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Both the light and heavy weight Choice-Select price spreads have been increasing recently. Last week the light Choice-Select spread increased \$2.65/cwt. to reach its highest level since mid-fall 2001. Based on past history, odds are high that the spread will continue to widen over the next two months.

Although the Choice-Select price spread is quite variable, it does follow a seasonal pattern. Over the last five years, the Choice-Select price spread generally bottomed in late March at about 42% of the annual average. But after bottoming out in late March, the spread usually widens dramatically by late spring. Again, over the last five years the Choice-Select price spread typically traded at nearly 1.5 times the annual average by mid to late June. And the Choice-Select spread often reaches its highest point of the year in late spring.

Following the late spring peak, the Choice-Select spread often declines in to mid-summer before recovering into mid-fall. Over the last five years the mid-summer price spread averaged juts 93% of the annual average. But the spread's recovery in late summer and fall led to the mid-fall Choice-Select price spread averaging about 18% above the annual average from 1998 through 2002.

Research by Lusk et al., and the Livestock Marketing Information Center indicates that both demand and supply factors influence the Choice-Select price spread. This year declining fed cattle weights suggest supplies of cattle grading Choice could be tighter than normal. So, if demand for high quality beef remains strong, it could set the stage for the Choice-Select price spread in late May or June to approach (or exceed) levels last seen in 2001, when the spread rose above \$18 per cwt. in early June.

**The Markets**

Weekly average slaughter cattle prices climbed about \$1/cwt. in Kansas last week, averaging \$80.05/cwt. (live weight). Weekly average dressed trade in Nebraska also increased \$1/cwt. to \$129.85 (dressed weight). Steer calf prices weakened over \$2/cwt. in Kansas, but were essentially flat in Nebraska. Feeder weight steers declined nearly \$1/cwt. in Kansas, but actually increased over \$2/cwt. in Nebraska. Weekly average boxed beef prices jumped \$5/cwt. compared to the prior week and were \$15/cwt. higher than the prior year. The light Choice-Select spread increased sharply and climbed above \$10/cwt. for the first time since late October 2001.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight (35-65% Choice)	\$80.05	\$79.02	\$68.10
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$129.85	\$128.84	\$110.33
700-800 lb. Feeder Steer Price, Kansas 4 market avg.	\$81.05	\$81.96	\$76.70
500-600 lb. Feeder Steer Price, Kansas 4 market avg.	\$96.00	\$98.33	\$94.59
700-800 lb. Feeder Steer Price, Neb. 7 market avg.	\$85.08	\$82.89	\$80.05
500-600 lb. Feeder Steer Price, Neb. 7 market avg.	\$101.93	\$102.15	\$102.24
Choice Boxed Beef Price, 600-750 lb. carcass	\$133.40	\$128.23	\$118.74
Choice-Select Spread, 600-750 lb. carcass	\$10.33	\$7.68	\$4.18