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An Advance Peak at Cattle Numbers

Where did all the cows go that were liquidated from drought stressed pastures this fall? Apparently, they did not go to slaughter. The USDA reports that beef cow slaughter for 2002 through the 23rd of November is down 1.3 percent from 2001 for the same time period. Does that slaughter level imply that we are beginning herd rebuilding in spite of the drought in the Northern Plains and Rocky Mountain states? Probably not – we started 2002 with 300,000 fewer beef cows than in 2001. If we slaughtered the same percentage of the herd in 2002, beef slaughter should have declined one percent. Heifer slaughter is down 0.5 percent for 2002. This modest decline is again primarily explained by a reduction in the number of heifers available. So, how many beef cows will be on hand when the USDA does their annual survey in January? We won't know for certain until the end of January, but I would expect beef cow numbers to be essentially unchanged at 33 million head.

Recent placement data into feedlots would indicate that the number of cattle on feed for 2003 should be below 2002 levels for at least the first half of the year. If the beef cow herd is no larger on January 1, and if producers do start to rebuild herds, then it is likely that the numbers of heifers being placed on feed will also be reduced in 2003. This should lead to higher prices for calves, yearlings, and fed cattle in 2003.

The Markets

Last week, slaughter cattle prices were \$1 lower in the southern plains, with the bulk of the trade occurring at \$72-73. Prices were also lower in the north with slaughter cattle prices at mostly \$114-115 dressed. Boxed beef prices were higher for the week with Select gaining more than Choice. Feeder cattle prices were generally firmer in Kansas but were a little weaker in Nebraska. There were numerous sales on 500-700 pound cattle.

| | Last Week | Previous Week | Last Year |
|---|------------------|----------------------|------------------|
| Kansas Fed Steer Price, live weight (35-65% Choice) | \$72.54 | \$73.32 | \$61.80 |
| Neb. Fed Steer Price, dressed weight (35-65% Choice) | \$114.42 | \$115.34 | \$99.99 |
| 700-800 lb. Feeder Steer Price, Kansas 4 market average | \$86.14 | \$86.11 | \$82.69 |
| 500-600 lb. Feeder Steer Price, Kansas 4 market average | \$93.36 | \$92.75 | \$92.40 |
| 700-800 lb. Feeder Steer Price, Neb. 7 market average | \$86.75 | \$89.64 | \$85.65 |
| 500-600 lb. Feeder Steer Price, Neb. 7 market average | \$95.32 | \$96.91 | \$96.76 |
| Choice Boxed Beef Price, 600-750 lb. carcass | \$122.61 | \$120.97 | \$111.65 |
| Choice-Select Spread, 600-750 lb. carcass | \$5.02 | \$6.65 | \$5.19 |