

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

**Beef Demand**

Beef demand appears to have remained strong through the 1<sup>st</sup> quarter of 2005, and likely continued to strengthen. All of the necessary data to be able to say that beef demand definitely strengthened, but there are some key indicators. Wholesale boxed beef prices have been higher than the prior year for all of the 1<sup>st</sup> quarter. Choice boxed beef values have averaged about \$10 per cwt. higher this year compared to last year. That is an increase of approximately 7.5%. Domestic beef production has been almost identical this year compared to last year. That would imply an increase in demand for beef. However, we also need to examine beef trade data. I only have data for January and February for 2005. Those data compared to 2004, indicate that exports of beef are higher and that imports of beef are lower. If we assume the same general trend was present in March, then trade would have added 9% more beef to the market during the 1<sup>st</sup> quarter of 2005 compared to adding 12% more beef to the market in 2004. Adding imports and subtracting exports from our domestic beef production, results in an available supply for the 1<sup>st</sup> quarter that was about 2.5% smaller than the previous year. That reduction in supply could explain about 4% of the increase in beef prices. The remaining 3.5% increase (7.5% - 4%) in beef prices is the result of inflation and a continual increase in beef demand. Producers in all segments of the cattle and beef industry continue to receive higher selling prices as a result of strengthening consumer demand.

**The Markets**

Slaughter cattle prices were \$2 higher in the south with trade occurring on Friday and \$2-3 higher in the north with active trade on Wednesday and Friday this last week. Trade volume was adequate to clear most showlists. Prices were mostly \$92 in the south and generally ranged from \$148-149 in the north. Choice boxed beef prices were slightly higher for the week. Select box beef prices were also higher. The Choice-Select spread increased and is above the historical level. Feeder cattle prices were higher in Kansas and Nebraska on moderate volume. Lighter weight calves were higher in Kansas but were lower in Nebraska on a small volume.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$92.04	\$90.15	\$85.96
Neb. Fed Steer Price, dressed weight	\$148.06	\$145.52	\$142.67
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$115.44	\$111.65	\$97.49
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$137.82	\$136.93	\$114.10
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$118.04	\$116.89	\$101.22
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$140.21	\$146.70	\$120.35
Choice Boxed Beef Price, 600-900 lb. carcass	\$155.03	\$154.29	\$162.45
Choice-Select Spread, 600-900 lb. carcass	\$15.65	\$12.41	\$17.90