Steve Meyer writes today: For what it’s worth — I just completed a loop from Des Moines through Owatonna, MN, Watertown, SD, Sioux City, IA, Council Bluffs, IA and back to Des Moines and I don’t know how you would make the corn crop in this area look any better. Yes, one could quibble that there are spots in fields where the stalks are short due to wet conditions at one time or another but my experience is that if you have enough water for the high ground, you will always drown out a few plants in the low ground. That appears to be true in spades this year. I have traveled this area for parts of the past 18 years and I’ve just never seen corn look any better. And South Dakota’s crop may be the best I’ve ever seen there. True, you can’t see all of South Dakota’s corn acres from I-29 but you can see a pretty good percentage of them!

Beans are a bit of a different story. Iowa looks very good and Minnesota’s beans are lush. But they are not as tall as I would have expected for the first week of August. One acquaintance on my trip told me that his recent drive through the eastern Cornbelt had left him much more concerned about soybeans since many acres there had plants that were very small.

Lest anyone think pork producers are the only people in the livestock sector under financial stress, consider the chart at left that shows monthly returns to feeding yearling steers in Iowa. The estimates are computed by Iowa State University but the chart comes from the Livestock and Meat section of Kansas State University’s excellent AgManager website (http://www.agmanager.info). Note that the last data in this chart are for March and returns since that time have improved somewhat. In fact, cattle sold in May earned an estimated PROFIT of $19.93 per head. But June sales returned to the losses of $67/head so the respite may have been very short.

The big story of this chart, though, is not the month-by-month results. It is the long-term pattern that has taken cattle feeding in Iowa (and anywhere else, for that matter) into an unprecedented period of deep, deep losses. And, like the pork industry, these losses have occurred in spite of exceptional fed cattle prices. In fact, annual average fed cattle prices were the highest ever in 2007 and 2008 when feedlot losses were record large. The reason, of course, is record-high costs.

Just as in the pork business, something has to give in this situation. A number of feedlots have closed and many others are for sale as the industry struggles to rationalize a significant amount of over-capacity. That process is nowhere near over as the U.S. cow herd and calf crops continue to decline and cattle imports fall due to MCOOL restrictions and associated costs. We have maintained the level of beef output in recent years by increasing the efficiency of the cow herd and increasing slaughter weights. There are limits to those actions, though. Output must adjust to these losses eventually. Does it not?