

James Mintert, Ph.D.
Professor, Department of Agricultural Economics, Kansas State University

Record High Cattle & Beef Prices

Cash cattle prices early this week jumped past the mid-\$80's price barrier and are on track to establish new weekly average record highs. Trade early this week in Kansas occurred primarily at \$88-\$89/cwt. (live weight), whereas Nebraska dressed weight trade ranged from \$140 to \$143. The dramatic cattle price rise was fueled in part by stronger boxed beef prices. USDA's estimate of the light and heavy Choice cutout values on Tuesday were record high at \$154.50 and \$155.82/cwt, respectively.

Current price strength is being fueled by tight supplies and strong demand. Weekly estimates of U.S. beef production have consistently been below a year ago since early August, primarily because weights have been so much lighter than last year. Over the last four weeks U.S. beef production averaged 1.8% smaller than last year. Coupled with the absence of Canadian supplies during that time frame, and stronger export markets, available supplies in the U.S. were likely down 7 to 9 percent over the last month, compared to last year. So, tighter supplies alone probably pushed cash prices up 15 to 20%, compared to a year ago. But prices this week will likely average 30 to 35% higher than last year, which suggests that stronger consumer demand for beef is partly responsible for the run-up in beef and cattle prices.

The Markets

Weekly average Kansas slaughter cattle prices jumped again to \$84.94 (live weight) last week, \$3/cwt. higher than the prior week. Dressed weight slaughter steer prices in Nebraska rose more than \$4/cwt., compared to the previous week. Weekly average light Choice boxed beef prices also increased over \$5/cwt. compared to a week ago. The light Choice-Select spread traded at \$15.71/cwt., an increase of over \$4 compared to the previous week and over \$10/cwt. higher than its late July low. Strength in slaughter cattle prices, and large profits on recent marketings, continues to propel feeder cattle prices higher. Feeder weight steers in Nebraska and Kansas both averaged over \$100/cwt. last week, whereas steer calf prices averaged \$112/cwt. in Nebraska and \$108/cwt. in Kansas.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$84.94	\$81.95	\$63.72
Nebraska Fed Steer Price, dressed weight	\$135.70	\$131.48	\$99.61
700-800 lb. Feeder Steer Price, Kansas 4 market avg.	\$101.02	\$95.36	\$79.04
500-600 lb. Feeder Steer Price, Kansas 4 market avg.	\$108.42	\$106.77	\$83.94
700-800 lb. Feeder Steer Price, Neb. 7 market avg.	\$102.18	100.79	\$86.80
500-600 lb. Feeder Steer Price, Neb. 7 market avg.	\$112.39	112.32	\$93.42
Choice Boxed Beef Price, 600-750 lb. carcass	\$147.75	\$142.04	\$109.44
Choice-Select Spread, 600-750 lb. carcass	\$15.71	\$11.35	\$8.91