

# USDA Lowers Forecast For Beef Production



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**U**SDA's June supply and demand estimates increased forecasted corn use for ethanol and reduced the expected corn carryover. They are currently forecasting that 34.7 percent of the 2009 corn crop and 35.2 percent of the 2010 corn crop will be milled for ethanol. USDA is predicting an average farm price for corn in the neighborhood of \$3.55/bu for the 2009 crop and \$3.60/bu for the 2010 crop.

USDA lowered their forecast of 2010 red meat production by 0.6 percent (beef down 0.7 percent and pork down 0.5 percent). They also lowered their forecast of 2010 prices (steers down \$2/cwt and live hogs down \$0.50/cwt from last month's forecast).

Beef exports during April were up 30 percent compared to 12 months earlier. Beef imports were down 23 percent. In April, 1.2 pounds of beef were imported for each pound exported. During the first four months of 2010 beef exports were up 26 percent and imports down 20 percent compared to the same period last year. January-April exports to Mexico, our biggest foreign customer, were down 6 percent but shipments to Canada, Japan and South Korea (foreign customers number 2, 3 and 4) were up 17%, 30 percent and 39 percent, respectively. Exports to Hong Kong and Taiwan are also up but shipments to Vietnam are down. Beef imports from Canada were up 7 percent in the first third of the year but shipments from Australia,

New Zealand Uruguay and Brazil are down.

Export demand for beef was up 38 percent in April. During the first four months of 2010 export demand is up 29 percent compared to January-April 2009.

On Friday morning, the choice boxed beef carcass cutout value was \$1.5337/pound, down 7.36 cents for the week, but still 14.86 cents higher than last year. The select cutout was down 6.96 cents from the previous Friday to \$1.4551 per pound.

Cattle prices were down this week. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$92.73/cwt, down \$1.82 from a week earlier but \$11.51 higher than a year ago. Steers sold on a dressed basis this week averaged \$149.96/cwt, \$4.41 lower than the week before but \$20.17 higher than last year.

This week's cattle slaughter totaled 661,000 head, up 5.8 percent from the previous week and down 0.8 percent compared to the same week last year. Last week's slaughter was light because of the Memorial Day holiday.

Steer carcass weights averaged 810 pounds during the week ending May 29. That was up 2 pounds from the week before, but 15 pounds lighter than a year ago. This was the 27th consecutive week with steer weights below year earlier levels.

Cash bids for feeder cattle this week were mixed this week. The price ranges at Oklahoma City for medium and large frame steers were: 400-450# \$133-\$140.50, 450-500# NA, 500-550# \$126-\$132, 550-600# \$124-\$132, 600-650# \$114-\$121, 650-700# \$110.75-\$117, 700-750# \$108-\$112.25, 750-800# \$106-\$112.75, and 800-1000# \$95.50-\$108.75/cwt.

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