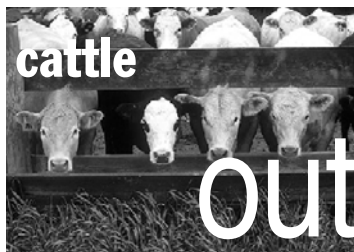


Per Capita Meat Consumption Lowest Expected Since 1997



**GLENN GRIMES AND
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outlook

The U.S. economy added fewer jobs than expected during November and the unemployment rate climbed to 9.8 percent, the highest in seven months. This is not good news for meat demand. Retail meat prices have been fairly high in recent months, not because of strong demand, but because of small supplies. Per capita meat consumption in 2010 is expected to be the lowest since 1997. Per capita meat supplies are expected to drop another 1.7 pounds in 2011. This should hold up meat prices at the expense of a smaller livestock industry. The 2010 cattle herd is the smallest since 1959. USDA is forecasting 2011 per capita beef consumption at 57.8 pounds of retail weight, the lowest since 1952.

The amount of beef in cold storage at the end of October was up 1.3 percent from the month before, but down 6.0 percent compared to a year earlier. The frozen beef stocks were the lowest for any October since 2003. Pork and turkey stocks in cold storage were both down from 12 months earlier, but frozen broiler stocks were up 15 percent.

The boxed beef cutout rose this week. On Friday morning the choice boxed beef carcass cutout value was \$1.6402/pound, up 2.3 cents for the week. The select cutout was up 0.67 cents from the previous Friday to \$1.53.01 per pound. The choice-select price spread has

reached 10 cents per pound several times in recent days for the first time since December 2008.

Fed cattle prices were higher this week. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$102.62/cwt, up \$1.69 from a week earlier. Steers sold on a dressed weight basis this week averaged \$164.29/cwt, \$4.32 higher than the week before. These are the highest prices in 7 years. This week last year slaughter steer prices averaged \$81.62/cwt live and \$130.03/cwt dressed.

This week's cattle slaughter totaled 679,000 head, up 16.7 percent from Thanksgiving week and up 6.4 percent compared to the same week last year. This was the 21st consecutive week with cattle slaughter above the year-earlier level.

Steer carcass weights averaged 851 pounds during the week ending November 20. That was down 6 pounds from the week before and 2 pounds lighter than a year ago. It appears that feed yards are current in their marketings.

Cash bids for feeder cattle this week were mostly steady to \$2 higher with instances of \$6 higher. Oklahoma City prices were steady to \$2 higher with price ranges for medium and large frame #1 steers were: 400-450# \$142.50-\$155, 450-500# \$138-\$149.50, 500-550# \$131-\$141, 550-600# \$124.50-\$131.75, 600-650# \$115.75-\$125.25, 650-700# \$116-\$122, 700-750# \$112-\$120.25, 750-800# 115-\$118.75, and 800-1000# \$108.25-\$114.75/cwt.

The December fed cattle futures contract ended the week at \$103.17/cwt, up 95 cents from a week ago. The February contracted closed out the week at \$106.37/cwt and April settled at \$109.10/cwt. Δ

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