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Is the surge in U.S. slaughter that occurred following Canada's BSE announcement coming to an end? Federally inspected U.S. cattle slaughter the last two weeks was up less than one percent compared to 2002. During the four weeks ending July 5th, cattle slaughter was just 2.7% larger than last year. This is in sharp contrast to the period covering the weeks ending on May 31 through June 21 when cattle slaughter rose 5.8% above 2002's.

Beef production has also slowed recently. Production the last two weeks was 2.7% smaller than last year and over the last four weeks was virtually unchanged compared to 2002. Again this is in sharp contrast to the weeks ending on May 31 through June 21 when beef production was 3.4% larger than last year.

Beef production is being held down by the fact that weights are running below a year ago. According to USDA, dressed steer weights averaged 792 pounds during the first three weeks of June, 2.7% (25 pounds) below a year ago.

Although weights are running well below a year ago, they have been increasing seasonally. Since bottoming out in April, dressed steer weights have increased about 2.1%. Over the last five years, steer weights increased about 2.3% from their late April/early May low through the third week of June.

Some cattle feeders accelerated their late spring/early summer marketings to take advantage of higher than expected cattle prices. That could help explain the late May-early June surge in cattle slaughter. The fact that weights have increased seasonally, despite the large slaughter volume in late May and early June, could be attributable to good feeding conditions in the Plains states. If cattle feeders really did accelerate their spring marketings, it could lead to tighter U.S. supplies during July.

The Markets

Weekly average Kansas slaughter cattle prices rebounded to nearly \$75 (live weight) last week, after falling to \$74 the prior week. Dressed weight slaughter steer prices in Nebraska rose nearly \$2.50 per cwt., compared to the previous week. Weekly average light Choice boxed beef prices declined over \$3.00/cwt. and the light Choice-Select spread declined \$2.50/cwt. to average \$7.24/cwt. for the week. Feeder cattle and calf trade was very light as most farmers were still busy combining wheat. Feeder weight steers in Kansas rose less than \$1/cwt., compared to late June, on very light volume. Not enough light weight steers traded in Kansas to test the market. Nebraska's price report was not available when this newsletter was written.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$74.86	\$73.94	\$63.82
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$119.52	\$117.08	\$99.07
700-800 lb. Feeder Steer Price, Kansas 4 market avg.	\$88.91	\$88.19	NA
500-600 lb. Feeder Steer Price, Kansas 4 market avg.	NA	\$95.00	NA
700-800 lb. Feeder Steer Price, Neb. 7 market avg.	NA	\$87.75	\$82.47
500-600 lb. Feeder Steer Price, Neb. 7 market avg.	NA	\$109.79	NA
Choice Boxed Beef Price, 600-750 lb. carcass	\$129.49	\$132.83	\$112.26
Choice-Select Spread, 600-750 lb. carcass	\$7.24	\$9.75	\$4.07