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**The 2005 Cattle Market**

The cattle market was sensational in 2005. USDA Choice box beef prices averaged over \$1.44 per pound for the year. That compares to an average price of about \$1.41 last year and \$1.28 for the past five years. The spread between Choice and Select prices was in line with the five year average. That increase in average price occurred even though beef production was about a half of a percent larger. Fed cattle prices in Nebraska averaged \$87 per cwt. in 2005, compared to \$85 in 2004 and just over \$75 per cwt for the previous five years. Yearling and calf prices in Nebraska were also at record high levels for the year. The price for 750 pound steers averaged \$117 per cwt. and 550 pound steer calves averaged over \$138 per cwt. for the year. Prices last year were about \$110 and \$127 and the five year average was \$94 and \$109 for yearlings and calves, respectively.

It doesn't take much of a "clairvoyant" to tell you what prices were this past year. However, I looked into my crystal ball and I have made a few projections for next year. Short summary: cattle prices will remain relatively high but will be lower in 2006 than they were in 2005, perhaps returning to 2004 levels. Here are my reasons for that outlook: Domestic beef demand may not grow in 2006, but it should remain fairly stable; Export demand will increase in 2006; Domestic supply of beef will likely be as much as 3.5% higher than in 2005. The supply increase will likely exceed the export demand increase. Given that the supply increase is being driven at the cow-calf level and that demand is being pulled at the retail level, I would expect calf prices to decline relatively more than beef prices.

**The Markets**

Slaughter cattle prices were sharply higher in the south with trade occurring on Wednesday and \$6.00 higher in the north with trade on Wednesday this last week. Trade volume was impressive, as well and likely cleared most showlists. Prices were \$94-95 in the south and mostly \$152 in the north. Choice boxed beef prices were also higher for the week. The Choice-Select spread increased and is at little wider than the historical level. Feeder cattle prices were mixed for the week. Prices for calves were a few dollars higher, while heavier feeders were steady in Nebraska and were a little lower in Kansas.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$94.47	\$90.96	\$85.85
Neb. Fed Steer Price, dressed weight	\$151.96	\$146.35	\$134.17
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$115.38	\$116.71	\$105.53
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$134.76	\$131.78	\$122.69
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$119.11	\$120.39	\$106.53
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$138.74	\$136.77	\$123.81
Choice Boxed Beef Price, 600-900 lb. carcass	\$158.28	\$153.80	\$137.53
Choice-Select Spread, 600-900 lb. carcass	\$11.95	\$10.75	\$6.60