

 **regular page****Industry News - AM****Pasture conditions get worse; big implications for beef****By Rita Jane Gabbett on 7/12/2011**

U.S. pasture conditions in drought-ravaged cattle country continue to decline, forcing more cattle onto feedlots, including some spring calves, according to livestock analysts.

USDA reported 29 percent of U.S. pastures in poor or very poor condition in the week ended July 10, compared to 27 percent the previous week and 11 percent a year ago.

The numbers are much worse in western states, where USDA rated as poor or very poor the pastures across 91 percent of New Mexico, 86 percent of Texas, 69 percent of Oklahoma and 63 percent of Arizona.

"It now appears that the drought and high fertilizer prices have reduced available grass pastures enough to push more cattle – even some spring calves – into yards," livestock analysts wrote in the CME Group's Daily Livestock Report, which is published by Steve Meyer and Len Steiner.

"Our contacts tell us not to be surprised to see June placements at or above year-ago levels and easily high enough to keep feedlot inventories above year-ago levels," they wrote, noting this could mean higher fed cattle numbers through the end of this year.

But simple math shows this could all lead to an abrupt reversal and a dramatic drop in available cattle down the road. The analysts warned that unless USDA badly miscounted the past two years' calf crops, the number available calves must fall, "setting up a potentially-explosive situation for calf prices, and, eventually, feeder cattle, fed cattle and beef."

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