Cattle market volatility and big price variations are still with us, Jim Robb, Livestock Marketing Information Center director said recently at the University of Nebraska-Lincoln Gudmundsen Sandhills Laboratory Open House.

“We’re really in the worst recession or contraction since 1929,” Robb said. “Right now, on a year to year basis, the U.S. economy is shrinking at three or four percent compared to last year.”

Although the economy is coming out of the recession, it has shrunk so much that consumers don’t feel much better. For the beef industry, it’s likely to be a long haul until the consumer side starts helping the beef market.

In addition to problems with the overall economy, Robb cited competition from other meat products as cause for concern. Although pork production is down domestically, export markets have evaporated, so the domestic supply is well above a year ago. Pork competes very heavily in the beef complex, especially with products from cull cows and some meat cuts from the chuck and the round.

Skinless, boneless chicken breasts directly compete with hamburger in the fast food market, so when chicken is relatively inexpensive like it is now, it puts pressure on the hamburger market.

Beef market recovery will depend on the nature and rate of recovery in the U.S. and international markets, Robb said. In addition to beef, a lot of non-meat items, like the hide and tallow, are heavily dependent on exports, so world markets will affect overall prices.

The relative success of the corn crop will determine how much cattle feeders can pay for calves and yearlings this fall, but generally Robb expects to see calf prices hold up better than last year, as the international credit crisis passes.

Longer term, producers should prepare to manage not only for higher prices, but also higher cost of production. As the world economy turns around, Robb expects such inputs as fuel, fertilizer and feed to become more expensive.

“We have thought historically about managing by the cattle cycle,” Robb said, “but in the new economics, especially at the cow/calf level, other factors beyond the cattle cycle will be much more important.”