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“NO” Trade Negotiations

It seems like months ago that we reached an “agreement in principle” to restore beef trade with Japan. Since that time, there seems to have been a number of moving targets for the U.S. to meet to satisfy the Japanese negotiators. We needed to test all animals. We hadn’t tested enough animals. We needed to improve our ability to verify age. The list could continue. Each time we have met a stipulation there seems to have been another stipulation. The only thing that hasn’t changed is there is still no U.S. beef going to Japan.

As packer margins have been reduced and as feedlots have been losing more money in the last few weeks, patience is a rarer commodity than crude oil. Several groups are now calling on the USDA to initiate trade retaliations against Japanese imports. Trade wars are usually like mud fights, everyone gets dirty and no one wins. Most in the beef industry are sure that we have a safe product and believe that the Japanese are keeping out U.S. beef to the benefit of their own cattle producers. I am sure that the Canadian cattle producers felt the same way toward their southern neighbors for some time. The U.S. has a unique political/judicial system that was used by some to keep Canadian cattle out of the U.S. for an extended time period. The Japanese also have a unique political/judicial system. I suspect we don’t have very much impact on that system and that beef will not be shipped to Japan until those wanting that trade to occur have worked through the Japanese political/judicial system.

The Markets

Slaughter cattle prices were \$3.00 higher in the south with trade occurring on Thursday and \$3.00-4.00 higher in the north with trade on Thursday this last week. Trade volume was probably adequate to clear most showlists. Prices were mostly \$82 in the south and ranged from \$128-129 in the north. Choice boxed beef prices were a little lower for the week. The Choice-Select spread increased and remains above the historical level. Feeder cattle prices were mixed in Kansas and Nebraska. Yearling prices were a little stronger on limited volume and calf prices were a little softer. Calf volume has picked up some, but it is still limited.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$82.10	\$79.10	\$82.01
Neb. Fed Steer Price, dressed weight	\$128.12	\$124.81	\$131.30
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$117.21	\$114.66	\$119.08
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$126.80	\$128.24	\$134.82
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$119.27	\$116.59	\$120.02
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$136.01	\$136.61	\$143.54
Choice Boxed Beef Price, 600-900 lb. carcass	\$133.01	\$134.41	\$138.39
Choice-Select Spread, 600-900 lb. carcass	\$8.46	\$7.24	\$5.69