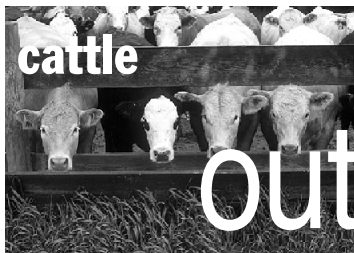


Outlook Is For Further Food Price Increases



**GLENN GRIMES AND
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USDA's February World Agricultural Supply and Demand Estimates increased the forecasted use of corn for ethanol by 50 million bushel and lowered the estimate of corn ending stocks by 70 million bushels. The result is the lowest ending stocks-to-use ratio (0.05) since the 1995-96 marketing year. The low corn stocks in 1996 led to record corn prices which declined rapidly after the 1996 corn harvest produced 1.8 billion bushels more than the year before. Unfortunately, it is highly unlikely the 2011 corn harvest will exceed the 2010 harvest by anything more than 1.5 billion bushels.

The March corn futures contracted ended the week at \$7.065/bushel, up 28 cents from last Friday. The May and July corn contracts also ended the week above \$7 per bushel.

World food prices are at record levels and, as in early 2008, there is growing concern about political disruption in poorer nations. Fast rising food prices is often disruptive and the outlook is for further food price increases.

The boxed beef cutout value was lower this week. On Friday morning, the choice boxed beef carcass cutout value was \$168.13/cwt, down \$3.29 for the week. The select cutout was down \$1.98 from the previous Friday to \$167.95 per hundred pounds of carcass weight. The narrow spread between choice and select (only 18 cents

today) is often an indicator of weak beef demand.

Fed cattle prices were lower this week. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$105.30/cwt, down 47 cents from a week earlier. Steers sold on a dressed weight basis this week averaged \$169.54/cwt, 54 cents lower than the week before. This week last year, slaughter steer prices averaged \$87.38/cwt live and \$140.15/cwt dressed.

This week's cattle slaughter totaled 637,000 head, up 2.1 percent from the week before and up 5.5 percent compared to the same week last year.

Steer carcass weights averaged 850 pounds during the week ending January 22. That was up 1 pound from the week before and 14 pounds heavier than a year ago.

Cash bids for feeder cattle around the country this week were mostly steady with light volume in parts of the country due to heavy snow. Because of weather, Oklahoma City had no auction this week. Missouri auction prices were unevenly lower than the previous week with price ranges for medium and large frame #1 steers: 400-450# \$142-\$173.50, 450-500# \$135-\$173.50, 500-550# \$127.50-\$161.50, 550-600# \$123.75-\$152, 600-650# \$118-\$143.50, 650-700# \$121-\$140.75, 700-750# \$115-\$131, 750-800# \$116.75-\$129, and 800-1000# \$111.75-\$123/cwt.

The February fed cattle futures contract ended the week at \$107.77/cwt, down 48 cents from a week ago. The April contracted closed out the week at \$112.70/cwt, up down 32 cents for the week. Δ

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