

Weakening General Economy Brings Commodity, Cattle Prices Down



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US. farm markets continue to be dominated by the weakening general economy. The National Bureau of Economic Research officially declared a U.S. recession this week. The Dow Jones industrial average has dropped 3,000 points since mid year. This recession has also brought with it a huge drop in commodity prices. Since early July, crude oil prices are down 70 percent, copper down 65 percent, lumber is off 34 percent, corn and soybeans down 50 percent, fed cattle down 15 percent and hog prices are off 25 percent. It's hard to name a commodity that hasn't dropped in value. Even gold is down 20 percent. Stability in the economy would be one of the best things that could happen to the market for farm commodities. The U.S. dollar has strengthened against most major foreign currencies since mid year. The strong dollar is driving down the cost of imported goods such as oil, but will make it more difficult for U.S. farm products to compete in international trade.

Packer bids for fed cattle were lower this week. The 5-area daily weighted average price for slaughter steers sold through Thursday was \$86.43/cwt on a live weight basis, down \$3.41

from a week earlier and \$5.71 lower than a year ago. Steers sold on a dressed basis averaged \$136.67/cwt, \$4.56 lower than the week before and \$9.70 lower than the same week of 2007.

Choice boxed beef cutout values also were lower this week. On Friday morning, the choice carcass cutout value was \$1.4393/pound, down 7.1 cents for the week. The select cutout was down 4.76 cents from the previous Friday to \$1.3643 per pound. The choice-select spread has averaged smaller than usual thus far in 2008.

The December live cattle futures contract ended the week at \$81.55/cwt, down \$5.82 for the week. February settled at \$81.45, down \$6.20 from the week before. April settled at \$83.37/cwt and the June live cattle contract ended the week at \$79.55.

Federally inspected cattle slaughter for this week totaled 618,000 head, down 7.2 percent compared to a year ago. On a weekly basis, year-to-date cattle slaughter is down 0.1 percent and beef production is up 0.1 percent.

Steer carcass weights for the week ending on November 22 averaged 850 pounds, 4 pounds heavier than for the same week in 2007. Since January, steer weights have been above year-ago levels all but two weeks.

Cash bids for feeder cattle were mostly steady to lower, especially for sales early in the week. The price ranges at Oklahoma City for medium and large frame steers were: 450-500# \$100-\$114.50, 500-550# \$97.50-\$110.50, 550-600# \$85-\$107.50, 600-650# \$85-\$102.50, 650-700# \$85-\$94, 700-750# \$83.75-\$95, 750-800# \$86-\$91.50, and 800-1000# \$85-\$91/cwt. Δ