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Sales of LRP Resume After Temporary Suspension

On December 23, 2003 some cattle producers were able to buy LRP insurance after USDA announced that BSE was detected in Washington state. USDA belatedly pulled LRP off the market during the evening of December 23 and sales did not resume until October 2004 after the underwriting rules had been revamped. One of the changes made in the revised LRP policy was to explicitly acknowledge that LRP applications will not be approved in a variety of situations. In particular, the revised LRP policy states that applications will not be approved

If there has been a news report, announcement, or other event that occurs during or after trading hours that is believed by the Secretary of Agriculture, Manager of the Risk Management Agency, or other designated staff of the Risk Management Agency, to result in market conditions significantly different than those used to rate the Livestock Risk Protection program.

USDA made just such a determination last Friday (6.24.05) when it announced that the BSE sample sent to England for further testing did indeed test positive for BSE. However, unlike last time, USDA's suspension of LRP sales was very brief. RMA's web site indicated that LRP was again available to producers in qualifying states as of Monday evening, June 27th, 2005.

In The Markets

Prices drifted lower again last week as slaughter steers in Kansas averaged \$82.08/cwt., down \$1.67 compared to the previous week. Trade so far this week has been limited, but prices have been \$1 to \$1.50 lower than last week. Last week's Choice boxed beef price average was about \$5/cwt. lower than the prior week, but prices this week have improved modestly. Feeder cattle trade volume continues to be very light as wheat harvest wraps up. Weakness in fed cattle prices has pulled feeder prices down somewhat, but a 750 pound steer priced at \$113/cwt. placed on feed in Kansas last week at \$113/cwt. would still require about \$89/cwt to breakeven in mid-November, which is well above December live cattle futures.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$82.08	\$83.75	\$89.88
Nebraska Fed Steer Price, dressed weight	\$129.54	\$131.98	\$140.03
700-800 lb. Feeder Steer Price, KS 3 market average	\$113.07	\$114.75	\$117.27
500-600 lb. Feeder Steer Price, KS 3 market average	\$130.25	\$130.75	\$124.07
700-800 lb. Feeder Steer Price, NE 7 market average	\$118.26	\$120.81	\$123.75
500-600 lb. Feeder Steer Price, NE 7 market average	\$135.00	\$155.51	\$140.48
Choice Boxed Beef Price, 600-900 lb. carcass	\$134.61	\$139.62	\$144.51
Choice-Select Spread, 600-900 lb. carcass	\$2.44	\$4.97	\$6.01