifers.

Cow slaughter continues to be high. Based on preliminary data, 2007 cow slaughter was 316 thousand higher than in 2006 which was 475 thousand head higher than in 2005. Dry weather and high feed prices are the two big factors pushing up cow slaughter.

Cash bids for feeder cattle were lower this week. The price ranges at Oklahoma City for medium and large frame steers were: 450-500# \$114-\$123, 500-550# \$109-\$118.25, 550-600# \$107-\$111.85, 600-650# \$100.60-\$110, 650-700# \$97-101.75, 700-750# \$94-100.25, 750-800# \$93-\$97, and 800-1000# \$87.75-\$96.35/cwt.

The corn market continues to be a big problem for feeder cattle prices. March corn futures ended the week at \$4.98 per bushel, 3 cents higher than last Friday. All the remaining 2008 corn contracts closed above \$5.

The January feeder cattle futures contract ended the week at \$97.67/cwt, down \$1.83 from last Friday. March ended the week 20 cents lower at \$102.30.

Choice beef prices at retail averaged \$4.113 per pound in December, up 4.9 percent compared to 12 months earlier. Adjusted for inflation beef was up 0.8 percent. This is good lead-in to 2008. Δ