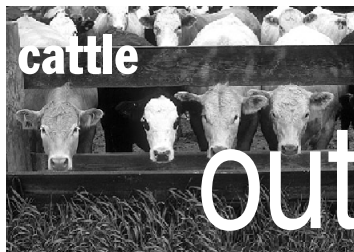


Retail Beef Prices Last Year Were Highest Since 2005



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As usually happens, retail beef prices dipped in December. The average grocery store price of choice beef last month was \$4.438 per pound, down 4.6 cents from November, but still 15.3 cents higher than 12 months earlier. December beef production was up 6.5 percent compared to a year earlier.

The average price of choice beef at retail in 2010 was record high at \$4.395 per pound, up 13.5 cents from 2009 and up 7.0 cents from the 2008 record. Adjusted for inflation, retail beef prices last year were the highest since 2005.

The strength in beef price has one primary source – less beef on the market. The per capita beef supply last year was only 59.7 pounds, down 1.4 pounds from 2009 and the lowest annual total since 1952.

The beef demand index started 2010 weak but ended the year on a strong note. Preliminary data imply retail beef demand was up 14 percent compared to the fourth quarter of 2009. For the year, retail demand was down 1.5 percent.

The farm-to-retail price spread was 9.4 cents lower in 2010 than in 2009. The 5-area fed cattle price averaged a record \$96.15/cwt in 2010, up \$12.65 from 2009 and up \$3.14 from the 2008 record.

Fed cattle prices were uneven this week. The

5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$105.81/cwt, down \$1.93 from a week earlier. Steers sold on a dressed weight basis this week averaged \$170.52/cwt, 47 cents higher than the week before. This week last year slaughter steer prices averaged \$84.30/cwt live and \$138.41/cwt dressed.

The boxed beef cutout value moved higher this week. On Friday morning the choice boxed beef carcass cutout value was \$173.79/cwt, up \$4.60 for the week. The select cutout was up \$4.93/cwt from the previous Friday to \$170.95 per hundred pounds of carcass weight.

This week's cattle slaughter totaled 630,000 head, up 0.3 percent from the week before and down 6.0 percent compared to the same week last year.

Steer carcass weights averaged 852 pounds during the week ending January 15. That was down 4 pounds from the week before and 11 pounds heavier than a year ago.

Cash bids for feeder cattle around the country this week were mostly steady to instances of \$10 higher. Oklahoma City prices were \$5 to \$10 higher than the previous week with price ranges for medium and large frame #1 steers of: 400-450# \$156-\$168.50, 450-500# \$147-\$162, 500-550# \$141-\$155, 550-600# \$136-\$148, 600-650# \$133-\$141, 650-700# \$130-\$137.75, 700-750# \$130.50-\$135, 750-800# \$125-\$132.50, and 800-1000# \$112-\$128.50/cwt.

The February fed cattle futures contract ended the week at \$107.95/cwt, up from \$106.37 a week ago. The April contract closed out the week at \$112.67/cwt. Δ

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