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Cattle on Feed

The USDA released the Cattle on Feed report this past Friday. There were 11.25 million head of cattle on feed as of January 1, 2004. This is a 6 percent increase from 2003 but that number is 3 percent smaller than in 2002. This increase was a little more than the trade expectations. December placements were at the top end of expectations, with 10% more placed on feed compared to last year. December marketings were also above trade expectations, but still fell short of last year's marketings. It appears that the southern plains were particularly aggressive with placements with Texas and Oklahoma being up 17% and 56%, respectively. Nebraska and Kansas placements were only 3% and 5% higher than the previous year.

Placement of yearlings weighing more than 800 pounds were only 5% higher while placements for calves under 600 pounds were 19% higher. The number of steers on feed is up 5% while the number of heifers on feed is up 9%.

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 current trade. Unless there are some huge sales of feeder cattle this week and next, then January placements will likely be below year ago levels. This will somewhat offset the large December placement figure. It would also not appear that there is much if any beef cow herd expansion, given the number of heifers on feed.

The Markets

Slaughter cattle prices were \$5-7 higher in the southern plains, with Friday prices at \$82. Prices were sharply higher in the north with slaughter cattle prices at mostly \$126-130 dressed. The fed market was encouraged by increasing boxed beef prices, which gained \$10 for the week. Feeder cattle prices were generally steady in Kansas and Nebraska for 700 lb and heavier cattle on good volume and calf prices also were steady on increased volume from the previous week.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$78.76	\$74.06	\$79.72
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$127.75	\$120.30	\$124.11
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$90.46	\$89.18	\$79.84
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$108.68	\$108.19	\$93.70
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$94.83	\$92.00	\$81.54
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$115.23	\$117.06	\$95.38
Choice Boxed Beef Price, 600-750 lb. carcass	\$137.30	\$131.38	\$133.86
Choice-Select Spread, 600-750 lb. carcass	\$7.43	\$9.21	\$5.07