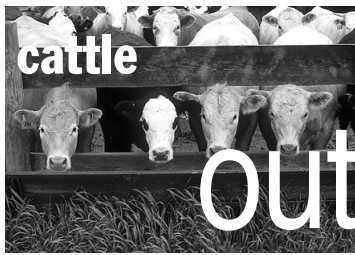


# Low Inventory Means 2012 Calf Crop Expected Lower



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

**U**SDA's July cattle inventory report said the midyear cattle inventory was down 1.1 percent compared to July 1, 2010 and predicted the 2011 calf crop would total 35.5 million head, down 0.5 percent from last year, down for the 16th consecutive year, and the smallest calf crop since 1950. The inventory of feeder cattle was 1.3 percent lower than a year ago. The number of beef replacement heifers was down 4.5 percent on July 1 while the number of dairy replacement heifers was up 3.7 percent. The total number of cows and replacement heifers was down 0.7 percent on the first of July implying the 2012 calf crop will be smaller than this year.

A severe drought in the southern plains is pushing cattle to market early. January-June cow slaughter in region 6 (Texas, Oklahoma, New Mexico, Arkansas and Louisiana) was up 13.5 percent from a year ago. USDA's July cattle on feed report said June placements were up 4.1 percent compared to a year earlier. Placements during the first half of 2011 were up 1.3 percent despite the 2010 calf crop being 0.7 percent smaller than the year before. Second half placements are expected to be below the year-earlier level. The cattle on feed report said that only 34.8 percent of the cattle on feed at the start of July were heifers, the lowest percentage of any July since 2006. This may indicate a coming expansion in the cow herd.

Boxed beef prices were steady this week. Friday morning the choice boxed beef carcass cutout value was \$174.81/cwt, down 89 cents from last week. The select carcass cutout was up 57 cents from the previous Friday to \$170.87 per hundred pounds of carcass weight.

The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$107.55/cwt, down 95 cents from last week. Steers sold on a dressed weight basis this week averaged \$174.35/cwt, 4 cents higher than the week before.

This week's cattle slaughter totaled 665,000 head, up 2.2 percent from the week before and up 1.7 percent compared to the same week last year. The average steer dressed weight for the week ending July 16 was 846 pounds, up 1 pound from the week before, 14 pounds heavier than for the same week in 2010, and above year-earlier for the 32nd consecutive week.

Cash bids for feeder cattle around the country this week generally ranged from \$3 higher to \$6/cwt lower than last week, with more markets down than up. Oklahoma City prices this week were \$2 lower to \$7 higher with price ranges for medium and large frame #1 steers: 400-450# \$144-\$157.50, 450-500# \$147.50-\$149, 500-550# \$138-\$149.50, 550-600# \$138-\$148, 600-650# \$127-\$144, 650-700# \$119.75-\$144, 700-750# \$132-\$139.75, 750-800# \$131.75-\$138, 800-900# \$127-\$136.25 and 900-1000# \$122-\$126/cwt.

The August fed cattle futures contract ended the week at \$112.62/cwt, up \$2.07 from last week's close. October ended the week at \$117.32/cwt, up \$1.92 for the week. The December contract closed at \$119.82/cwt.  $\Delta$

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



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