

USDA Reduces Meat Production Forecast



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USDA's November crop report lowered their estimate of the 2011 corn crop yield by 1.4 bushels to 146.7 bushels per acre. They are now estimating the 2011 corn crop at 12.31 billion bushels, down 123 million bushels from their October. To account for the smaller crop, they reduced their forecast of feed usage and ending stocks but left their price forecast unchanged at \$6.20 to \$7.20 per bushel.

USDA also reduced their forecast of 2012 meat production. USDA is now forecasting next year's beef production will be down 5.0 percent from this year, broilers down 1.7 percent, turkey up 0.7 percent, and pork production up 1.7 percent. Total red meat and poultry production in 2012 is expected to be down 1.6 percent. Given a growing population and strong export demand the outlook is for high prices in the meat case and strong livestock prices.

Friday morning the choice boxed beef carcass cutout value was \$191.01/cwt, up \$3.76 from last week. The select carcass cutout was up \$1.84 from the previous Friday to \$172.19 per hundred pounds of carcass weight. The choice-select spread, \$18.82/cwt today, remains unusually large.

Fed cattle prices were higher this week. The 5-area average price for slaughter steers sold through Thursday of this week on a live weight basis was \$125.39/cwt, up \$3.98 from last week. Steers sold on a dressed weight basis averaged \$200.08/cwt, \$5.47 higher than the week before. This week last year, live steer prices averaged \$97.67/cwt and dressed prices averaged \$155.77/cwt.

This week's cattle slaughter totaled 625,000 head, down 3.5 percent from the week before and down 5.4 percent compared to the same week last year. The average steer dressed weight for the week ending October 29 was 862 pounds, down 3 pound from the week before and up 3 pounds from a year ago.

Cash bids for feeder cattle around the country this week were mostly \$3 lower to \$5 higher. Prices this week at Oklahoma City were steady to \$3 higher on feeders with price ranges for medium and large frame #1 steers: 400-450# \$164-\$177, 450-500# \$156-\$172, 500-550# \$153-\$164.25, 550-600# \$143-\$155, 600-650# \$142-\$150, 650-700# \$130-\$151.75, 700-750# \$142.50-\$146, 750-800# \$139-\$144.25, 800-900# \$134.50-\$142 and 900-1000# \$129-\$132/cwt.

The December live cattle futures contract lost \$5.35 this week to end at \$120.55/cwt. The February fed cattle contract settled at \$122.725 today, down \$6.22 from the previous Friday. The April contract ended the week at \$126.80/cwt. △

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