

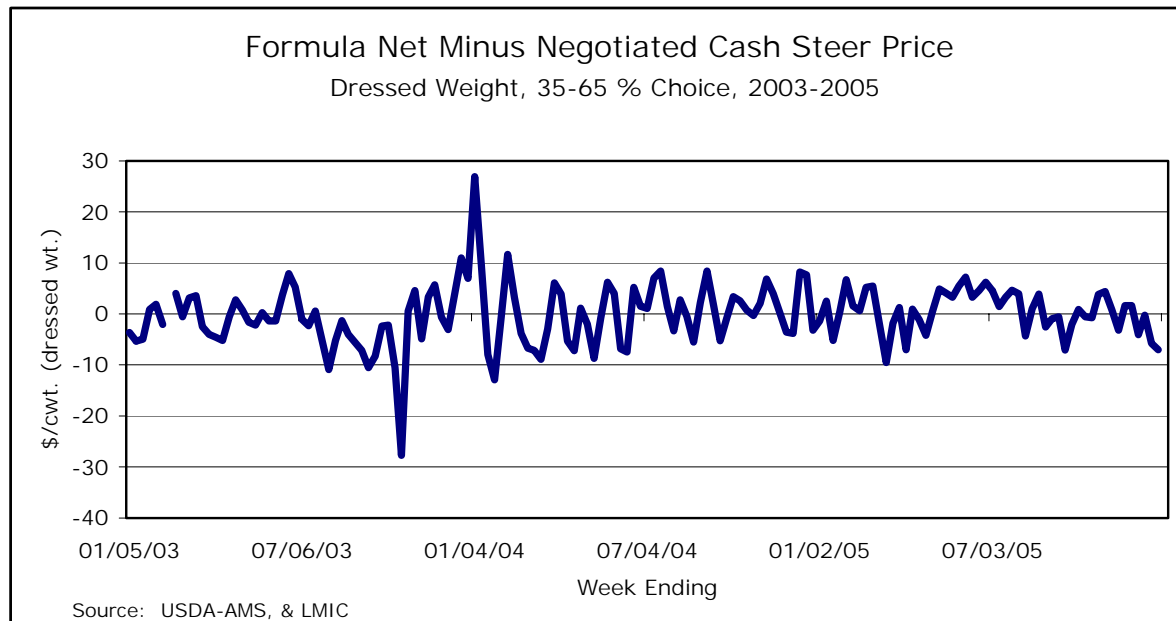
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**Mandatory Cattle Price Reporting**

Discussions regarding the possible extension of mandatory price reporting are currently underway in Congress. Given that mandatory price reporting has been operational since spring 2001, it's useful to assess some of what've learned via mandatory price reporting.

Prior to the initiation of mandatory price reporting there was some concern expressed by cattle producers that formula based prices were consistently and substantially higher than negotiated prices. Mandatory price reporting makes it possible to track prices by purchase category. Examining the most recent three year period (2003-2005) reveals that prices paid by purchase type actually track each other pretty closely.

Price data reported by USDA's Agricultural Marketing Service for negotiated cash sales and formula sales indicate that, on average, weekly formula net prices were somewhat higher than negotiated cash prices for cattle sold on a live weight basis. However, weekly formula net prices averaged somewhat lower than negotiated cash prices for cattle sold on a dressed weight basis. From 2003 to 2005 weekly formula net prices averaged \$0.46/cwt. higher than negotiated cash prices for cattle sold on a live weight basis. In contrast, during the same three-year period weekly negotiated cash prices averaged \$0.17/cwt. higher than formula net prices for cattle sold on a dressed weight basis. Looking at live weight sales, formula based prices were higher than negotiated cash prices 57% of the time. In contrast, formula based prices for dressed weight sales were higher than negotiated cash prices about 51% of the time.



### **In The Markets**

Cattle prices weakened last week (week ending 2/17/06) as processors reduced their slaughter schedules in an effort to prop up boxed beef prices. Reduced production levels this week continue to support wholesale beef values. Through Thursday (2/23/06) of this week, the five-day average of the Choice boxed beef cutout was \$151.25. Cash slaughter cattle prices this week so far have been about steady with a week ago. Feeder prices the week ending 2/17/06 changed little compared to the prior week. A 750 pound steer placed on feed at last week's Kansas average price would likely require a sale price near \$87/cwt. in early July to breakeven.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$89.01	\$90.45	\$87.94
Nebraska Fed Steer Price, dressed weight	\$140.53	\$143.40	\$138.84
700-800 lb. Feeder Steer Price, KS 3 market average	\$109.70	\$110.21	\$103.19
500-600 lb. Feeder Steer Price, KS 3 market average	\$140.97	\$143.02	\$127.73
700-800 lb. Feeder Steer Price, NE 7 market average	\$115.74	\$115.28	\$106.90
500-600 lb. Feeder Steer Price, NE 7 market average	\$144.38	\$143.75	\$133.53
Choice Boxed Beef Price, 600-900 lb. carcass	\$148.45	\$145.92	\$143.53
Choice-Select Spread, 600-900 lb. carcass	\$10.03	\$10.31	\$3.16