July 2002 Beef Cattle Price Comments

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The fundamentals for meat production and utilization as published in the July 11, 2002 World Agricultural Supply and Demand Estimates, USDA are little changed from last month.

WASDE-388-28

U.S. Quarterly Animal Product Production 1/

Year and quarter	Beef	Pork	Red meat 2/	Broiler	Turkey	Total poultry 3/	Red meat & poultry	Egg	Milk
	Million pounds							Mil doz	Bil lbs
2001									
III	6723	4548	11371	7882	1394	9406	20777	1788	40.6
IV	6700	5239	12048	7863	1454	9444	21492	1829	40.8
Annual	26107	19138	45663	31266	5562	37343	83006	7152	165.3
2002									
I	6376	4779	11259	7855	1385	9372	20631	1767	42.3
II	6830	4800	11730	8225	1425	9780	21510	1775	43.8
III*	6975	4800	11872	8075	1400	9600	21472	1785	41.7
IV*	6425	5400	11930	8050	1425	9595	21525	1830	41.9
Annual									
Jun Proj	26411	19729	46548	32205	5635	38347	84895	7157	169.8
Jul Proj	26606	19779	46791	32205	5635	38347	85138	7157	169.8
2003									
I*	6150	4925	11179	8075	1350	9550	20729	1770	43.2
II*	6475	4850	11422	8400	1450	9980	21402	1790	44.6
Annual									
Jun Proj	25125	19800	45320	33000	5675	39175	84495	7210	172.4
Jul Proj	25125	20000	45520	33000	5675	39175	84695	7210	172.5

* Projection.
1/ Commercial production for red meats; federally inspected for poultry meats.
2/ Beef, pork, veal and lamb & mutton. 3/ Broilers, turkeys and mature chicken.

There were slight increases in annual beef and pork production estimates for 2002 from the June projections to the July projections. The current forecast is for beef production to fall in 2003. Pork and broiler show year over year production increases from 2001 to 2003.

The USDA beef price projections continue to show a significant increase in fat cattle prices in the 4th quarter of 2002 with continued upward prices in the 1st and 2nd quarters of 2003.

U.S. Quarterly Prices for Animal Products

Year and quarter	Choice steers 1/	Barrows and gilts 2/	Broilers 3/	Turkeys 4/	Eggs 5/	Milk 6/
	Dol./cwt	Dol./cwt	Cents/lb.	Cents/lb.	Cents/doz.	Dol./cwt
2001						
III	70.19	51.05	61.1	67.1	61.4	16.60
IV	65.13	37.30	58.5	71.4	68.2	14.50
Annual	72.71	45.81	59.1	66.3	67.2	14.97
2002						
I	70.19	39.43	56.0	60.0	69.1	13.07
II	65.58	35.03	56.1	62.9	58.4	12.20
III*	62-64	35-37	57-59	66-68	59-61	11.05-11.45
IV*	70-76	28-30	55-59	71-77	70-76	11.90-12.60
Annual						
Jun Proj	67-69	34-35	56-58	63-66	64-66	12.35-12.75
Jul Proj	67-69	34-35	56-58	65-67	64-66	12.05-12.35
2003						
I*	71-77	33-35	55-59	59-63	67-73	11.35-12.35
II*	73-79	36-38	56-60	61-67	58-62	11.20-12.20
Annual						
Jun Proj	72-79	34-36	57-61	63-68	64-69	12.20-13.20
Jul Proj	72-79	33-36	57-61	64-69	64-69	11.75-12.75

*Projection.
1/ Nebraska, Direct, 1100-1300 lbs. 2/ National Base, Live equiv 51-52% lean
3/ Wholesale, 12-city average. 4/ 8-16 lbs, hens, Eastern Region. 5/ Grade A large, New York, volume buyers. 6/ Price received by farmers for all milk.

