

Higher Cutout Values Give Prices Big Boost



**GLENN GRIMES AND
RON PLAIN**

Agricultural Economists,
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outlook

Both the quantity of beef exported by the U.S. and the value per pound declined last year. The value of 2009 fresh, chilled and frozen beef exports was down 8 percent and the tonnage was down 2 percent compared to 2008. In total, we exported \$2.48 billion worth of beef in 2009. That works out to \$74.45 in beef exports for each head of cattle slaughtered last year. Because of the record snowfall this week in Washington, the trade data was released late. I will have more trade information in this report next week.

Choice boxed beef cutout values rebounded this week after being down for three weeks in a row. On Friday morning, the choice carcass cutout value was \$1.406/pound, up 2.98 cents for the week and 4.84 cents higher than last year. The select cutout was up 2.91 cents from the previous Friday to \$1.3839 per pound.

The higher cutout values helped give fed cattle prices a big boost this week. The 5-area daily weighted average price for slaughter steers sold through Thursday on a live weight basis was \$87.38/cwt, up \$3.64 from a week earlier and \$5.48 higher than a year ago. Steers sold on a dressed basis averaged \$140.15/cwt, \$3.81 higher than the week before and \$9.32 higher than the same week of 2009.

The February live cattle futures contract ended the week at \$89.37/cwt, up \$1.95 for the week. April settled at \$90.77, up 37 cents from the week before. June settled at \$88.55/cwt and the August live cattle contract ended the week at \$87.72.

Federally inspected cattle slaughter was down this week for only the second time since November. This week's slaughter totaled 602,000 head, down 6.2 percent from last week and down 2.6 percent compared to a year ago.

Steer carcass weights averaged 836 pounds the last week of January which was 19 pounds lighter than a year ago. Steer weights have been below year-earlier levels for each of the last 10 weeks, which is not typical. The average dressed of cattle slaughtered under federal inspection increased from 639 pounds in 1979 to 784 pounds in 2009, an average of 0.7 percent per year. Heavier slaughter weight is one of the reasons that the U.S. calf crop is declining much faster than U.S. beef consumption.

Cash bids for feeder cattle were mostly steady to \$3 higher this week. The price ranges at Oklahoma City for medium and large frame steers were: 400-450# \$124.50-128, 450-500# \$111-115, 500-550# \$110-\$114, 550-600# \$103.50-\$111, 600-650# \$98.75-\$102.25, 650-700# \$96.50-\$102.50, 700-750# \$96.25-\$101.25, 750-800# \$96-\$99, and 800-1000# \$88-\$97.50/cwt.

Feeder cattle futures also were higher this week. The March contract ended the week at \$99.75/cwt, up \$1.43 from last Friday. April gained \$1.20 this week to settle at \$100.82/cwt. Δ

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