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Cattle On Feed Report

USDA's February Cattle On Feed Report contained few surprises for the trade. February 1, 2004 cattle on feed inventory at 11.12 million head was 4.3% higher than last year, but 1.1% lower than the previous 5-year average. January 2004 total marketings were 1.78 million head, down 9.5% from January 2003. Adjusted for one less marketing day in January 2004 compared to last year, average daily marketings were down 5.2%. With year-to-date federally inspected slaughter down 9.1%, it appears cattle feeders have been less aggressive in making sales so far this year. In fact, marketings as a percentage of the on feed inventory were 15.8% in January, down from 18.6% last year. The slower marketing pace this year likely resulted from uncertainty surrounding the December 2003 BSE case and recent market price volatility. As a result, the number of cattle on feed for more than 120 days grew substantially. On February 1, 3.3 million head had been on feed for more than 120 days, 23.5% more than last month and 13.3% more than last year. Net placements of cattle on feed were down 19.8% in January 2004 compared to last year.

The February Cattle On Feed Report also contained USDA's annual report of the number of U.S. feedlots and their capacities. USDA estimated that at the end of 2003, there were 2,205 feedyards with 1,000+ head capacities, down slightly from 2002. The inventory of cattle in those feedyards, however, grew 5.6% to 11.253 million head during 2003. With a total capacity of 16.6 million head, these feedyards are currently 68% full. The most growth in number of feedyards and inventory occurred for feedyards with 8,000-15,999 head capacities. During 2003, the number of these mid-sized feedyards increased 2.1% to 195, but their current inventory jumped 17.9%. The number of feedyards with a capacity of less than 1,000 head declined by 2.2% to 91,000. However, the average size of these small feedyards increased. Current inventories shrunk by only 0.2% and 2003 marketings increased by 0.7% for feedyards with less than 1,000 head capacities.

The Markets

Last week Kansas slaughter cattle prices advanced \$1 on a live weight basis. Nebraska dressed prices were \$1-2 higher at \$125. Choice boxed beef prices at \$127.58 last week were about \$1 higher than the previous week and last year. The Choice-Select spread narrowed by \$2.07 last week to \$6.47. Feeder cattle prices were \$2-4 higher in Nebraska last week, while Kansas feeder cattle gained about \$1 for the week.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$78.89	\$77.58	\$79.78
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$125.11	\$123.54	\$122.85
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$88.97	\$87.71	\$78.38
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$106.53	\$106.30	\$93.93
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$90.98	\$86.97	\$79.62
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$114.05	\$112.91	\$98.15
Choice Boxed Beef Price, 600-750 lb. carcass	\$127.58	\$126.57	\$126.28
Choice-Select Spread, 600-750 lb. carcass	\$6.47	\$8.54	\$6.94