

USDA Lowers Beef Production Forecast



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USDA says that 922,000 farms raised cattle last year, 13,000 fewer than in 2010. Of these farms, 734,000 had beef cows and 60,000 had milk cows. In 2011, there were 1,420 farms with more than 1,000 beef cows in inventory and they had 7.6 percent of the beef cow inventory. There were 1,750 farms with 1,000 or more milk cows in inventory last year and they had 46.2 percent of the milk cow inventory.

USDA has lowered their forecast of 2012 beef production by 80 million pounds and raised their forecast of fed cattle prices by \$2.50/cwt. They are now predicting the average price for slaughter steers this year will average between \$124 and \$131/cwt.

Fed cattle backed off of last week's record highs with moderate sales volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$126.77/cwt, down \$2.15 from last week, but up \$8.85/cwt from the same week last year. Steer prices on a dressed basis averaged \$201.82/cwt this week, down \$3.20 from a week ago, but up \$12.49 from a year ago.

The beef cutout value also was lower this week. On Friday morning, the choice boxed beef carcass cutout value was \$195.82/cwt, down \$2.01 from last week. The select carcass cutout was down \$1.00 from the previous Friday to

\$193.71 per hundred pounds of carcass weight.

The choice-select price spread, \$2.11/cwt this week, is the tightest in over 6 months. The spread is often small at this time of year. The spread was over \$10/cwt from mid September until early January, and at times in October and November was above \$19/cwt. A small choice-select price spread is sometimes an indicator of weak beef demand.

This week's cattle slaughter totaled 631,000 head, up 1.6 percent from the week before, but down 1.1 percent compared to a year ago. The average dressed weight for slaughter steers for the week ending on February 25 was 854 pounds, unchanged from the week before, but up 24 pounds from a year earlier. Weights have been above year-earlier for seven straight weeks with the gap steadily widening. Year-to-date beef production is down 4.9 percent.

Feeder cattle prices were mostly steady to \$5 lower at auctions across the country this week. Oklahoma City prices were mostly steady on feeder cattle and higher on calves with the ranges for medium and large frame #1 steers: 400-450# \$207-\$219, 450-500# \$201-\$216, 500-550# \$192-\$212, 550-600# \$180-\$196.50, 600-650# \$167-\$181, 650-700# \$162-\$172, 700-750# \$155.50-\$166.50, 750-800# \$152-\$158, 800-900# \$141-\$155.50, and 900-1000# \$135.75-\$141/cwt.

The April live cattle futures contract settled at \$126.02/cwt today, down \$3.93 compared to last Friday. The June contract closed at \$123.60/cwt, down \$3.67 for the week. August fed cattle settled at \$126.15 and October at \$131.20/cwt. Δ

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