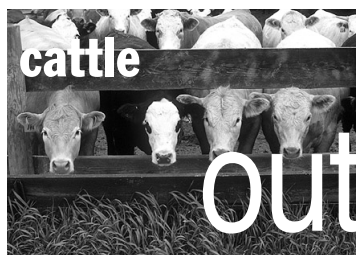


Feed Usage Of Corn Is Down 2 Percent



**GLENN GRIMES AND
RON PLAIN**
Agricultural Economists,
University of Missouri

The August supply and demand report lowered USDA's forecast of the 2011 corn crop by 556 million bushels and raised their corn price estimate to between \$6.20 and \$7.20 per bushel. They are predicting that for the first time ever, feed will not be the primary use for the U.S. corn crop. They estimate 4.9 billion bushels of this year's corn crop will be fed to U.S. livestock and poultry, 5.1 billion bushels will go to ethanol production, 1.75 billion bushels will be exported, and 1.41 billion bushels will go to food, seed, and other usage. Feed usage of corn is down 2 percent from the previous marketing year, down 17 percent from 4 years earlier and the lowest since the 1995-96 marketing year. Less feed means less meat. USDA is forecasting 2012 red meat and poultry production will be 0.4 percent less than this year, which looks like a small cut given the expected feed supply. They are forecasting a 4.3 percent drop in beef production in 2012.

Boxed beef prices were sharply higher this week. Friday morning the choice boxed beef carcass cutout value was \$179.56/cwt, up \$6.50 from last week. The select carcass cutout was up \$6.53 from the previous Friday to \$176.07 per hundred pounds of carcass weight.

Fed cattle prices also had a big gain this week. The 5-area daily weighted average price for slaughter steers sold through Thursday of this

week on a live weight basis was \$116.12/cwt, up \$5.38 from last week. Steers sold on a dressed weight basis this week averaged \$184.77/cwt, \$9.12 higher than the week before. This week last year, slaughter steers averaged \$94.06/cwt on a live weight basis and \$149.50/cwt of dressed weight.

This week's cattle slaughter totaled 661,000 head, up 0.6 percent from the week before and up 2.5 percent compared to the same week last year. The average steer dressed weight for the week ending July 30 was 845 pounds, down 2 pounds from the week before, 8 pounds heavier than for the same week in 2010, and above year-earlier for the 34th consecutive week. Year-to-date beef production is up 0.6 percent.

Cash bids for feeder cattle around the country this week ranged from \$3 lower to \$6 higher than the week before. Oklahoma City auction prices this week were steady to \$4 lower with price ranges for medium and large frame #1 steers: 400-450# \$141-\$155.50, 450-500# \$137-\$147, 500-550# \$139.50-\$149, 550-600# \$135-\$143, 600-650# \$129-\$143.50, 650-700# \$128-\$134.50, 700-750# \$133.25-\$139.50, 750-800# \$127.50-\$137, 800-900# \$125.50-\$130 and 900-1000# \$122-\$127.50/cwt.

The August fed cattle futures contract ended the week at \$117.90/cwt, up \$3.78 from last week's close. October gained \$1.85 to end the week at \$120.45/cwt. December live cattle settled at \$122.67/cwt, up \$1.97 from the previous Friday.

The September corn futures contract ended the week at \$7.0175 per bushel, up 9 cents from the previous Friday. December corn closed at \$7.145/bushel today. Δ

GLENN GRIMES AND RON PLAIN: Agricultural Economists, University of Missouri



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