

Daily Livestock Report

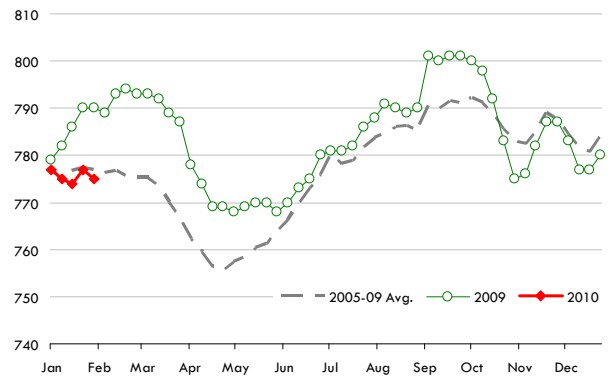
Vol. 8, No. 25/ February 9, 2010

Market Comments

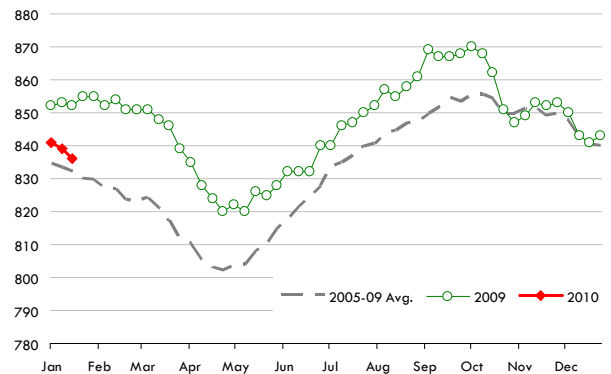
Live cattle futures were higher on Monday, in part due to the cumulative impact of winter weather on cattle across the country. Steer and heifer carcass weights have drifted lower in recent weeks due to poor feedlot conditions, and possibly poor feed quality. USDA reports actual steer and heifer weights with a two week lag and for the week ending January 23, steer weights were down 16 pounds or 1.9% compared to a year ago while heifer weights were down 8 pounds or 1% compared to last year. USDA also provides an estimate of overall live and dressed carcass weights. This number also includes cows and bulls slaughtered in a given week. The estimate is subject to revision and in recent weeks, USDA has lowered its initial estimate by 2-3 pounds, another indication of the disappointing performance of animals on feed as well as beef cows across much of the US. Live cattle weights for the week ending February 6 were reported to be 1294 pounds, some 19 pounds or 1.45% lower than a year ago. Cattle carcass weights for the same week were 15 pounds or 1.9% lower than a year ago. We suspect that USDA will further lower its live and carcass weight estimates in a couple of weeks to reflect the poor performance of feedlot animals as well as beef cows (dairy cows live in much more controlled environments and likely are not impacted as much by the poor weather). Cow slaughter accounted for almost 21% of the overall slaughter in the last reported week and cow slaughter weights are also down sharply. As of the latest report, cow carcass weights were 607 pounds, 13 pounds or 2.1% lower than the previous year.

Weather conditions likely are the main culprit in the recent decline in carcass weights. Keep in mind that current weight declines are the equivalent of 15,000 fewer cattle coming to slaughter each week and thus will compound the impact of already light slaughter levels. It is also **possible that other factors are negatively affecting cattle weights.** There have been numerous reports of the current corn crop suffering from excessive mold levels, a result of high moisture content as the crop was pulled from the field. A number of our readers likely have a much more in-depth and direct knowledge of the challenges presented by this year's crop. Some of the studies we have seen indicate that a crop with mold has a lower nutritional value, thus requiring more feed to produce the same amount of beef. Moreover, a moldy crop will have direct and indirect impacts on animal health, causing them significant distress and leading to reduced feed intake and weight loss. Again, the information on this point is incomplete and anecdotal but it should be considered, especially given the notable reduction in hog carcass weights as well.

US CATTLE Carcass Weights: USDA



US FED STEER Carcass Weights: USDA



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