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Cattle on Feed

The USDA released the Cattle on Feed report on Friday and it should be friendly to cattle producers. There were 10.52 million head of cattle on feed as of March 1, 2003. That is a decline of just over 1% from February and a 9 percent decline from March 2002 and a decline of 10 percent from March 2001. This decrease was greater than most traders had expected. February placements were 92% of 2002 and were lower than expectations, while February marketings were 96% of 2002 and were inline with trade expectations

Placements were lower in 2003 than in 2002 for all weights of feeders, except for the under 600 pound category that showed a slight increase. This placement pattern should be supportive of the June and August Live Cattle contracts.

Colorado had the largest percentage drop in the number of cattle on feed. They were down 14%. Texas was down 10%, Oklahoma and Kansas were down 7% and Nebraska was only down 5%.

It appears that feedlots are current and the discounted futures relative to current cash has encouraged producers to market fed cattle as soon as possible. This is having the impact of reducing carcass weights, which is further reducing the supply of beef. The supply fundamentals appear to favor strong cattle prices over the next couple of months.

The Markets

Slaughter cattle prices were \$2 higher in the southern plains, with the bulk of the trade occurring at \$78. Prices were \$3 higher in the north with slaughter cattle prices at \$125-126 dressed. Choice boxed beef prices were steady for the week but the Choice - Select spread increased. Feeder cattle prices were generally higher in Kansas and Nebraska on all weight of feeders. Calf volume is relatively light.

| | Last Week | Previous Week | Last Year |
|---|----------------------|--------------------------|----------------------|
| Kansas Fed Steer Price, live weight (35-65% Choice) | \$77.96 | \$76.80 | \$71.08 |
| Neb. Fed Steer Price, dressed weight (35-65% Choice) | \$125.50 | \$122.09 | \$113.81 |
| 700-800 lb. Feeder Steer Price, Kansas 4 market average | \$77.78 | \$76.83 | \$80.89 |
| 500-600 lb. Feeder Steer Price, Kansas 4 market average | \$97.72 | \$93.92 | \$98.70 |
| 700-800 lb. Feeder Steer Price, Neb. 7 market average | \$81.78 | \$79.43 | \$83.80 |
| 500-600 lb. Feeder Steer Price, Neb. 7 market average | \$100.08 | \$98.11 | \$104.38 |
| Choice Boxed Beef Price, 600-750 lb. carcass | \$125.21 | \$125.18 | \$122.63 |
| Choice-Select Spread, 600-750 lb. carcass | \$6.70 | \$5.35 | \$3.26 |