

Mexican Feeder Cattle Imports Strong This Year



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Last week was another week with little or no improvement in pasture conditions. Some producers are nearing a breaking point when it comes to being forced to send cows to market due to a lack of feed, while others are continuing to hold out hope for some fall pasture growth to prevent a large liquidation. Beef cow slaughter has trailed year ago levels throughout 2012 to this point, but this will change very soon without meaningful rain and pasture growth.

The choice retail beef price rose by 8 cents in July, back above \$5 per pound. This is nearly 5 percent above the year ago price, compared to retail pork prices which are down 1 percent from year ago and composite broiler retail prices which are up over 10 percent. Retail prices for boneless choice sirloin steak have gained 48 cents in the past two months to reach \$6.90 per pound. Prices may struggle to hold near this level if gasoline price increases continue and economic weakness persists.

Feeder cattle imports from Mexico have been strong for all of 2012, topping 1 million head through the second week of August according to the weekly data. This level was not reached until late October last year. It appears that the increased availability of these feeders may begin to dry up soon as drought has negatively impacted much of the herd in northern Mexico.

Beef carcass cutout values gained ground

every day this week. On Friday morning, the choice boxed beef carcass cutout value was at \$193.01/cwt, an increase of \$8.72 from last Friday. The select carcass cutout was up \$7.18 from the previous week to \$184.78/cwt.

Fed cattle prices also moved higher. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$119.95/cwt, up 80 cents from last week and up \$5.91/cwt from the same week last year. Steer prices on a dressed basis averaged \$189.01/cwt this week, up 23 cents from a week ago and up \$5.80/cwt from a year ago.

This week's cattle slaughter totaled 643,000 head, up just 1,000 head from last week, and down 3.9 percent from a year ago. The average steer dressed weight for the week ending on August 4 was 862 pounds, unchanged from last week and up 16 pounds from a year ago.

Oklahoma City feeder cattle prices were steady to \$3-5 higher this week with prices for medium and large frame #1 steers: 400-450# \$175-180, 450-500# \$165.50, 500-550# \$140-\$155, 550-600# \$148-\$157, 600-650# \$135-\$149.50, 650-700# \$134-\$145, 700-750# \$138.50-\$140.75, 750-800# \$136.50-\$142.50, 800-900# \$128-\$141.25, and 900-1000# \$131/cwt.

The August live cattle futures contract settled at \$120.70/cwt, virtually unchanged from the previous Friday. The October contract settled at \$125.30/cwt, down \$0.20. December closed at \$128.225/cwt, down \$0.20 from the previous Friday.

August feeder cattle futures ended the week at \$140.60/cwt, \$1.125 higher than last Friday. October feeders ended the week at \$143.70/cwt. Δ

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