

November 7, 2006

In The Cattle Markets

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Election Day and Cattle Prices

The national media would have us believe that there are only 2 or 3 issues that really matter to any of us and that there are only 2 solutions: the Republican one and the Democratic one. Political campaigns this time of year promise simple solutions to complex problems. We may be tempted to blame the media for these sound-byte solutions, but how many of us would take the time to study what a candidate had to offer if we had to read several pages of material. The next congress will be charged with re-writing the Farm Bill. Farm Policy is complex and the solutions do not generally fall along party political lines. However, some key positions on agriculture and appropriation committees may be changing hands today. That might have ramifications for the next Farm Bill. If I were a cow-calf producer, I might have some interest in the next farm bill. There typically is not much in the Farm Bill that directly impacts cow-calf producers but the indirect impacts seem to be increasing. Just consider policy related to corn. I don't know what the "fair" price for corn is; I doubt anyone else does either. However, the market will determine the price within the policy framework. What I do know is that if ethanol production continues to be mandated for fuel use and subsidized there will continue to be an increase in ethanol production. At the present time, that implies an increase demand for corn for ethanol and likely higher, sustained corn prices. Higher corn prices imply higher feedlot cost of gains, and likely lower feeder cattle prices.

I hope you all exercise your right to vote today and that you vote for those men and women whom you feel will do the best job of representing you. However, more importantly, I hope you get involved with organizations that look out for your interest. That you make your concerns known; that you become part of the solution; that you take opportunities to educate your elected officials and their staffs about some of the complex issues you deal with on a daily basis. U.S. energy policy, trade policy, farm policy, environmental policy and tax policy all impact the profitability and sustainability of cattle production. The beauty of the capitalistic, free market system is that when all of us compete for our own self interests, then the market allocates resources to their "best" uses and we as a society are better off. However, if we stop competing, and let small political interest groups dictate policies and restrict the market, then in the long run we will all be worse off, regardless of which particular political party "wins" today.

The Markets

Slaughter cattle prices were a dollar lower in the south with moderate trade this week developing on Thursday and prices were \$2-3 lower in the north with moderate trade late Wednesday afternoon and early Thursday morning this last week. Prices were \$88.00-89.50 in the south and were mostly \$138 in the north. Choice boxed beef prices were steady this week, while Select prices were about \$1.50 lower for the week. The Choice-Select spread increased seasonally this week and is near the historical level. Feeder cattle prices were steady to lower in Kansas and steady this week in Nebraska. Calf prices were lower in Kansas

and were steady in Nebraska. Corn prices continue to increase and that continues to pressure feeder cattle prices lower.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$88.76	\$90.00	\$89.66
Neb. Fed Steer Price, dressed weight	\$137.83	\$139.98	\$137.94
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$106.03	\$108.26	\$116.08
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$122.61	\$123.32	\$131.12
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$108.01	\$108.90	\$119.83
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$119.07	\$119.07	\$134.87
Choice Boxed Beef Price, 600-900 lb. carcass	\$147.52	\$147.66	\$145.30
Choice-Select Spread, 600-900 lb. carcass	\$12.09	\$10.57	\$13.58
Corn Price, Omaha Nebraska, \$/bu	\$3.18	\$3.01	\$1.53