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Exports to Japan Continue to Improve

Beef exports in August 2002 were down 2% from July as a result of fewer exports to Mexico and Russia. However, August exports were 12% higher than in August 2001. Year-to-date beef exports are down 13.5% in 2002 compared to last year. This decrease in exports is attributable to a 27% decline in exports to Japan this year caused by a BSE outbreak in Japan lowering Japanese consumers' demand for beef. The good news is that exports to Japan, the U.S.'s largest beef export market, have increased nearly 22% over the past two months and 42% since last December's low. Further improvement in exports to Japan is expected as Japanese consumers' confidence in beef safety improves.

Beef imports into the U.S. decreased 1.8% in August compared to July and were nearly 7% lower than August 2001. The largest decreases in August imports were from Australia and New Zealand. Despite the decrease in August imports, year-to-date beef imports are 2.6% higher than last year. Still, net imports (imports less exports) in 2002 are 13.5% lower compared to the same time last year.

On a live cattle basis, exports of cattle to Mexico and Canada were down 18% in August 2002 relative to July. Year-to-date, live cattle exports are down about 26% compared to 2001. Live cattle imports from Canada increased 36% from July to August as a result of drought conditions in the prairie provinces encouraging producers to ship cattle south. Imports of cattle from Mexico, however, fell more than 20%.

The Markets

Last week, slaughter cattle prices were \$1 higher in the southern plains, with the bulk of the trade occurring at \$67. In the north, slaughter cattle prices were over \$2 higher, at \$105 (dressed weight). Boxed beef prices also finished the week nearly \$2 higher. Feeder cattle prices in Nebraska were \$1-2 higher than the previous week. In the southern plains, feeder cattle prices were somewhat higher for yearlings, but were lower for calves. Wet and wintery weather conditions this past week in southern Kansas and Oklahoma temporarily slowed demand for calves to run on wheat pasture.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$66.91	\$65.96	\$65.09
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$105.08	\$102.93	\$104.18
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$82.55	\$83.29	\$86.99
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$86.37	\$84.01	\$90.45
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$89.39	\$87.78	\$96.84
Choice Boxed Beef Price, 600-750 lb. carcass	\$112.16	\$110.39	\$115.42
Choice-Select Spread, 600-750 lb. carcass	\$9.21	\$8.72	\$10.64