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For the first quarter of 2003, lightweight (600-750 lb.) choice boxed beef prices averaged \$127.96, 9.4% higher than 2002's first quarter. Similarly, lightweight select boxed beef prices were 7.6% higher in the first three months of 2003, averaging \$121.97. Higher wholesale beef prices so far in 2003 resulted from a combination of lower beef production and relatively strong beef demand. Commercial beef production for 2003's first quarter is estimated at 6.28 billion pounds, about 1.5% less than the same time period last year. Demand for choice wholesale beef during January through March appears to be about 3% higher than in the first quarter of 2002.

The Choice/Select spread, currently at \$7.67/cwt, has increased over \$3/cwt since the beginning of the year. Seasonally, the Choice/Select spread typically is lowest in February and March and rises rapidly to yearly highs two to three months later. Although the spread declined about \$1 during March, it has increased almost steadily this year. So, the seasonal decline in the Choice/Select spread during the first quarter of 2003 has not been as noticeable as in years past. The 1999-2002 average Choice/Select spread was widest (about \$13) during the end of May and beginning of June. In 2002, the spread only widened to \$9.40 in the second quarter. The Choice/Select spread will likely widen more than this in 2003 for a couple of reasons. First, cattle dressed weights are lower than a year ago as feeders pull cattle ahead to take advantage of higher prices. Lighter carcasses tend to grade Choice less often, thus lowering the relative supply of Choice beef. Second, demand for Choice beef (relative to Select) typically improves with the summer grilling season, which will begin in earnest in the next two months. Although this occurs every year (and is manifested in the seasonal peak in the Choice/Select spread), demand for Choice beef for grilling could be more pronounced this year because war-times promote more family gatherings. A key feature of such family gatherings is food, and outdoor grilling will soon be in season. Weather and general economic conditions could still play a role in preventing robust beef demand for outdoor grilling however.

**The Markets**

Last week, slaughter cattle prices in Kansas were \$1 higher on a live weight basis, trading at \$79. Nebraska dressed steers were \$2-3 higher, with the bulk of the trade at \$129. For the fourth consecutive week, Choice boxed beef prices closed higher and the Choice/Select spread widened. Steer calves in Nebraska sold for about \$102 last week at prices that were \$2-4 higher than the previous week. Steer calf prices in Kansas were mostly steady at \$98.33. Prices for 700-800 lb. steers were about \$1 higher last week compared with the previous week.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight (35-65% Choice)	\$79.02	\$78.04	\$72.40
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$128.84	\$126.47	\$115.60
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$81.96	\$80.49	\$79.07
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$98.33	\$98.43	\$96.27
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$82.89	\$81.89	\$84.77
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$102.15	\$98.61	\$103.93
Choice Boxed Beef Price, 600-750 lb. carcass	\$128.22	\$126.03	\$116.38
Choice-Select Spread, 600-750 lb. carcass	\$7.67	\$7.34	\$3.38