

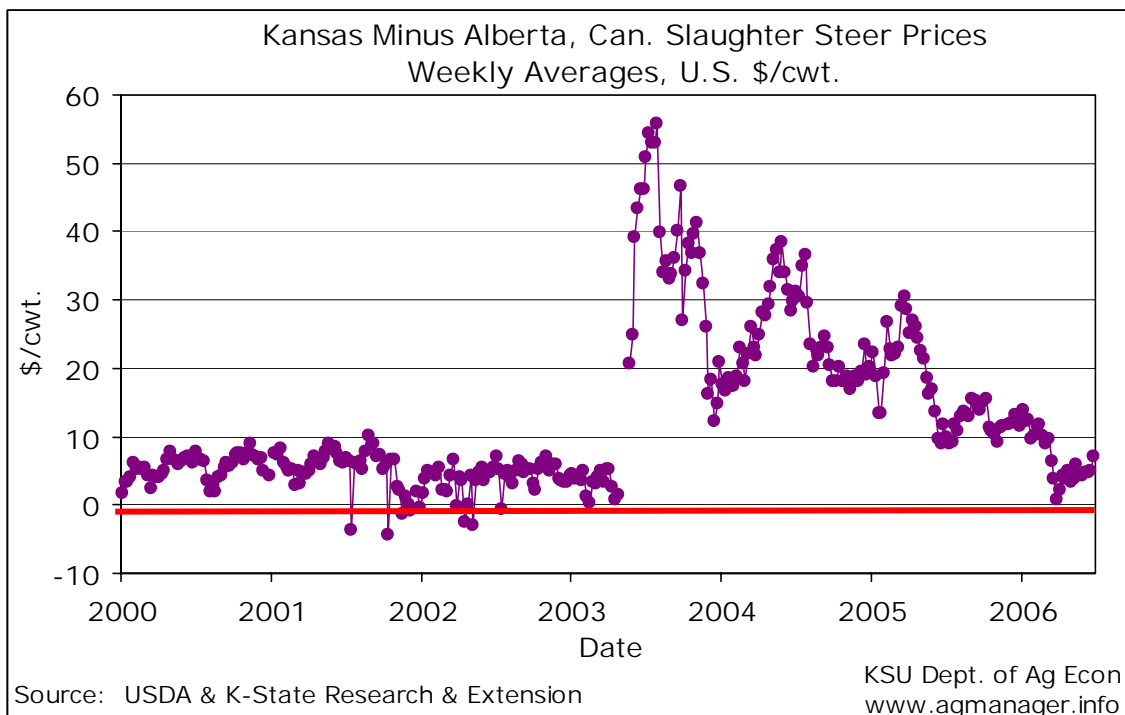
In The Cattle Markets

James Mintert, Ph.D.

Professor, Department of Agricultural Economics, Kansas State University

Canada and U.S. Cattle Prices Back In Equilibrium

Following the May 2003 announcement that a case of BSE had been identified in Canada, cattle prices in Canada traded at a severe discount to the U.S. To put it in perspective, examine the graph below. From the beginning of 2000 through late May 2003 slaughter cattle in Alberta, Canada traded, on average, \$4.73/cwt. (U.S. \$) below prices in Kansas. After BSE was identified in Canada the price spread widened to as much as \$55/cwt. From May 2003 through 2004 the spread between Kansas and Alberta, Canada slaughter cattle prices averaged \$29/cwt. But the spread began to narrow during 2005, averaging about \$21/cwt. And the price spread continued to narrow further during 2006. So far this year, the spread between Kansas and Alberta slaughter cattle prices has averaged \$7.77/cwt. And over the last four weeks the price spread continued to decline, averaging \$5.38/cwt., just \$0.65/cwt. more than the average from 2000 through mid-2003. And so, after three long years, it looks like U.S. and Canadian cattle prices are back in equilibrium.



The Markets

Slaughter cattle prices strengthened moderately last week, averaging \$80.40 (live) in Kansas and \$128.32 (dressed) in Nebraska. Choice boxed beef prices were flat last week, but Select

prices strengthened, which pushed the Choice-Select price spread down \$2.32/cwt. compared to a week earlier. Although it has narrowed sharply the last several weeks, the Choice-Select spread is still double what it was this time last year. Feeder prices last week were mixed, depending on the market and weight class.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$80.40	\$79.20	\$82.14
Neb. Fed Steer Price, dressed weight	\$128.32	\$126.15	\$129.88
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$116.73	\$117.27	\$115.83
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$130.79	\$129.19	\$126.66
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$118.78	\$118.78	\$119.60
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$134.60	\$136.35	\$136.80
Choice Boxed Beef Price, 600-900 lb. carcass	\$140.62	\$140.88	\$128.30
Choice-Select Spread, 600-900 lb. carcass	\$14.86	\$17.18	\$7.14