

High Gasoline Prices Are Negative For Meat Demand



**GLENN GRIMES AND
RON PLAIN**

Agricultural Economists,
University of Missouri

The amount of beef in cold storage at the end of February, 468 million pounds, was up 1.3 percent from the month before and up 15.6 percent compared to a year earlier. Frozen beef supplies are the largest since January 2009. As a general rule, increasing stocks of frozen beef is a negative for price, but it doesn't appear to be hurting prices this year.

Another potential negative is the rising price of energy. The national average gasoline price went above \$3.60 per gallon in mid March. May crude oil futures are at \$105 per barrel. High gasoline prices are a negative for meat demand.

Fed cattle prices were uneven this week. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$114.25/cwt, down 4 cents from last week. Steers sold on a dressed weight basis this week averaged \$187.51/cwt, \$2.73 higher than the week before. This week last year, slaughter steer prices averaged \$96.02/cwt live and \$152.13/cwt dressed.

The boxed beef cutout value of choice carcasses set a record of \$189.05/cwt on Tuesday before backing down at week's end. On Friday morning the choice boxed beef carcass cutout value was \$185.91/cwt, down \$1.10 for the week. The select cutout was down 22 cents from the previous Friday to \$185.65 per hundred

pounds of carcass weight. The choice-select spread is very low once again.

This week's cattle slaughter totaled 632,000 head, up 2.3 percent from the week before and up 1.3 percent compared to the same week last year. Steer carcass weights averaged 829 pounds during the week ending March 12. That was the same as the week before, but 6 pounds heavier than a year ago.

Cash bids for feeder cattle around the country this week were uneven with a range of \$3 lower to \$4 higher. Oklahoma City prices were steady to \$4 higher than the previous week. The price ranges for medium and large frame #1 steers were: 400-450# \$166.50-\$179, 450-500# \$159.50-\$169, 500-550# \$158-\$163.85, 550-600# \$150-\$159, 600-650# \$144.75-\$156.50, 650-700# \$136.50-\$146.25, 700-750# \$128-\$140.25, 750-800# \$126.85-\$131, 800-900# \$119-\$132, and 900-1000# \$114.25-\$120.25/cwt.

The number of cattle on feed at the start of March was up 5.0 percent compared to a year ago. Placements of cattle into feed yards during March were down 0.6 percent and marketings were up 4.5 percent. February marketings were the highest of any February since 2002 and placements were the lowest of any February since 2007. Look for placements to be below the year-ago level for the next several months.

Cattle futures have regained all that was lost in the Japan scare. The April fed cattle futures contract ended the week at \$118.60/cwt, up \$6.95 from a week ago. The June contracted closed out the week up \$5.95 from seven days earlier at \$117.75/cwt. August ended the week at \$119.25 and December settled at \$123.40. Δ

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