The current live cattle futures market settlement prices (SETT) are indicating an increase in prices in live cattle later in the year and the first quarter of 2003.

live cattle futures
settlement prices as of 07/16/02 07:00 pm (cst)

MTH/ STRIKE	OPEN	DAILY HIGH	DAILY LOW	DAILY LAST	SETT	PT CHGE	EST VOL	PRIOR DAY SETT	PRIOR DAY VOL	PRIOR DAY INT
AUG02	65.500	65.700	65.275	65.400	65.350	-500	5474	65.850	8105	29867
OCT02	67.500	67.675	67.400	67.525	67.500	-200	2804	67.700	3782	35102
DEC02	68.500	68.700	68.350	68.425	68.425	-250	1479	68.675	1895	18867
FEB03	69.475	69.650	69.350	69.350	69.375	-375	536	69.750	734	6678
APR03	69.900	70.100	69.850	70.000	70.050	UNCH	187	70.050	364	3298
JUN03	65.800	65.900	65.725	65.750A	65.750	-75	114	65.825	118	898
AUG03	65.850	65.900B	65.800A	65.800A	65.800	-200	2	66.000		4
TOTAL						EST.VOL		VOL	OPEN INT.	
TOTAL							10596		14998	94714

The current cash market is in the low-mid 60's.

LM_CT150
St. Joseph, MO   Mon Jul 15, 2002   USDA Market News Service
5 AREA WEEKLY WEIGHTED AVERAGE DIRECT SLAUGHTER CATTLE
Texas/Oklahoma; Kansas; Nebraska; Colorado; Iowa/Minnesota feedlots for:
Week Ending Sunday 7/14/2002
Confirmed: 155,816   Week Ago: 118,938   Year Ago: 181,753

Live Basis Sales

Steer

	Hd Count	Weight Range	Price Range	Avg Weight	Avg Price
Over 80% Choice	2,477	900.00-1,600.00	61.00-64.00	1,314	61.73
65 - 80% Choice	10,024	771.00-1,600.00	61.00-63.50	1,323	61.86
35 - 65% Choice	25,112	850.00-1,817.00	61.00-64.00	1,287	62.98
0 - 35% Choice	1,397	801.00-1,786.00	62.50-64.00	1,266	63.49

Heifer

	Hd Count	Weight Range	Price Range	Avg Weight	Avg Price
Over 80% Choice	2,399	900.00-1,600.00	61.00-63.00	1,194	61.91
65 - 80% Choice	5,569	925.00-1,450.00	61.00-63.50	1,203	61.99
35 - 65% Choice	25,508	850.00-1,500.00	61.00-64.00	1,139	63.18
0 - 35% Choice	208	910.00-1,762.00	61.00-63.00	1,251	62.19

Dressed Basis Sales

Steer

	Hd Count	Weight Range	Price Range	Avg Weight	Avg Price
Over 80% Choice	2,555	500.00-1,086.00	96.00-100.00	844	97.42
65 - 80% Choice	16,511	500.00-1,077.00	95.00-99.00	846	97.49
35 - 65% Choice	19,837	483.00-1,080.00	96.00-101.00	826	97.80
0 - 35% Choice	137	546.00-987.00	96.50-100.50	765	98.41

Heifer

	Hd Count	Weight Range	Price Range	Avg Weight	Avg Price
Over 80% Choice	538	514.00-1,009.00	95.00-98.00	747	96.88
65 - 80% Choice	9,200	536.00-1,032.00	96.00-99.00	759	97.41
35 - 65% Choice	16,290	445.00-1,000.00	94.00-100.50	751	97.81
0 - 35% Choice	216	482.00-911.00	100.50-100.50	687	100.50

Weekly Accumulated Weighted Averaged(Beef Brands)

		Head Count	Avg Weight	Avg Price
Live	Steer	39,010	1,297.10	62.63
Live	Heifer	33,684	1,153.80	62.89
Dressed	Steer	39,040	835.50	97.64
Dressed	Heifer	26,244	753.10	97.67

Week Ago Weighted Averaged

		Head Count	Avg Weight	Avg Price
Live	Steer	40,863	1,288.10	63.61
Live	Heifer	33,652	1,157.50	63.75
Dressed	Steer	21,336	839.00	99.18
Dressed	Heifer	12,423	766.80	99.01

