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## **In The Cattle Markets**

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### **Be Careful of Averages**

Three ag economists went pheasant hunting. A rooster jumped up and one economist shot in front and another shot behind the bird. The third won declared, "You got him!" He was right on average, but the bird got away.

We often report average prices and average profits for various enterprises. Yet, at times those averages can be very misleading. Cow costs can vary well over \$100 per head from ranch to ranch in similar production environments. If we report on average producers made \$50 per head this year, some may actually have lost \$50 per head, while others returned over \$100 per head. Sometimes, a few weeks can may a large difference in market price. For example, the average 550-pound steer price in Nebraska for Sept.-Nov. was \$124.20/cwt. However, one week in Sept. prices were \$138 and one week in Nov. prices were as low as \$111/cwt. That is a difference of \$27/cwt. or almost \$150 per head.

This year cow-calf producers who either sold earlier or contracted earlier likely received a much higher price than those who sold in November. So, what does the average price really tell us about how profitable cow-calf production was this year? On the flip side of this, feedlot operators who paid over \$130/cwt for calves will have a much higher break-even than those who paid less than \$120/cwt for the same weight and quality of calf. So, late next spring when you read that feedlots are just breaking even on sale of fed cattle, remember that some may be turning a profit of \$75 per head while others may be losing that much per head.

I point this out to highlight the need for each producer to understand their own cost and market situation. Making a decision based on average market conditions or average industry costs will likely lead to many incorrect decisions.

### **The Markets**

Slaughter cattle prices were steady to \$1 higher in the south with moderate trade developing on Friday and prices were \$1 higher in the north with active trade on Friday this last week. Prices were mostly \$87 in the south and were mostly \$136 in the north. Choice boxed beef prices were \$1.50 higher this week, while Select prices were down almost \$1.50 for the week. The Choice-Select spread increased this week and is wider than the historical level. Feeder cattle prices were steady in Kansas and a little weaker in Nebraska this week. Calf prices were higher in Kansas and steady in Nebraska. Corn prices decreased this past week and we may have finally found the top in that market.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$86.78	\$85.86	\$90.96
Neb. Fed Steer Price, dressed weight	\$135.85	\$134.93	\$146.35
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$101.92	\$102.30	\$116.71
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$115.39	\$110.93	\$131.78
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$105.64	\$106.23	\$120.39
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$118.10	\$118.31	\$136.77
Choice Boxed Beef Price, 600-900 lb. carcass	\$142.53	\$140.97	\$153.80
Choice-Select Spread, 600-900 lb. carcass	\$16.54	\$13.66	\$10.75
Corn Price, Omaha Nebraska, \$/bu	\$3.36	\$3.53	\$1.77