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**Cattle Market Volatility**

It has seemed to me that the fed cattle market has become more volatile since BSE was discovered in North America last May. I did some quick analysis to see if in fact the markets were more volatile. I looked at week to week changes in the price of fed cattle in Nebraska on a live weight basis.

The average change was \$1.15, \$1.21 and \$1.41 for 2001, 2002 and 2003 up to May 17, respectively. The largest weekly change was \$3.09 in 2001, \$3.44 in 2002 and \$3.18 in 2003 prior to the Canadian discovery of a BSE positive cow. Since May 17, the average weekly change in Nebraska fed cattle prices has been \$3.23 per cwt. on a live basis. There has been eight weeks where the weekly change has been greater than \$5. In order of magnitude, those changes have been \$14.30, -\$12.81, -\$8.72, \$7.10, \$6.16, -\$5.84, -\$5.27 and -\$5.12.

How long will this increased volatility be present in the market? It will likely remain at least until normal trade relationships are restored. As markets become increasingly, internationally interdependent, increased volatility will likely remain. Not only are markets impacted by domestic events, but other international events also impact the markets. The recent changes to the CME live cattle contract, which increased the daily trading limit to \$3.00 per cwt. from the previous \$1.50 per cwt. is not the cause of this volatility but is simply responding to this new level of volatility.

**The Markets**

Slaughter cattle prices were higher this week as the box trade took place at higher levels and based on the positive announcement that Mexico will re-open its borders to U.S. beef. In the southern plains, prices were \$83.00-85.50. Prices were also stronger in the north with dressed prices ranging from \$132-138 dressed. Boxed beef prices were about \$8 higher for the week. Feeder cattle prices were generally steady to higher in Kansas and while Nebraska prices were higher for yearlings but a little softer on calves. There was good volume for 700 lb and heavier cattle but only limited volume on 500 lb calves.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight (35-65% Choice)	\$84.96	\$81.90	\$76.98
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$135.44	\$131.77	\$122.74
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$91.28	\$89.92	\$76.72
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$108.73	\$108.40	\$92.70
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$94.00	\$92.55	\$79.67
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$115.81	\$117.07	\$96.99
Choice Boxed Beef Price, 600-750 lb. carcass	\$139.63	\$131.73	\$128.96
Choice-Select Spread, 600-750 lb. carcass	\$7.72	\$8.08	\$6.35