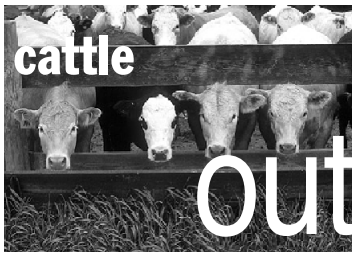


July's Inventory Second Smallest Since 2003



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USDA's July cattle on feed report contained no major surprises. They said the inventory in large feedlots on July 1 was 103.3 percent of a year earlier, exactly the average of pre-release trade estimates. Although higher than last July, it was the second smallest July inventory since 2003. June marketings were up 0.4 percent, and June placements were up 17 percent compared to 12 months earlier. The big increase in placements was from a very low number last June. Placement of cattle weighing less than 600 pounds was up 40 percent over last June.

The mix of steers and heifers on feed shifted slightly towards more steers. Steers on feed were up 4.4 percent and heifers on feed up only 1.3 percent. The percent of cattle on feed that are heifers is lower than a year-ago for the first time since October 2008. This may indicate an increase in heifer retention and the start of a slowdown in the herd reduction.

USDA June 30 cold storage survey found 14 percent less beef than a year earlier. This was the lowest June 30 frozen beef number since 2005. Year-over-year frozen stocks of pork were down 29 percent, turkey was down 15 percent, but chicken was up 2 percent. The tight stocks supply has helped support summer meat prices.

This week's cattle slaughter totaled 654,000 head, down 1.8 percent from the week before

and up 2.3 percent compared to the same week last year.

Steer carcass weights averaged 832 pounds during the week ending July 10. That was down 2 pounds from the week before and 14 pounds lighter than a year ago. This was the 34th consecutive week with steer weights below year earlier levels.

The beef cutout value declined this week.

On Friday morning, the choice boxed beef carcass cutout value was \$1.5151/pound, down 3.6 cents for the week, but still 9.85 cents higher than last year. The select cutout was down 1.59 cents from the previous Friday to \$1.4525 per pound.

Fed cattle prices fell this week also. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$92.87/cwt, down \$1.92 from a week earlier but \$10.26 higher than a year ago. Steers sold on a dressed weight basis this week averaged \$147.85/cwt, \$2.60 lower than the week before but \$16.22 higher than last year.

Cash bids for feeder cattle this week were mostly in the range of steady to \$3 higher. The price ranges at Oklahoma City for medium and large frame steers were: 400-450# \$128-\$139, 450-500# \$127-\$138, 500-550# \$126-\$134, 550-600# \$120-\$122.50, 600-650# \$109.75-\$122.25, 650-700# \$115.25-\$120.50, 700-750# \$113-\$118.50, 750-800# \$111.75-\$115.25, and 800-1000# \$102.75-\$114.25/cwt.

The August fed cattle futures contract ended the week at \$92.65/cwt, down 77 cents compared to the previous Friday. The October contract lost 12 cents this week to end at \$94.60/cwt. The December contract settled at \$96.22. Δ

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