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Canadian Cattle Trade Proposed Rule

On Halloween after the close of the markets, the USDA issued a Proposed rule, which would allow cattle of less than 30 months of age to be imported from Canada for slaughter in the U.S. While this proposed rule may be viewed by some as a “dirty trick”, it would certainly be a “treat” to a struggling Canadian cattle industry. There is a 60-day public comment period and then the USDA will consider the comments before issuing a final rule. When cattle trade will actually occur with Canada will depend upon the length of time after the public comment period and the announcement of the final rule. That may not occur prior to the 2nd quarter of 2004. The complete rule can be viewed at: <http://www.aphis.usda.gov/lpa/issues/bse/bse.html>

On Monday, November 3rd, the markets seemed to pay little attention to this announcement. Near-by Live Cattle contracts were up 77-150 points and even Apr and Jun were up more than 30 points. However, Apr is already at a \$20 discount to last week’s cash trade and Jun is at a \$25 discount. A brief look at the relatively high priced Apr Live Cattle options gives some indication of the uncertainty about what the price of cattle will be in April. If feedlots can continue to aggressively market fed cattle, then I would expect the April market to be stronger than the board currently suggests. Prices being paid in the country for calves, also suggests some feeders are hoping that the April-June markets will be stronger than the present board.

The Markets

Slaughter cattle prices were steady to higher again this week. The southern plains markets were \$3 higher, with the bulk of the trade occurring over \$100. Prices were higher live in the north but steady on a dressed basis with prices at \$155-162. Choice and Select boxed beef prices were sharply lower for the week. The Choice -Select spread remains relatively high. Feeder cattle trade was active on calves in Kansas and Nebraska. Prices were generally steady to higher on feeder cattle and \$2 lower on calves.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$101.22	\$97.91	\$68.05
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$199.97	\$160.17	\$106.22
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$105.53	\$105.11	\$81.50
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$108.06	\$110.74	\$88.16
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$110.21	\$104.71	\$84.95
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$111.35	\$113.91	\$88.07
Choice Boxed Beef Price, 600-750 lb. carcass	\$171.09	\$190.50	\$112.18
Choice-Select Spread, 600-750 lb. carcass	\$24.51	\$23.35	\$8.07