

In The Cattle Markets

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Improving Foreign Trade Picture Tightens Domestic Beef Supplies

U.S. beef exports increased markedly during the first half of 2008. For example, beef exports to all destinations during January-June 2008 totaled 831 million pounds (carcass weight) vs. 633 million pounds last year, an increase of 31%. Increases in exports were spread across several destinations including Japan (up 36 million pounds, a 50% increase), Canada (up 55 million pounds, a 38% increase), Mexico (up 37 million pounds, a 13% increase) and the “other country” designation, which includes exports to a number of smaller importers (up 58 million pounds, an 80% increase).

At the same time, beef imports fell below year earlier levels. Total beef imports into the U.S. during January-June were about 356 million pounds less than during the first half of 2007, a 22% decline. The combination of larger exports and smaller imports meant that net beef imports (imports minus exports) into the U.S. during January – June were down 553 million pounds compared to a year earlier. The net effect of the improved foreign trade picture was to hold per capita beef supplies down compared to what they would have been without the reduction in imports and increase in exports.

The Livestock Marketing Information Center (LMIC) forecasts that per capita beef supplies in the U.S. during 2008 will fall about 2% below last year’s level. LMIC’s forecast is predicated in part on 2008 beef exports exceeding 2007’s by 27% and 2008 beef imports falling below 2007’s by about 12%. The fact that beef exports grew more rapidly, and beef imports fell more sharply, than that during 2008’s first half suggests that per capita beef supplies in the U.S could wind up declining even more than forecast. In turn, tighter domestic beef supplies will help support prices across all marketing channels.

The Markets

Slaughter cattle prices in Kansas and Nebraska the week ending August 15th were unchanged from a week earlier, averaging \$94.79/cwt (live weight) in Kansas and \$158.64/cwt. (dressed weight) in Nebraska. USDA’s Choice boxed beef cutout averaged \$164.26 last week, a 2% increase compared to a week earlier. Feeder cattle prices ranged from unchanged in Kansas to down about 3% in Nebraska for 700-800 lb. steers. Trade for 500-600 lb. steers was too light for an adequate market test.

Category	Previous		
	Last Week 8.15.08	Week 8.08.08	Last Year 8.17.07
Kansas Fed Steer Price, live weight	\$99.79	\$99.82	\$90.35
Nebraska Fed Steer Price, dressed weight	\$158.64	\$158.73	\$142.05
700-800 lb. Feeder Steer Price, KS 3 market average	\$116.76	\$116.68	\$116.86
500-600 lb. Feeder Steer Price, KS 3 market average	\$119.66	--	--
700-800 lb. Feeder Steer Price, NE 7 market average	\$116.40	\$119.59	\$124.05
500-600 lb. Feeder Steer Price, NE 7 market average	--	\$132.01	--
Choice Boxed Beef Price, 600-900 lb. carcass	\$164.26	\$160.94	\$144.39
Choice-Select Spread, 600-900 lb. carcass	\$6.84	\$6.55	\$5.74
Corn Price, Omaha, NE, \$/bu. (Thursday quote)	\$5.36	\$4.87	\$3.09
DDG Average Price, Iowa, \$/ton (Tuesday quote)	\$150.00	\$165.00	\$92.00



