

In The Cattle Markets

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Beef Exports Continue to Improve as Dollar Declines

Recently released trade data for January showed that beef exports continued to grow. January 2008 beef exports totaled 118.9 million pounds, 771,000 pounds more than December and up 35% from January 2007. Along with growing economies worldwide and increased protein demand, the decline in the U.S. dollar relative to many world currencies has also supported beef exports. The U.S. dollar index futures averaged \$75.285 in January 2008, down from \$76.70 December 2007 and \$84.43 a year ago. The weakening dollar is likely contributing to lower beef imports as well. January 2008 beef imports, for example, were down 20% compared to January 2007.

Canada and Mexico continue to comprise the largest volume of export trade for the U.S. (approximately 68% of all beef exports). In January, beef exports to Canada and Mexico were up 89% and 15%, respectively. Compared to the five-year period prior to the BSE trade disruptions (1999-2003), beef exports to these two countries were 44% and 8% higher in 2007. However, the U.S.'s two largest beef export customers prior to 2003 (Japan and South Korea) continue to lag in U.S. beef purchases compared to these historical levels. Japan and South Korea's beef imports from the U.S. were less than 20% of the 1999-2003 average. Still, beef exports to Japan and South Korea were up 16% and 171% in January compared to a year ago. Significant increases in exports to Russia and other countries also occurred in January.

The Markets

The live fed cattle market was about steady in Kansas last week, while dressed sales in Nebraska averaged \$142.58, \$2.40/cwt lower than the previous week. The boxed beef market had a tough week and contributed to the decline in fed cattle prices. Choice boxed beef dropped \$7/cwt from Monday through Friday, ending the week at \$141.95. For the week, Choice boxed beef averaged \$145.69, down over \$4/cwt from the previous week. The spread between Choice and Select narrowed \$1.18 to a scant \$1.82/cwt. Feeder cattle prices were generally steady last week in Kansas, while yearling steer prices averaged \$1.75 higher and calf prices averaged \$1.77 lower in Nebraska. Despite significant volatility in the corn market, prices averaged only two cents higher in Omaha last week. The distillers grain market, however, found more strength and was up about \$2.50/ton for dry DG in Iowa.

	Week of 3/14/08	Week of 03/07/08	Week of 03/16/07
Kansas Fed Steer Price, live weight	\$89.98	\$90.13	\$97.94
Nebraska Fed Steer Price, dressed weight	\$142.58	\$144.98	\$159.59
700-800 lb. Feeder Steer Price, KS 3 market average	\$101.30	\$100.39	\$106.21
500-600 lb. Feeder Steer Price, KS 3 market average	\$124.97	\$124.64	\$134.86
700-800 lb. Feeder Steer Price, NE 7 market average	\$104.67	\$102.92	\$108.95
500-600 lb. Feeder Steer Price, NE 7 market average	\$124.72	\$126.49	\$129.54
Choice Boxed Beef Price, 600-900 lb. carcass	\$145.69	\$150.04	\$165.50
Choice-Select Spread, 600-900 lb. carcass	\$1.82	\$3.00	\$10.30
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$5.37	\$5.35	\$3.73
DDG Wholesale Price, Iowa, \$/ton	\$162.50	\$160.00	\$130.00