Year Ago Weighted Averaged

		Head Count	Avg Weight	Avg Price
Live	Steer	45,765	1,226.80	70.57
Live	Heifer	40,005	1,106.80	70.52
Dressed	Steer	37,355	795.90	114.12
Dressed	Heifer	34,233	717.20	113.54

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Source:     USDA Market News Service, St. Joseph, MO
            816-238-0678    email:  stjoe.lgmn@usda.gov
            www.ams.usda.gov/mnreports/lm_ct150.txt
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The fundamentals and the live cattle futures markets are staring to point in the same direction of an increase in cash prices for live cattle in the fall. This will be supportive of fall calf prices.

So far, the feeder cattle futures market is not reflecting this movement. Volatile corn prices and early movements in the West and Northern Plains are contributing to a feeder cattle futures market that does not currently show a seasonal increase. Each price change in corn is reflected in feeder cattle prices. Higher corn prices cause feeder cattle prices to decline, and vice versa. Some calves in the western US are coming to market and video auctions are showing many sales with September – October delivery, somewhat earlier than normal.

feeder cattle futures
settlement prices as of 07/16/02 07:00 pm (cst)

MTH/ STRIKE	OPEN	---- DAILY ---- HIGH	LOW	LAST	SETT	PT CHGE	EST VOL	---- PRIOR DAY ---- SETT	VOL	INT
AUG02	77.650	77.700	77.125	77.450B	77.425	-600	1005	78.025	1307	5911
SEP02	77.700	77.725	77.100	77.400	77.375	-700	296	78.075	356	2523
OCT02	77.600	77.600	77.200	77.550	77.550	-450	336	78.000	503	1983
NOV02	78.150	78.150	77.550	77.900	77.900	-400	111	78.300	111	983
JAN03	77.050	77.100	76.850	76.900B	76.875	-550	24	77.425	71	574
MAR03	76.500	76.500	76.200A	76.200A	76.200	-600	1	76.800	1	39
APR03	76.300	76.300	75.900	75.900	75.900	-600	3	76.500	2	87
MAY03	----	----	76.200A	76.200A	76.200	-600		76.800		2
TOTAL						EST.VOL		VOL	OPEN INT.	
TOTAL							1776	2351		12102

Recent rains in Texas are helping in the short term but the underlying long term drought will return without timely rains. The western parts of the Plains states and the Mountain states continue to suffer from drought. Also, the southeast Atlantic coast states have very poor pasture conditions with the exception of Florida.

Current Louisiana cattle prices are reflecting the factors affecting the national market. Louisiana prices from several auction barns are being posted by the Agricultural Marketing Service, USDA to their website

http://www.ams.usda.gov/lsg/mncs/ls_br.htm

The individual market reports should provide better market information than the summary reports published previously. Producers should consult this website often for current Louisiana auction market information.

These current cash market situation and the supply fundamentals are setting the stage for a price rise next year which will be moderated by an abundant supply of all protein meats (beef, pork and poultry).

The cow-calf producer should be considered delaying sales in their marketing tactics for this year. The producer should consider the extra revenue to be gained from holding for a later sale. Typically, as calves get heavier, the total revenue per head goes up even though price per pound goes down. In addition, this year, the price per pound may increase later in the year and into the first part of 2003. Typically, calf prices increase from the yearly lows in October. November, December, January and February prices typically are higher than October prices.

The producer must also consider the increase in expenses necessary to hold his calves longer.

If the additional revenue to be gained is greater than the additional expenses, holding for later sale will result in increased net revenues.

However, if the additional expenses are greater than the extra revenue, then net revenues will decline.

The stage may be set for a possible favorable buy-sell price situation in stockers and fed cattle. Risk management strategies for purchasing calves for stockering, feeders for a feeding situation and cost of feeding should be closely examined. Also, risk management tactics for the sale price of feeders and fat cattle next spring are encouraged.

Producers should carefully analyze their prospective stockering or feeding project.