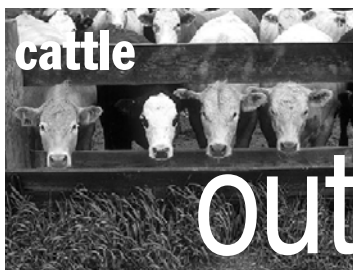


Feeder Cattle Futures Surge As Grain Prices Dip



**GLENN GRIMES AND
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The big news this week was USDA's January 12 crop report. USDA increased their estimate of corn acres planted in 2009 by 100,000, raised harvested acres by 300,000 and increased average yield by 2.3 bushels per acre. The result was a record yield of 165.2 bushels/acre and the largest corn crop ever at 13.151 billion bushels. USDA reduced their estimate of harvested soybean acreage in 2009 by 200,000 acres but increased their estimate of per acre yield by 0.7 bushel to a record 44.0 bu/acre. Total soybean production in 2009 was a record 3.361 billion bushels. All corn futures contracts through September 2011 closed down the 30 cent limit on Tuesday. The March corn futures contract ended the week at \$3.715/bu, 51 cents lower than the week before. March soybeans ended the week at \$9.74, 48 cents lower than the previous Friday.

For the first month since September 2008, U.S. beef exports were larger than beef imports during November. The U.S. exported 172.6 million pounds of beef and imported 169.1 million pounds during the month. During the first 11 months of 2009 beef exports were 3 percent lower than in 2008 and imports were 7.5 percent higher. USDA is forecasting nearly a 10 percent increase in beef exports in 2010.

As would be expected with declining corn prices, feeder cattle futures move higher this

week. The January contract ended the week at \$97.97/cwt, up \$1.62 from last Friday. March gained \$2 to settle at \$98.65/cwt.

Cash bids for feeder cattle were mostly higher following USDA's crop report. The price ranges at Oklahoma City for medium and large frame steers were: 400-450# \$121.50-124, 450-500# \$113.75-122.50, 500-550# \$105.50-\$114.25, 550-600# \$99-\$111.25, 600-700# \$89.75-\$101, 700-750# \$95-\$98.50, 750-800# \$94.25-\$96.75, and 800-1000# \$87.25-\$95/cwt.

Choice boxed beef cutout values moved higher this week. On Friday morning, the choice carcass cutout value was \$1.4524/pound, up 3.34 cents for the week but 6.19 cents lower than a year ago. The select cutout was up 4.25 cents from the previous Friday to \$1.4084 per pound.

Fed cattle prices were little changed this week. The 5-area daily weighted average price for slaughter steers sold through Thursday on a live weight basis was \$84.97/cwt, up 80 cents from a week earlier and \$1.85 higher than a year ago. Steers sold on a dressed basis averaged \$136.91/cwt, 44 cents higher than the week before and \$1.60 higher than the same week of 2009.

The February live cattle futures contract ended the week at \$87.35/cwt, up \$1.53 for the week. April settled at \$90.52, up 72 cents from the week before. June settled at \$87.92/cwt and the August live cattle contract ended the week at \$87.57.

Federally inspected cattle slaughter for this week is 652,000 head, up 5.7 percent compared to a year ago. Steer carcass weights have been below year-earlier levels for 9 of the last 10 weeks, a sign that feedlots are keeping current on marketings. Δ

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