

Total Red Meat, Poultry Production Predicted Down



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This week's fed cattle prices were below the year-ago level for only the second time since late 2009. The other time was the week ending on April 7, 2012. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$124.46/cwt, down \$1.72 from last week and down \$1.02 from the same week last year. Steer prices on a dressed basis averaged \$195.00/cwt this week, down \$1.41 from a week ago and down \$5.08 from a year ago. Year-to-date cattle slaughter is down 4.0 percent, but beef production is down only 1.7 percent. Given the weak economy and lower prices for competing meats, it is a challenge to keep pushing beef prices higher.

USDA's November crop report increased the estimated 2012 corn production by 19 million bushels (0.2 percent) and soybean production by 111 million bushels (3.9 percent). USDA lowered their prediction of seasonal average corn price by 20 cents to a midpoint of \$7.60 per bushel and cut the midpoint of their soybean price forecast range by 35 cents to \$14.90 per bushel. They are currently predicting soybean meal will average between \$455 and \$485 per ton.

USDA lowered their forecast of 2012 beef production by 6 million pounds and cut their prediction of 2013 beef production by 110 million pounds. Total red meat and poultry production

in 2012 is predicted to be down 0.3 percent with 2013 production down another 2.2 percent. At 197.3 pounds of retail weight, per capita red meat and poultry consumption in 2013 is expected to be the lowest since 1984.

Cattle slaughter totaled 631,000 head this week, down 2.3 percent from the week before, but up 0.2 percent from the same week last year. Today's slaughter was 22,000 head above a year-ago, which was Veterans' Day. Monday's slaughter will be light because some plants will close for the holiday.

The average steer dressed weight for the week ending October 27 was 876 pounds, down 3 pounds from the week before, but up 17 pounds from a year ago. This was the 42nd consecutive week steer weights have been above the year-earlier level.

Oklahoma City auction cattle prices were \$2 to \$5 lower on stocker calves and steady to \$3 higher on feeder cattle this week. Prices for medium and large frame #1 steers: 400-450# \$171-\$188, 450-500# \$163-\$178, 500-550# \$146-\$172, 550-600# \$149.50-\$157.50, 600-650# \$140-\$155.25, 650-700# \$136.25-\$151, 700-750# \$135-\$149.25, 750-800# \$137-\$147, 800-900# \$140-\$146.25, and 900-1000# \$127-\$140/cwt.

The December live cattle futures contract settled at \$125.75/cwt, up 33 cents from the previous Friday. February cattle closed at \$129.35/cwt, up 18 cents for the week. April fed cattle contracts settled at \$133.27/cwt. The June fed cattle contract ended the week at \$129.40.

November feeder cattle futures ended the week at \$144.20/cwt, 70 cents lower than last Friday. January feeders settled at \$145.60/cwt. Δ

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