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In The Cattle Markets

Dillon Feuz, Ph.D.

Professor, Department of Economics, Utah State University

Cow-calf Economics

Between the rising corn market and this winter's weather cattle producers in Kansas and Nebraska as well as other areas of the Midwest have been hit with a big double negative as far as net returns are concerned. Feedlot cost of gains are likely over \$75/cwt for most pens of cattle now. For those cattle that were purchased with an expectation of a cost of gain around \$60/cwt, feedlots are likely looking at a sizeable loss when they market those cattle. At the same time, cow-calf producers are seeing the price for calves dropping with each new surge in the corn market. For those producers who held their calves until after the first of year, they probably are looking at losses on that decision. Likewise, cow feeding costs will be higher this winter as more supplemental feed is being purchased, at a relatively high cost, to supplement winter grazing. Cow-calf producers may see their costs increase by \$50 per head and their revenues decrease by \$50 per head relative to 2006. That is a large swing and may alter the expansion plans that some producers may have had in place prior to the new corn market and this winter's storms.

The Markets

Slaughter cattle prices were \$1 lower in the south with trade developing on Friday and prices were near steady in the north with trade on Thursday and Friday this last week. Prices were mostly \$87 in the south and \$140 in the north. Choice boxed beef prices were a little more than \$2.00 higher this week, while Select prices were up more than \$3.00 for the week. The Choice-Select spread decreased this week but remains wider than the historical level. Feeder cattle prices were lower in Kansas and Nebraska this week. Prices for 7-weight steers were \$2-3/cwt lower while prices for lighter 5-weight calves in Kansas were \$8 lower. Corn prices jumped higher this past week following a report of shorter supply issues by the USDA.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$86.91	\$87.86	\$96.60
Neb. Fed Steer Price, dressed weight	\$139.64	\$140.17	\$151.92
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$96.71	\$99.37	\$113.73
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$111.22	\$119.39	\$138.50
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$97.51	\$100.54	\$116.71
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$116.50	\$118.80	\$145.80
Choice Boxed Beef Price, 600-900 lb. carcass	\$154.56	\$152.50	\$156.80
Choice-Select Spread, 600-900 lb. carcass	\$13.11	\$14.15	\$12.93
Corn Price, Omaha Nebraska, \$/bu	\$3.82	\$3.46	\$1.80