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Cattle on Feed Report

The monthly cattle on feed report, released last Friday, estimated the December 1 on feed inventory up 4% from last year at 11.3 million head, which was slightly lower than the average pre-release estimate. This marks the fourth consecutive month of higher numbers of cattle on feed. From August 1 to December 1, the on feed inventory has increased by 1.74 million head (18%). Correspondingly, the number of cattle on feed for more than 120 days increased to 2.1 million head on December 1, up 23% from November 1. However, the cattle on feed for more than 120 days continues to be well below last year (down 12.5%) and the five-year average (5.5%). The growing on feed inventory and increasing amount of cattle on feed for 120+ days indicates increasing supplies of fed cattle by the end of 2004's first quarter.

Net placements were down 3.1% in November 2003 compared to last year. This is a larger reduction than the average pre-release estimate of a 0.3% decrease. Net placements of 600-699 lb., 700-799 lb., and 800+ lb. feeder cattle were down 12%, 9%, and 7%, respectively. Placements of cattle weighing less than 600 lbs. were up 15% in November compared to last year.

The biggest surprise in the cattle on feed report was the aggressive marketings pace reported by USDA. The average pre-release estimate pegged November marketings at 83.4% of last year. USDA's actual number was 88.8%. When accounting for one less marketing day in November 2003 compared to 2002, average daily marketings were 93.5% of a year ago. This marks the second month of higher-than-expected marketings. Further, November 2003 steer and heifer slaughter was about 14% lower than in November 2002, raising questions of the accuracy of USDA's reported number. Still, the higher marketings figure contributed to a modest increase in the futures market price on Monday morning.

The Markets

Last week slaughter cattle prices continued to decline, with Kansas live weight prices down \$5-6 and Nebraska dressed prices down \$7 at \$148.87. Choice boxed beef prices were \$0.45 lower last week at \$156.64, but still more than \$30 higher than last year. The Choice-Select spread narrowed by \$2.13 last week to \$12.12. Steer calf prices in Nebraska and Kansas were about steady with the previous week. Prices of 700-800 lb. steers in Nebraska and Kansas were down \$2.50-3.50cwt last week.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$91.02	\$96.60	\$71.54
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$148.87	\$155.81	\$111.98
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$98.46	\$101.93	\$85.19
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$111.46	\$110.21	\$93.85
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$101.45	\$104.08	\$86.52
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$114.69	\$115.01	\$95.46
Choice Boxed Beef Price, 600-750 lb. carcass	\$156.64	\$157.09	\$123.61
Choice-Select Spread, 600-750 lb. carcass	\$12.12	\$14.25	\$5.67

Issue Note: *In The Cattle Markets* will not be published next week due to the holidays. The next issue will be on January 5. Best wishes for a meaningful and enjoyable holiday season and an exciting and productive new year.