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In The Cattle Markets

**Levi A. Russell, Assistant Professor and Extension Livestock Economist
Agricultural and Applied Economics, University of Georgia**

Beef Continues to Fare Well & and Personal Note

Over the past few years we have been discussing the implications of rising beef, pork, and poultry production. It's a simple story: if nothing else changes, higher production of beef will put downward pressure on beef prices, which means lower prices for fats, feeders, and calves. While this story is correct, the key assumption is that nothing else changes.

Fortunately, something else has changed. Specifically, beef demand is rising. In the 3rd quarter of 2017, it inched up 1-point year over year. In the 4th quarter it rose 2 points relative to 2016. In the first quarter of 2018 we saw a 4-point jump relative to the 1st quarter of 2017. Domestic demand for beef, especially higher value cuts is heavily dependent on strong consumer incomes. Unemployment is very low and GDP growth is strong, meaning that consumers are ready to spend money on good cuts of meat at the retail shelf and in their favorite restaurants.

Exports have also been strong this year while imports have held relatively steady. Export markets are crucial for beef and it is a stroke of luck that the primary trade battle at the moment is with a country that does not import a significant amount of our beef. Yes, higher tariffs on exports to China are a missed opportunity, but they are not as concerning as higher tariffs from Japan, South Korea, Canada, and Mexico would be.

This is my last week as an Extension economist. Over the past 5 years I have been a part of a great community of economists who are focused on serving the needs of producers as part of the Land Grant mission. These economists are top notch and they all do tremendous work. The industry and individual producers play a crucial role in providing a constituency for these economists and I hope each and every producer across the U.S. will be on the lookout for the great info Extension economists produce.

The Markets

Fed cattle prices increased slightly from prior week levels while feeder cattle prices decreased. The 5-area live fed cattle price for the week was up at \$112.98/cwt (live weight) while Nebraska yearlings traded lower at \$155.53/cwt. Corn prices were up for the week trading at \$3.46/bu in Omaha.

<i>Data Source: USDA-AMS Market News</i>		Week of 8/3/18	Week of 7/27/18	Week of 8/4/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$112.98	\$111.73	\$117.30
	all grades, dressed weight, \$/cwt	\$177.96	\$176.22	\$187.36
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$204.26	\$204.83	\$205.00
	Choice-Select Spread, \$/cwt	\$6.63	\$6.81	\$7.27
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$155.53	\$167.35	\$169.89
	Oklahoma 8-market, \$/cwt	\$151.96	\$152.59	\$151.96
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$167.00	\$197.38	\$186.50
	Oklahoma 8-market, \$/cwt	\$164.23	\$164.88	\$162.92
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.46	\$3.45	\$3.29
	DDGS, Nebraska, \$/ton	\$110.00	\$105.00	\$109.00