

# USDA Raises 2012 Beef Production Forecast



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**U**SDA's February supply and demand estimates raised the forecast for corn and wheat exports and lowered the expected market year ending stocks of both crops. It also reduced by 15.4 percent the forecast of the upcoming corn crop in Argentina and cut their soybean crop prediction by 5.0 percent. USDA reduced the forecast of the Brazilian soybean crop by 2.7 percent.

USDA increased the forecast of 2012 beef production by 0.6 percent from last month. There are now forecasting 4.1 percent less beef this year than last. Broiler production is predicted to be down 2.9 percent this year. Pork and turkey is expected to be higher. Total red meat and poultry production is expected to be down 1.8 percent this year. Fed cattle prices are expected to average roughly \$10/cwt above last year's record \$115/cwt of live weight.

Gasoline prices are rising with some forecasts of \$4/gallon by Memorial Day. High gas prices are not good news for meat demand or for the economy in general.

Beef cutout value was higher this week. On Friday morning, the choice boxed beef carcass cutout value was \$186.41/cwt, up \$3.29 from last week. The select carcass cutout was up

\$3.69 from the previous Friday to \$181.83 per hundred pounds of carcass weight.

Fed cattle prices were steady to lower this week. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$123.25/cwt, down 52 cents from last week, but \$17.95/cwt above the same week last year. Steer prices on a dressed basis averaged \$195.00/cwt this week, down \$5.00 from a year ago.

This week last year, dressed steers averaged \$169.54/cwt.

This week's cattle slaughter totaled 602,000 head, up 1.7 percent from the week before but down 6.8 percent compared to a year ago. The average dressed weight for slaughter steers for the week ending on January 28 was 855 pounds, up 1 pound from the week before and up 9 pounds from a year earlier.

Feeder cattle prices across the country this week were mostly steady to higher than last week. The Oklahoma City auction prices were steady to \$8 higher with the ranges for medium and large frame #1 steers: 400-450# \$202-\$223, 450-500# \$196-\$215, 500-550# \$184-\$197, 550-600# \$173-\$186, 600-650# \$165-\$175.25, 650-700# \$155.50-\$162, 700-750# \$152.50-\$157, 750-800# \$149.50-\$155.50, 800-900# \$140-\$150, and 900-1000# \$133.50-\$137/cwt.

The February live cattle futures contract settled at \$123.95/cwt today, up 33 cents compared to last Friday. The April contract closed at \$126.80/cwt, down 60 cents for the week. June cattle settled at \$125.90/cwt.  $\Delta$

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