

Dillon Feuz, Ph.D.
Professor, Department of Agricultural Economics, University of Nebraska

Canada Trade Update

The USDA continues to reaffirm that live cattle and feeder cattle trade will resume with Canada on March 7. They have revised the initial rule, that originally allowed for the importation of beef from cattle over 30 months of age, to no longer allow for cattle or beef over 30 months of age. So, as the rule stands to day, all beef imports must be from cattle under 30 months, all live fed cattle imports for direct slaughter must be under 30 months, and all feeder cattle must be branded as from Canada and go directly into bonded feedyards to be harvested prior to reaching 30 months of age. There have been law suits filed to delay live cattle imports, and there is also talk of legislative action that may alter USDA policy. However, at this time no judge has stayed the rule and congress has not changed it.

If the present rule remains in place, then what will be the market implications. There are differences in opinions, but I will outline my expectations. I would expect approximately 900,000 head of live fed cattle. That would add about 2.5% to our domestic slaughter and would decrease fed cattle prices \$3-5 per cwt. Beef imports from Canada may actually decline from 2004 levels and this could offset some of the negative price impacts. There will likely be less than 400,000 head of feeder cattle come south this year. That would increase the US supply by just over 1% and prices may only decline a couple of dollars per hundred weight. Changes in US beef demand, exports, and our own supply will alter prices and mask some of these price impacts.

The Markets

Slaughter cattle prices were lower in the south and steady in the north this last week. Trade volume was light in most areas. Prices were generally \$89-90 in the south and prices ranged from \$140-143 in the north. Choice boxed beef prices were higher for the week as retailers competed for a limited supply. Choice box beef prices were up \$4. The Choice-Select spread decreased and is narrower than the historical level. Feeder cattle prices were generally lower in Kansas and steady in Nebraska on a fairly large volume. Lighter weight calves were a little lower in Kansas and Nebraska on a small volume.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$89.71	\$90.58	\$77.58
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$141.83	\$141.30	\$123.54
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$103.68	\$104.92	\$87.71
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$122.34	\$124.90	\$106.30
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$108.15	\$107.97	\$88.97
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$133.75	\$134.92	\$112.91
Choice Boxed Beef Price, 600-750 lb. carcass	\$146.60	\$142.69	\$124.97
Choice-Select Spread, 600-750 lb. carcass	\$3.52	\$4.73	\$6.93