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The choice-select spread for beef has been much tighter than normal, even for this time of year. The differential can largely be attributable to the fact that consumers are choosing to purchase less valuable cuts of meat that can be found in the end portions of the animal as well as ground beef. The narrowing of the choice select spread suggests a demand improvement for lower quality beef. Or, stated differently, the value for select beef has not fallen as rapidly as choice beef.

As a result of the spreading narrowing, Louisiana cattle would possibly be more valuable due to the majority of the cattle raised in Louisiana grading as select upon slaughter. However, this is not the case. Weekly choice select spread data as well as weekly pricing information for Oklahoma City and Louisiana feeder calved weighing 500 to 550 and 550 to 600 were obtained. Data was available from mid April 2003 until the end of January 2009. The weekly difference for Louisiana cattle relative to the Oklahoma City price for each weight class of cattle was calculated. Correlations between the weekly difference and the choice select spread were then calculated. For both weight classes of cattle, a slightly negative relationship was found suggesting that as the difference between Oklahoma City and Louisiana prices increases, the choice select spread tends to decrease.

As a result, the value that select grade cattle are currently retaining will likely not be passed back to Louisiana producers. Transportation accounts for a sizable portion of the price difference between Oklahoma City and Louisiana feeder steers. However, Jim Robb, director of the Livestock Marketing Information Center (LMIC), notes that some of the genetics that pre-dispose cattle to grade choice are only expressed over longer feeding patterns. Currently, even though grain prices are lower, there is weaker demand for choice grade beef suggesting that the additional cost of feeding to achieve choice status does not outweigh the benefit from feeding cattle to reach choice quality grades. Also, as Mr. Robb noted, tonnage is more important right now than quality. This is a reflection that consumers are currently purchasing more hamburger and lower end meats which allow for multiple servings as consumers stretch their budgets to feed their families.

	500-550 lb Feeder Steers	550-600 lb Feeder Steers
Number of weeks data available	232	235
Minimum price differential (OKC – LA)	\$2.74/cwt	\$5.16/cwt
Maximum price differential (OKC – LA)	\$22.75/cwt	\$23.59/cwt
Average price differential	\$9.96/cwt	\$10.22/cwt
Correlation	-0.12	-0.10

Both classes of cattle are Medium and Large 1-2

Data obtained from LMIC and USDA AMS

Additional information on the nature of the choice-select spread may be found at:

<http://www.lmic.info/memberspublic/pubframes.html> by clicking on the "In the Cattle Markets" link, look for the March 3rd edition. Boxed beef prices were slightly up this week. Choice boxed beef averaged \$134.8, up \$1.57 from last week with select boxed beef at \$132.30 (up \$1.30).

There is some potential good news for this country's livestock producers as Senator John Thune of South Dakota has introduced legislation that would prevent future implementation of the so called "cow tax" that garnered much attention late last year. The proposed legislation would prevent livestock producers from having to purchase permits to offset greenhouse gases emitted from livestock. More information on this as it comes available.

Recently, President Obama and Secretary of Agriculture Vilsack agreed to let the final mandatory Country of Origin Labeling (COOL) rules as passed by the Bush administration to stand. However, as widely reported, Secretary Vilsack did send a stern letter to the meat industry asking them to go above the letter of the law threatening to send the law back to Congress to toughen it. While visual inspection is sufficient to claim cattle are of U.S. origin, the LSU AgCenter fact sheet on this issue will still include producer affidavits in the final pages. These affidavits and production records will help to establish a paper trail in case needed as well as provide producers a record keeping system that they may find useful in their normal operations. The revised fact sheet will be posted shortly on the AgCenter website.

Cash trading was mostly inactive in the feeding regions until Thursday. On Thursday, portions of Nebraska saw \$80-\$81 for live cattle and mostly \$130 for dressed animals. Trading on Friday was listed as light to moderate on mostly moderate demand across all the feeding regions. Live cash prices were \$81.50 to \$82 in all regions.

