

# Futures Prices Trend Lower This Year



**GLENN GRIMES AND  
RON PLAIN**

Agricultural Economists,  
University of Missouri

## outlook

**T**his week, Statistics Canada released their January 1 inventory numbers for livestock. Their hog inventory was down 0.5 percent compared to a year ago. Their sheep and lamb inventory was up 0.7 percent. Canada's total cattle inventory on January 1 was up 0.5 percent. Beef cow numbers were down 1.0 percent and milk cow numbers up 0.1 percent. The number of heifers being kept for breeding herd replacement was up 3.4 percent. The 2012 calf crop in Canada was 2.5 percent smaller than the year before.

Thus far in 2013, futures market prices for both cattle and hogs have been trending lower. In part this is due to more meat. For the third consecutive month, USDA has increased their estimate of 2013 production of red meat and poultry. The latest number is up 0.8 percent from their February forecast and up 3.3 percent from the December prediction. Today's update for 2013 has production of beef up 0.1 percent, chicken up 1.7 percent, and turkey production up 2.5 percent. But, USDA reduced expected pork production by 0.2 percent. They are now predicting combined red meat and poultry production will 0.4 percent greater than in 2012. In December they were predicting meat and poultry production would be 2.6 percent lower this year than last.

Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$127.72/cwt, down 12

cents from the prior week, but up 95 cents from a year ago. On a dressed weight basis, steers averaged \$203.26/cwt this week, down 4 cents from the week before.

Beef carcass cutout values took a big jump this week. On Friday morning, the choice boxed beef carcass cutout value was \$197.72/cwt, up \$10.23 from last Friday and the highest since the end of October. The select carcass cutout was \$195.10/cwt, up \$9.85 for the week.

This week's cattle slaughter totaled 595,000 head, up 5.7 percent from the week before, but down 5.9 percent from the same week last year. The average steer dressed weight for the week ending on February 23 was 867 pounds, down 3 pounds from the week before, but up 13 pounds from a year ago. This was the 59th consecutive week with steer weights above the year-earlier level.

Feeder cattle prices at this week's Oklahoma City auction rebounded from the previous week's weather disrupted lows. The price ranges for medium and large frame #1 steers were: 400-450# \$175-\$200.50, 450-500# \$174-\$191, 500-550# \$169-\$182.50, 550-600# \$163-\$173, 600-650# \$153.25-\$165, 650-700# \$146-\$157.75, 700-750# \$135.75-\$145.85, 750-800# \$135.75-\$142, 800-900# \$130.75-\$139, and 900-1000# \$127-\$131.50.

The April fed cattle futures contract ended the week at \$127.55, down \$2.40 from the week before. The June contract lost \$1.73 this week to settle at \$123.37 on Friday. August fed cattle ended the week at \$124.27/cwt. March feeder cattle futures ended the week \$2.58 lower at \$138.97/cwt. April feeders closed out the week at \$141.35.  $\Delta$

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

**AGROTAIN**

Link Directly To: **AGROTAIN**



Link Directly To: **VERMEER**