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**Cattle on Feed**

The USDA released the Cattle on Feed report on Friday and it contained few surprises. There were 10.59 million head of cattle on feed as of January 1, 2003. This is an 8 percent decline from 2002 and a decline of 10 percent from 2001. This decrease was in line with trade expectations. December placements were a little higher than expectations, but December marketings were also above trade expectations. It appears that northern sellers (Colorado +37%, Iowa +20% and Nebraska +14%) were particularly aggressive with marketings.

The placement numbers are friendly to the present fed cattle price rally. Placement of yearlings weighing more than 800 pounds was down by 6% and placements of 700 pound cattle were down 1%. It appears that showlists will likely remain tight for the next few months. Placements of six-weight calves were up 7% compared to the prior year.

This report probably will have only a limited impact on the market. The recent strength in the box beef market should be positive to the trade. Looking at the relative prices for box beef, fed cattle, feeder cattle and calves, reveals that either feeder cattle and calves were over valued at this time last year, that cattle traders believe the market will drop back to last years levels after the first quarter, or that feeder cattle and calves are currently undervalued.

**The Markets**

Slaughter cattle prices were \$2 higher in the southern plains, with the bulk of the trade occurring at \$80. Prices were generally higher in the north with slaughter cattle prices at mostly \$124 dressed. Boxed beef prices were sharply higher for the week and the Choice-Select spread narrowed. Feeder cattle prices were generally lower in Kansas and Nebraska for 700 lb and heavier cattle on good volume and calf prices were also a little softer.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight (35-65% Choice)	\$79.72	\$77.78	\$67.94
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$124.11	\$122.99	\$107.26
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$79.84	\$84.08	\$82.42
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$93.70	\$94.46	\$99.56
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$81.54	\$84.75	\$84.67
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$95.38	\$96.74	\$101.81
Choice Boxed Beef Price, 600-750 lb. carcass	\$133.86	\$125.10	\$112.18
Choice-Select Spread, 600-750 lb. carcass	\$5.07	\$5.11	\$3.81