

USDA Predicts Fed Cattle Prices Higher In 2011



**GLENN GRIMES AND
RON PLAIN**
Agricultural Economists,
University of Missouri

Each February USDA takes a long term look at U.S. agriculture. Last month at their annual outlook forum, USDA forecast this year's commercial beef production at 25.445 billion pounds. That is less than last year, but more than the forecast for 2012. After 2012, USDA expects U.S. beef production to steadily increase with 2020 production 8.5 percent higher than in 2010. USDA expects the population to expand slightly faster than beef production and thus per capita consumption is expected to stay below last year's level of 59.5 pounds per person.

USDA is forecasting that U.S. beef exports will be down slightly this year, but will increase each year hereafter with 2020 export tonnage up 33 percent compared to 2010. U.S. beef imports are also expected to increase annually with 2020 imports up 32 percent compared to 2010. Last year, the U.S. exported more beef than we imported for the first time since 1947. USDA expects exports to be slightly smaller than imports during the coming decade.

USDA is predicting fed cattle prices will be higher this year and then again in 2012 and 2013. They forecast slightly lower prices in 2014-2017 then higher prices through 2020.

This week's cattle slaughter totaled 643,000 head, down 1.4 percent from the week before, but up 3.5 percent compared to the same week last year. Steer carcass weights averaged 835

pounds during the week ending February 19. That was down 1 pound from the week before but 3 pounds heavier than a year ago.

Fed cattle prices are again at a record level. The 5-area daily weighted average price for slaughter steers sold through Thursday of this week on a live weight basis was \$112.39/cwt, up \$1.39 from last week's record. Steers sold on a dressed weight basis this week averaged \$180.33/cwt, 58 cents higher than the week before. This week last year, slaughter steer prices averaged \$89.71/cwt live and \$144.84/cwt dressed.

The boxed beef cutout value was higher this week. On Friday morning the choice boxed beef carcass cutout value was \$173.47/cwt, up \$3.27 for the week. The select cutout was up \$1.79/cwt from the previous Friday to \$172.54 per hundred pounds of carcass weight. Choice cutout value is back above select.

Cash bids for feeder calves around the country this week were mostly steady to \$6 higher. Oklahoma City prices were steady to \$2 higher on calves and steady to \$2 lower than the previous week for yearlings. The price ranges for medium and large frame #1 steers were: 400-450# \$163-\$169.50, 450-500# \$159-\$166.50, 500-550# \$153-\$161, 550-600# \$149-\$159.50, 600-650# \$137-\$150, 650-700# \$132-\$140.25, 700-750# \$124.50-\$133, 750-800# \$124.50-\$130, and 800-1000# \$116-\$128.50/cwt.

The April fed cattle futures contract ended the week at \$114.05/cwt, down 5 cents from a week ago. The June contracted closed out the week at \$115.05/cwt. The October and December contracts closed above \$120/cwt. Each live cattle contract is higher than the previous one through August 2012. Δ

GLENN GRIMES AND RON PLAIN: Agricultural Economists, University of Missouri



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