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**Cattle On Feed Report Mostly Neutral**

The number of cattle on feed as of October 1, 2003 was 10.2 million head, according to USDA's October Cattle on Feed report. This is a decline of 1.9% compared to last year and the 18th month of year-to-year reductions in the on feed inventory. Marketings during September were 2.03 million head, 10% higher than September 2002 and above trade expectations. Apparently, cattle feeders were still able to pull cattle forward in September in response to record high slaughter cattle prices. September marketings as a percentage of the on feed inventory were 13.3% higher than in September 2002. Aggressive marketings for the past several months have lowered the number of cattle on feed for more than 120 days to 1.94 million head, 28.6% lower than last year at this time. Net placements were 12.9% higher in September compared to last year, slightly higher than the average pre-release expectation.

**Futures Market**

The live cattle futures market made a valiant effort over the past two weeks to keep up with rapidly advancing cash fed cattle trade. During those two weeks, October Live Cattle were bid limit higher for seven consecutive days. Without futures trading for those seven days, some short hedgers were unable to lift hedges and hesitant to make cash sales and continue to pay margin calls. The Chicago Mercantile Exchange implemented new expanded limits on October 15, 2003, allowing October futures to close \$2.60 higher at \$102.92. Thursday and Friday saw decreases of \$3.00 (new expanded limit) and \$0.57, respectively. The new trading limits allow price moves of \$3.00 higher or lower provided one of the first two nearby even-month contracts were bid or offered limit higher or lower (\$1.50) for the two previous days. The limit is increased to \$5.00 when one of the first two nearby even-month contracts are bid or offered at the \$3.00 limit for the previous two days.

**The Markets**

The previous week's high prices for slaughter cattle and boxed beef were barely entered into the record books before being broken by last week's significantly higher prices. Last week, Kansas slaughter cattle prices were about \$10 higher on a live weight basis at \$106. Nebraska dressed steers were \$23 higher at \$177.20. Choice and Select boxed beef prices advanced \$29.13 and \$36.88 last week, both posting new highs. The Choice-Select spread narrowed by \$7.75; however, it is 13.27 wider than last year. Last week, 700-800 lb. steer prices in Kansas were \$2-3 lower than the previous week, but steady to stronger in Nebraska. Steer calf prices were \$2-3 lower in Kansas and Nebraska.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight (35-65% Choice)	\$106.01	\$95.85	\$65.96
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$177.20	\$154.10	\$102.93
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$105.44	\$108.16	\$83.29
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$109.00	\$112.81	\$87.34
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$110.17	\$109.92	\$84.01
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$113.13	\$115.15	\$87.78
Choice Boxed Beef Price, 600-750 lb. carcass	\$194.32	\$165.19	\$110.40
Choice-Select Spread, 600-750 lb. carcass	\$22.10	\$29.85	\$8.73