

In The Cattle Markets

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U.S. Beef Exports Continue Strong

The USDA Economic Research Service (ERS) released the latest (through April) U.S. livestock and meat trade by country last week. The report is available at www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx.

U.S. beef exports in April were up 15% from last year. Strong beef exports are especially significant because U.S. beef production has been down almost 6% for the year and beef prices are at record high levels. Sales to Southeast Asian countries continue to be strong. U.S. beef exports in April to Hong Kong were up almost 93%, followed by South Korea up 53%, and Taiwan up 9%. Although exports to Japan in April were down almost 5%, it was still by far the leading customer for U.S. beef. Beef exports to Mexico in April were also up over 20% with Mexico being the second leading customer.

For 2014 (January-April), U.S. beef exports are up 5.5%. The top five volume foreign customers for U.S. beef in order of importance were Japan (up 9%), Mexico (up 39%), Hong Kong (up 62%), Canada (down 25%), and South Korea (up 7%).

Japan regained the number one U.S. beef customer status in 2013. In February 2013, Japan again began accepting U.S. beef from animals less than 30 months of age. Japan was the leading customer prior to discovery of the first case of BSE in the U.S. in December 2003, when Japan banned U.S. beef imports. Trade for only beef from cattle slaughtered at 20 months of age or less resumed in 2005.

Russia is one of the leading importers of beef in the world. In 2012, Russia was the 6th leading destination for U.S. beef which amounted to over 6% of beef exports. Beef exports to Russia had been gradually increasing for several years. However, in 2013, Russian announced that it was banning all beef, pork, and turkey from the U.S. unless it could be certified free of ractopamine. So currently, very little beef is exported to Russia.

China has quickly emerged from importing very little beef in 2011 to the fifth largest beef importer in the world. However, China does not allow beef imports from the U.S. because officials cannot agree on China's regulations related to BSE issues. Canada reached a beef export agreement with China in June 2011, and China has been a growing market for Canadian beef.

The U.S. continues negotiations with both China and Russia to gain access for U.S. beef. The beef industry remains hopeful that those negotiations will be successful in 2014.

The Markets

The fed cattle market strengthened last week, but was still within the fairly narrow trading range that has occurred the last month. In the 5-area market, liveweight steers averaged \$145.78 per hundredweight up \$1.39 for the week. Dressed weight prices increased \$1.13 to average \$231.93 for the week. The boxed beef market strengthened late but still averaged lower. Choice boxed beef prices averaged \$231.81 down \$1.63 for the week. Prices in the feeder cattle complex continue to set record highs. In general, calf and feeder cattle prices were \$3 to \$5 higher on seasonally light supplies. The feeder cattle futures market continued to set life of contract and all time record highs with the August, September, October, and November contracts all trading over \$200 at the end of the week. Last week corn futures prices were the lowest since February as prospects for a good crop continued to materialize.

		Week of	Week of	Week of
		6/6/14	5/30/14	6/7/13
<i>Data Source: USDA-AMS Market News</i>				
5-Area Fed Steer	all grades, live weight, \$/cwt	\$145.78	\$144.39	\$122.81
	all grades, dressed weight, \$/cwt	\$231.93	\$230.80	\$196.94
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$231.81	\$233.43	\$204.21
	Choice-Select Spread, \$/cwt	\$9.43	\$10.32	\$19.75
700-800 lb. Feeder Steer	Nebraska 7-market average, \$/cwt	\$209.38	--	\$138.63
	Oklahoma 8-market average, \$/cwt	\$196.10	\$195.29	\$135.02
500-600 lb. Feeder Steer	Nebraska 7-market average, \$/cwt	\$240.47	--	\$161.25
	Oklahoma 8-market average, \$/cwt	\$228.03	\$236.56	\$151.33
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$4.48	\$4.89	\$7.29
	DDGS Price, Nebraska, \$/ton	\$191.80	\$203.00	\$225.00
	MWDGS Price, Nebraska, \$/ton	\$84.60	\$92.50	\$122.50