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Beef Demand

As you look at the prices in the table below, prices are higher than last year for calves, feeders, fed cattle and box beef. Those prices are likely above most peoples' early expectations for where prices might have been this fall. They represent cycle highs for calves and feeders. While fed cattle prices are not where they were two years ago, they are still relatively high prices.

Our exports of beef for 2005 will remain well below 2003 levels and our imports of beef are above 2003 levels. Energy prices have risen more rapidly than has inflation, and polls of consumer confidence in the economy are nothing to cheer about. All of these factors could have negative impacts on the price of beef and on consumer demand for beef. However, consumer demand for beef remains quite strong. For the first two quarters of 2005, retail beef prices were a little above last years prices when the supply of beef was a little below 2004 levels. For the 3rd quarter and projected 4th quarter, retail beef prices have been a little below last years, and the supply of beef has exceeded last years supply. This continued strength in beef demand has supported retail beef prices at a relatively high level. Combine this strong beef demand with a fairly tight supply of calves and feeders, and you have a good recipe for strong cattle prices at all levels of the industry.

The Markets

Slaughter cattle prices were higher in the south with trade occurring on Friday and \$1.00-3.00 higher in the north with trade on Thursday and Friday this last week. Trade volume was a little light but likely cleared most showlists. Prices were mostly \$90 in the south and ranged from \$137-140 in the north. Choice boxed beef prices were fairly steady for the week. The Choice-Select spread decreased slightly and is at the historical level. Feeder cattle prices were steady to higher in Kansas and Nebraska. Yearling and calf prices were higher in Kansas while yearlings in Nebraska were a little soft but calf prices remained firm. Calf volume is in line with historical volumes for this time of year and prices seem to be holding well with the large fall calf runs.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$89.66	\$87.85	\$81.86
Neb. Fed Steer Price, dressed weight	\$137.94	\$136.54	\$128.83
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$116.08	\$115.27	\$110.05
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$131.12	\$130.71	\$126.20
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$119.83	\$119.07	\$107.21
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$134.87	\$134.81	\$124.21
Choice Boxed Beef Price, 600-900 lb. carcass	\$145.30	\$145.66	\$131.84
Choice-Select Spread, 600-900 lb. carcass	\$13.58	\$13.83	\$6.76