Continuing on an earlier theme from earlier in the newsletter, Medium and Large #1 feeder steers in Oklahoma City posted fairly strong week to week gains for 500-550 and 750-800 pounds. Lighter weight steers were up to \$110 from \$104 the previous week with the 750-800 steers finishing at \$89 up from \$86 the previous week. Given the strong losses in feeder cattle futures over the past two days, these gains may not be held when Oklahoma City prices are next reported on Wednesday.

Estimated number of cattle for the week is expected to be 603 thousand compared to 2.228 million hogs and 154.2 million broilers. Meat production is expected to finish the week at 475 million pounds of beef and 454.5 million pounds of pork. The average dressed weight for cattle is expected to be 791 pounds compared to 776 pounds this week last year (last year's beef production was 500 million pounds for the same week). Some of this increase in dressed weights year to year can be attributable to largely favorable feeding conditions that the Northern Plains has experienced this year in addition to cattle entering feedlots at heavier weights.

This week at Louisiana cattle auctions, slaughter cows and bulls sold mostly steady to firm. Bulk of the feeder steers and heifers sold steady. The two most recent week's prices for Louisiana cattle are included this week as opposed to just this week's. Please let me know if you like this change.

Within the next few weeks, these updates will also be posted on the AgCenter website under either the news or marketing, economics, and business section for beef cattle.

Table 1. Louisiana Auction Prices for the Week Ending March 6th, 2009.

Weight	Steers	Heifers	Slaughter Classes	
200-250	N/A	N/A		
250-300	N/A	N/A	Boners	\$38-47.50
300-350	\$96-121	\$80-103	Lean (850-1200 lbs)	\$33-45
350-400	\$91-114	\$76-100		
400-450	\$86-112	\$72-97		
450-500	\$81-109	\$72-95	Bulls, YG 1-2, >1,500 lbs	\$52-61.50
500-550	\$79-89	\$75-93		
550-600	\$78-98	\$75-88		
600-650	\$77-93	\$78-86 ¹		
650-700	\$85-90	\$78-86 ¹		

Note: All prices are in \$/cwt, steers and heifers are Medium and Large 1-2

Price ranges may reflect higher prices received in northern areas of the state in the middle of the week

¹Represents the price was reported in hundred pound increments as opposed to fifty pound increment.

Source: USDA AMS

Table 2. Louisiana Auction Prices for the Week Ending February 27th, 2009.

Weight	Steers	Heifers	Slaughter Classes	
200-250	N/A	N/A		
250-300	N/A	\$95-110	Boners	\$38-47.50
300-350	\$104-130	\$90-107	Lean (850-1200 lbs)	\$33-45
350-400	\$101-117	\$76-97		
400-450	\$98-113	\$72-100	Bulls, YG 1-2, <1,500 lbs	\$49-54
450-500	\$85-108	\$72-92	Bulls, YG 1-2, >1,500 lbs	\$51-61.50
500-550	\$85-100	\$83-91		
550-600	\$80-95	\$70-89		
600-650	\$75-93 ¹	\$75-83 ¹		
650-700	\$75-93 ¹	\$75-83 ¹		

Note: All prices are in \$/cwt, steers and heifers are Medium and Large 1-2

Price ranges may reflect higher prices received in northern areas of the state in the middle of the week

¹Represents the price was reported in hundred pound increments as opposed to fifty pound increment.

Source: USDA AMS

Table 3. Futures Prices

Month	Live Cattle	Change*	Feeder Cattle	Change*	Corn	Change*
Mar			\$ 90.500	-2.100	352 3/4	2
Apr	\$ 82.450	-3.475	\$ 90.625	-3.250		
May			\$ 92.250	-3.250	361 1/2	2 1/2
Jun	\$ 81.075	-2.825				
Jul					371	2 1/2
Aug	\$ 82.200	-2.025	\$ 95.950	-2.750		
Sept			\$ 96.800	-2.200	379 1/4	1 1/2
Oct	\$ 86.000	-2.225	\$ 96.700	-2.300		
Nov			\$ 96.700	-2.000		
Dec	\$ 88.000	-1.925			390 3/4	- 1/4
Jan			\$ 96.400	-2.100		
Feb	\$ 88.750	-2.175			402 1/4	-1 3/4

Source: DTN

* Change is from the previous Friday's close