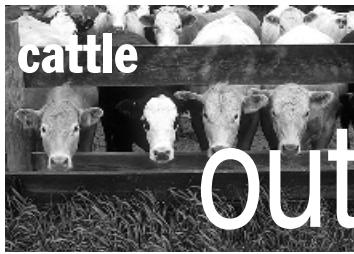


# USDA Forecasts Beef Production Down in 2012



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**U**SDA's January World Ag Supply and Demand Estimates (WASDE) were noted for the larger-than-expected estimate of 2011 corn production and 2012 ending stocks. March, May and July corn futures were down the limit following the report on Thursday. The report slightly raised USDA's estimate of 2011 and 2012 beef production. USDA is now forecasting that 2012 beef production will be down 4.7 percent from 2011. Pork production is expected to be up 1.9 percent, broiler production down 2.0 percent, and total red meat and poultry production down 1.6 percent compared to 2011. They are forecasting 2012 slaughter steer prices will average \$5 to \$13 higher than in 2011.

Beef cutout value was sharply lower this week. On Friday morning, the choice boxed beef carcass cutout value was \$184.22/cwt, down \$6.12 from last week to the lowest level since October 21. The select carcass cutout was down \$3.63 from the previous

Friday to \$175.65 per hundred pounds of carcass weight. The choice-select spread, \$8.58, was down \$2.48 from a week earlier to the lowest level since September 2.

Fed cattle prices were higher this week in light volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$123.66/cwt, up \$2.66 from last week and \$15.92/cwt above the same week last year. Steers sold on a dressed weight basis this week averaged \$198.00/cwt, which is an amazing \$13.78/cwt above the cutout value of choice carcasses.

This week's cattle slaughter totaled 653,000 head, up 16.6 percent from the week before and up 3.9 percent compared to a year ago. The average steer dressed weight for the week ending December 31 was 847 pounds, down 2 pounds from the week before and down 9 pounds from a year ago. For the year, steer dressed weights averaged 5 pounds heavier than in 2010.

Feeder cattle prices this

week at most auctions across the country were steady to \$6 higher than last week. Arkansas reported lower prices on lightweight calves. The Oklahoma City auction price ranges for medium and large frame #1 steers were: 400-450# \$199-\$205, 450-500# \$189-\$197.50, 500-550# \$172-\$186, 550-600# \$165-\$179.50, 600-650# \$153-\$160.50, 650-700# \$150.50-\$157.75, 700-750# \$147-\$154.75, 750-800# \$144-\$152.50, 800-900# \$136-\$144.75, and 900-1000# \$125.50-\$134.75/cwt.

The February live cattle futures contract settled at \$122.47/cwt today, up \$2.15 compared to last Friday. The April contract closed at \$126.40/cwt, up \$1.80 for the week. The June contract settled at \$125.25/cwt. August ended the week at \$126.85/cwt.

The January feeder cattle futures contract gained \$3.25 this week and settled at \$150.57/cwt. March feeder cattle ended the week at \$152.37 and the April contract settled at \$154.00.

The March corn futures contract ended the week at \$5.995/bushel, down 44 cents from the week. May closed at \$6.07 and July ended the week at \$6.115. Δ

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