

Dillon Feuz, Ph.D.**Professor, Department of Agricultural Economics, University of Nebraska****Cattle & Beef Trade**

How has trade of cattle and beef products impacted the beef industry, the cattle industry, and/or the cow-calf producer? Annual trade flows from 1998-2002, the last full year when trade flows were not significantly impacted by the discovery of BSE in North America, are used to provide answers to the above question. Over 99% of live animal trade is with Canada and Mexico. Imports from Canada have averaged 1.25 million head per year from 1998-2002. Feeder cattle imports were estimated at 229 thousand head, fed cattle under 30 months were estimated at 642 thousand head and cattle over 30 months were estimated at 380 thousand head. There were 969,895 head imported from Mexico, the majority of which would be feeder cattle destined for grass and/or feedlots. Total cattle imports averaged 2.22 million head. Exports of cattle and calves from the U.S. have averaged slightly less than 358 thousand head per year. Most of these exports were feeder cattle to Canada.

Beef and veal imports into the U.S. have average 2.2 billion pounds per year. Canada, 763 million pounds, Australia, 740 million pounds and New Zealand, 446 million pounds are the three major suppliers of beef into the U.S. We exported 1.75 billion pounds per year of beef and veal. Japan, 741 million pounds, Mexico, 378 million pounds, Korea, 283 million pounds and Canada 187 million pounds were our major export markets. It is possible to compare all cattle and calf trade and all beef and veal trade by converting everything to a carcass weight basis. Total imports of cattle and calves and beef and veal averaged 3 billion pounds per year. Total exports average 2.4 billion pounds per year. The increase of 632.4 million pounds from trade on an annual basis adds 2.36% to our domestic production. Just considering the pounds of beef and not considering the value of beef imported versus exported, this additional beef likely depressed cattle prices 3.5-4.7%. Fed cattle prices would have been \$2.35-3.16 per cwt. lower and calf prices would have been \$3.43-4.60 per cwt. lower during 1998-2002.

However, all beef is not created equal, or at least it is not of equal value. Perhaps the most appropriate manner to look at trade is not in terms of head or pounds traded, but to look at the dollars leaving the industry and the dollars coming into the industry. Imports of cattle and calves were valued at \$1.2 billion annually from 1998-2002. Exports of cattle and calves were valued at \$202 million annually. While we imported more pounds of beef than we exported, the value of beef and veal exports were \$2.65 billion compared to imports values at \$2.23 billion. However, the largest gain in trade occurs in the variety meats, hide & skins, and the tallow, greases and lard component. The U.S. only imports \$180 million of these products on an annual basis, but exports \$2.25 billion. In total, the U.S. imported \$3.7 billion and exported \$5.1 billion in cattle, beef and by products annually. Therefore, the net of trade during 1998-2002 was to add \$1.45 billion annually to the industry. How much did \$1.45 billion add to the value of fed cattle and calves? Commercial cattle slaughter averaged 35.8 million head during 1998-2002. The added value, \$1.45 billion, from international trade, likely increased the value of commercially slaughtered cattle slightly over \$40 per head, or about \$3.40 per cwt. If fed cattle were worth \$40 more as a result of trade, then a 550 pound steer was likely worth \$7 more per cwt. as a result of international trade from 1998-2002.

The Markets

Slaughter cattle prices were \$3 higher in the south and \$7 higher in the north this last week. Trade volume was adequate to clear most showlists. Prices were \$92-94 in the south and prices ranged from \$144-151 in the north. Choice boxed beef prices were also higher for the week. Choice box beef prices were up more than \$10. The Choice-Select spread increased and is near the historical level. Feeder cattle prices were higher in Kansas and Nebraska on moderate volume. Lighter weight calves were also higher in both Kansas and Nebraska on a small volume.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$92.98	\$90.00	\$87.77
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$149.61	\$142.35	\$141.02
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$108.77	\$104.62	\$93.36
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$131.42	\$127.67	\$114.27
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$110.63	\$106.48	\$94.25
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$134.64	\$131.78	\$117.98
Choice Boxed Beef Price, 600-750 lb. carcass	\$152.07	\$141.74	\$142.66
Choice-Select Spread, 600-750 lb. carcass	\$4.78	\$2.44	\$9.16