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Cattle Industry Prices and Profits

OK. Let's be honest, I have no idea what price cattle will sell for this week. Does anybody? This much I do know. Supply is very tight: the beef cow herd has decreased for several years, supply of calves and feeders outside the feedlot is smaller than it has been in my lifetime, and feedlots are very current with their marketings. Demand this year has also been sensational. Consumers want beef and they are willing to pay for it. Our exports are very strong and due to the border closing with Canada, our imports of beef into the country are down. Any one of those three factors (tight supply, improved demand, positive trade) should lead to higher prices. When you have all three factors in play, the summer and fall of 2003 is the result. None of these three factors is likely to change very rapidly. Therefore, I would expect to see relatively high cattle prices for the rest of 2003 and for 2004. You decide how high relatively high is.

Profits have been and are being generated in all segments of the cattle industry this year. Current feedlot closeouts likely exceed \$200 per head profit. Some may exceed \$300 per head. (A 750 lb steer placed in May for \$90/cwt and sold this week at 1250 lbs. probably had a break-even under \$75/cwt.) A 600 lb steer in mid May cost \$600 (\$1/lb) to place on grass. Summer pasture and other costs were likely around \$120 per head. That means an 850 lb yearling sold off from grass would have had a break-even under \$85/cwt. Many have sold for well over that price. The cost of weaning a 500 lb steer calf is probably between \$400-500 on many ranches. Many of those calves are bringing more than \$600 per head.

The Markets

Slaughter cattle prices were higher again this week establishing new record highs. The southern plains markets were \$5 higher, with the bulk of the trade occurring over \$95. Prices were several dollars higher in the north with slaughter cattle prices at \$154-155 dressed. Choice boxed beef prices surged higher for the week and Select prices were much higher. The Choice -Select spread narrowed but remains relatively high. Feeder cattle trade was active and stronger in Kansas and Nebraska. Prices were generally \$3-5 higher on feeder cattle and calves.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$95.85	\$90.00	\$64.85
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$154.10	\$145.35	\$98.26
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$108.16	105.22	\$82.04
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$112.81	\$107.72	\$85.47
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$109.92	\$105.32	\$84.45
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$115.15	\$113.70	\$88.28
Choice Boxed Beef Price, 600-750 lb. carcass	\$165.19	\$159.18	\$110.00
Choice-Select Spread, 600-750 lb. carcass	\$29.85	\$34.60	\$9.51