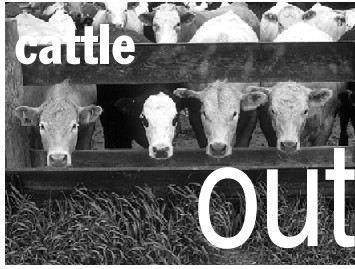


U.S.'s Five Largest Foreign Customers Expected To Increase Beef Imports



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World beef production is expected to decline in 2010 for the third consecutive year. USDA's Foreign Ag Service is forecasting a 0.7 percent decline in world production this year compared to 2009. The U.S. is the largest producer of beef and our production is expected to be down 0.8 percent. Among the world's 5 largest beef producing nations, only Brazil is expected to produce more beef this year than last.

Despite less beef being produced, the amount moving in international trade is expected to hold steady or increase slightly. USDA is forecasting that each of our 5 largest foreign customers for beef (Mexico, Canada, Japan, Vietnam and South Korea) will import more beef in 2010.

FAS is expecting a 14 percent jump in exports by Brazil, the world's largest beef exporter. The number 2 beef exporting nation, Australia, is forecast to see a 1 percent drop in beef exports. The U.S., number 3 in world beef exports, is forecast to increase beef exports by 10 percent this year.

On Friday morning, the choice boxed beef carcass cutout value was \$1.6073/pound, down 7.45 cents for the week, but still 22.2 cents higher than last year. The select cutout was down 3.81 cents from the previous Friday to \$1.5247 per pound. The choice cutout peaked at \$1.714 on May 17. Today has the lowest

choice cutout since \$1.592 on March 22.

Cattle prices moved up a bit this week despite the drop in cutout value. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$94.55/cwt, up 91 cents from a week earlier and \$12.45 higher than a year ago. Steers sold on a dressed basis this week averaged \$154.37/cwt, \$3.33 higher than the week before and \$22.74 higher than last year.

This week's cattle slaughter totaled 625,000 head, down 7.3 percent from the previous week and down 6.9 percent compared to the same week last year. This week's slaughter was light because of Monday's Memorial Day holiday.

Steer carcass weights averaged 808 pounds during the week ending May 22. That was up 1 pound from the week before, but 18 pounds lighter than a year ago. This was the 26th consecutive week with steer weights below year earlier levels.

Cash bids for feeder cattle this week were mostly in the range of steady to \$3 higher. Because of the Memorial Day holiday Oklahoma City had limited sales. The price ranges on the Missouri combined report for medium and large frame steers were: 400-450# \$123-\$150, 450-500# \$119-\$141.25, 500-550# \$114.75-\$143.25, 550-600# \$109-\$130, 600-650# \$105-\$125.25, 650-700# \$106-\$123.50, 700-750# \$100-\$121.50, 750-800# \$104.25-\$117, and 800-1000# \$96-\$106/cwt.

The June live cattle futures contract ended the week at \$90.95/cwt, up 43 cents for the week. August settled at \$88.62, down 63 cents from the week before. October settled at \$89.97/cwt.

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