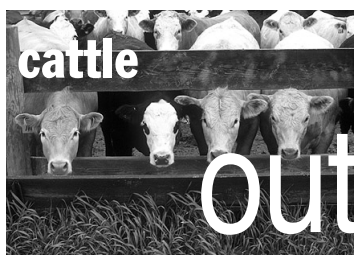


USDA Changes COOL Rules For Thee Labels



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outlook

USDA is cancelling their July cattle inventory survey in order to reduce costs. USDA has released for comment their planned changes to country of origin labeling (COOL) rules for red meats. The changes are an effort to overcome a WTO ruling against our current rules. The proposed changes require meat to carry three labels – country of birth, country where raised, and country where slaughtered. The proposed changes end the rules allowing for comingling of muscle cuts from multiple countries. No changes are proposed for ground meats.

U.S. beef imports were up 4.7 percent in January and beef exports were up 5.1 percent compared to a year ago. The tonnage imported exceeded exports for the first time since June. January beef exports equaled 8.5 percent of production while imports equaled 8.8 percent of production. Imports of live cattle from Mexico were down 42 percent while imports from Canada were up 72 percent compared to January 2012.

Domestic beef demand was up 2.8 percent in January and export demand was up 4.4%. Demand for fed cattle was down 0.7 percent due to wider packer margins than in January 2012. Export demand for beef was down in each month of 2012.

Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis

was \$126.51/cwt, down \$1.21 from the prior week, but up 17 cents from a year ago. On a dressed weight basis, steers averaged \$202.85/cwt this week, down 41 cents from the week before, but up 62 cents from a year ago.

Beef carcass cutout value declined this week. On Friday morning, the choice boxed beef carcass cutout value was \$195.92/cwt, down \$1.80 from last Friday.

The select carcass cutout was \$194.20/cwt, down 90 cents for the week.

This week's cattle slaughter totaled 606,000 head, up 1.8 percent from the week before, but down 1.9 percent from the same week last year. The average steer dressed weight for the week ending on March 2 was 858 pounds, down 9 pounds from the week before, but up 8 pounds from a year ago. This was the 60th consecutive week with steer weights above the year-earlier level. Harsh winter weather during the past month in the high plains is likely to bring this streak to an end soon.

Feeder cattle prices at this week's Oklahoma City auction were generally \$1 to \$4 lower from the previous week. The price ranges for medium and large frame #1 steers were: 400-450# \$180-\$201, 450-500# \$174-\$191, 500-550# \$171-\$179, 550-600# \$154.50-\$162.50, 600-650# \$142.50-\$162.50, 650-700# \$141.50-\$153.50, 700-750# \$134-\$141.75, 750-800# \$133.75-\$139, 800-900# \$125-\$134.75, and 900-1000# \$117.50-\$126.75.

The April fed cattle futures contract ended the week at \$125.77, down \$1.78 from the week before. The June contract lost \$2.07 this week to settle at \$121.30 on Friday. August fed cattle ended the week at \$122.52/cwt. March feeder cattle futures ended the week \$2.30 lower at \$136.67/cwt. Δ

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