

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

Domestic Beef Demand Still Strong

Domestic beef demand strength has been impressive in recent quarters. Beef demand indexes calculated for each quarter indicate that consumer demand for beef in the U.S. started to accelerate last summer when the year-to-year increase in demand was 5.9%. Demand strengthened further last fall when beef demand jumped 11.3% compared to October-December 2002. And consumer interest in beef remained strong during the first quarter of 2004 as the beef demand index rose 10.8% above the previous year.

Preliminary data for the second quarter of 2004 indicates that consumers were still attracted to beef. Beef supplies during the April-June quarter totaled about 16.6 pounds per capita, down 2% from the April-June 2003 quarter. The supply reduction came about because production declined 9.4% from the previous year, which more than offset the big decline in exports and increase in imports that occurred during the quarter. Inflation adjusted Choice retail beef prices rose 9.4% during the April-June quarter, far more than would have been expected if consumer demand was unchanged from the prior year. In fact, beef demand index calculations reveal that domestic consumer demand rose 6.9% compared to 2003's second quarter. Since bottoming out in 1998, beef demand has increased about 24%.

Much of the recent demand strength has been attributable to consumer interest in low carbohydrate diets. Some survey data suggests that the consumer interest in low carb diets has peaked. Looking ahead, it's unlikely that year-to-year increases in beef demand of the magnitude we've observed since last summer will continue.

[Beef Demand Index Chart](#)

The Markets

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, wtd. average, live weight	\$82.12	\$84.65	\$78.95
Nebraska Fed Steer Price, wtd. average, dressed weight	\$131.46	\$134.25	\$127.66
700-800 lb. Feeder Steer Price, Kansas 4 market avg.	\$120.26	\$120.08	\$90.58
500-600 lb. Feeder Steer Price, Kansas 4 market avg.	\$131.29	\$129.90	\$99.05
700-800 lb. Feeder Steer Price, Neb. 7 market avg.	\$121.45	\$123.61	\$97.09
500-600 lb. Feeder Steer Price, Neb. 7 market avg.	\$139.67	\$134.91	\$108.81
Choice Boxed Beef Price, 600-750 lb. carcass	\$139.81	\$141.86	\$138.61
Choice-Select Spread, 600-750 lb. carcass	\$6.00	\$4.61	\$6.72