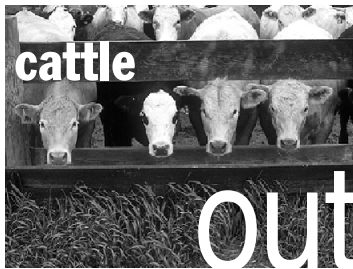


Report Indicates Modest Declines In Fed Cattle Marketings



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

The cattle on feed report for July 1 came in close to trade expectations. The number on feed according to USDA was down 4.1 percent. The trade expected a 4.5 percent reduction. Placed on feed during June was down 8.7 percent. The trade expected a decline of 8.2 percent in placements. Fed cattle marketed during June were down 7.8 percent. The trade expected a 5 percent reduction.

The above data is for feedlots with a one-time capacity of 1000 head or more. For all feedlots in the U.S., the number of cattle on feed was down 5 percent. The feedlots with a one-time capacity of 1000 head or more account for 88 percent of the cattle on feed July 1. This is up 1 percentage point from July 1 of 2007.

Cattle placed on feed during June were mixed as to weight compared to last year. The number placed weighing less than 600 pounds was down 9.9 percent the number placed weighing 600-699 pounds was the same as last year, the number placed weighing 700-799 pounds was down 16.2 percent and the number placed weighing over 800 pounds was down 6.4 percent.

The on feed report indicates modest declines in fed cattle marketings in a few months. However, with nearly one percent more young cattle outside feedlots on July first and a calf crop for 2009 estimated to be down 0.3 percent the bottom line is that fed cattle marketings during 2009 will be close to 2008.

These feeder cattle will eventually be placed on feed but the price probably will need to decline from recent levels to get this to happen. However, with the live cattle contract averaging near \$110 per cwt for next year, feeder cattle prices continue quite strong considering the high feed

prices.

The July 1 cattle inventory indicates some reduction in the cattle herd but at a very slow rate. The beef cow herd was down 0.8 percent but a rapid decline in the cow herd is not indicated by the number of heifers being held for cow herd replacements. Heifers being held for beef cow replacements were down 2.1 percent on July 1 compared to a year earlier but the number of heifers being held for dairy cow herd replacement was the same as a year earlier.

The odds are high that feeder cattle prices will be pushed lower during the next year. If so, some increases in the rate of decline in the cattle herd is likely.

Demand for beef at the consumer level for January-June was down 4.7 percent. The demand for all meats at the consumer level was down for the first six months of 2008 compared to a year earlier. The good news continues to be that the demand for live fed cattle was up 0.5 for January-June of 2008 compared to 12 months earlier.

Feeder cattle and calves were mostly steady. Fleshy new crop calves were \$4-8 per cwt lower at Oklahoma City this week compared to seven days earlier.

The range in prices for medium and large frame Number One steers at Oklahoma City this week were: 400-500 pounds \$116-128 per cwt, 500-600 pounds \$107-121.50 per cwt, 600-700 pounds \$110-114.75 per cwt, 700-800 pounds \$108.50-113.75 per cwt and 800-1,000 pounds \$105-112.25 per cwt.

The weighted average live fed cattle prices this week through Thursday for the five-market area at \$95.08 per cwt were up \$0.08 per cwt from last week. The weighted average negotiated carcass price for fed cattle for the five-market area at \$151.25 per cwt were up \$0.25 per cwt from seven days earlier.

Wholesale Choice beef prices Friday morning at \$158.36 per cwt were down \$0.42 per cwt and Select beef at \$151.66 were down \$1.18 per cwt from a week earlier.

Slaughter this week under Federal Inspection was estimated at 662 thousand head, down 0.9 percent from a year earlier. △