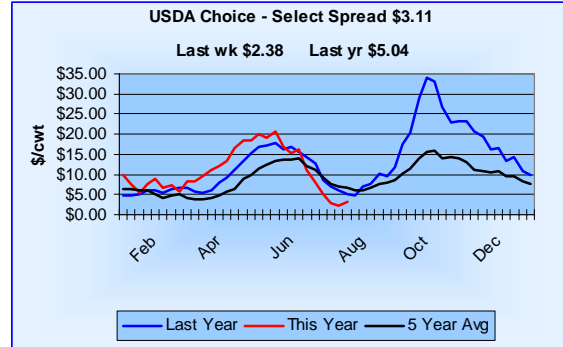


Dillon Feuz, Ph.D.

Professor, Department of Agricultural Economics, University of Nebraska

Choice-Select Spread & Fed Cattle Prices

The Choice-Select box beef spread has been quite variable in the last year. There is a typical seasonal pattern that is likely influenced by both supply and demand factors. Deviations from this typical pattern might also result from changing supply and demand conditions. The record wide spread of last Sep/Oct was a result of marketing



cattle at lighter weights with fewer days on feed to meet the demand for beef. Ultimately, there was a shortage of market ready fed cattle, and an extreme shortage of market ready fed cattle that would grade Choice. During this time fed cattle averaged over \$90 per cwt., well above expectations for that time period. During the first six months of this year, the Choice-Select spread generally has been above the 5-year average spread and fed cattle market prices have generally been above expectations. Market ready fed cattle remained in relative short supply and weights were below the 5-year average. However, more recently fed cattle market weights have increased over the 5-year average, and there has been adequate fed cattle supplies to meet the level of demand. The spread has dropped to a level below the 5-year average level. Is it a coincidence that fed cattle prices have declined the last three weeks? Probably not. A continued lack of demand from Japan for high quality beef is also likely a factor in the narrow Choice-Select spread.

The Markets

Slaughter cattle prices ended the week \$2-3 lower in the southern plains and the northern markets were \$2-4 lower. Trade occurred at \$82-83 in the south and at \$131-132 in the north. Choice boxed beef prices were also lower this week. The Choice -Select spread remains historically narrow. Feeder cattle prices were generally lower in Kansas and Nebraska on most weights of feeders. Calf and yearling volume remains light.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$82.43	\$85.22	\$73.00
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$131.16	\$135.28	\$118.30
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$115.74	\$121.77	\$93.00
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$127.27	\$134.80	\$100.36
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$117.69	\$129.84	NA
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$138.28	\$147.65	NA
Choice Boxed Beef Price, 600-750 lb. carcass	\$140.25	\$141.48	\$128.80
Choice-Select Spread, 600-750 lb. carcass	\$2.72	\$2.13	\$5.34