

**James Mintert, Ph.D.****Professor, Department of Agricultural Economics, Kansas State University****Canadian On Feed Inventory Still Below A Year Ago**

Estimates of the number of cattle on feed, fed cattle marketings, and placements of cattle on feed in Alberta and Saskatchewan were released by CanFax last week. According to the report, the inventory of cattle on feed in Canada is still lagging behind last year. On March 1, CanFax estimated the Alberta-Saskatchewan on feed inventory totaled 781,000 head, 23% below a year ago and 34% smaller than the four year average for March. Fed cattle marketings during February also lagged behind last year, falling 14% below 2003's and 19% below the four-year average. According to the CanFax report, marketings during January and February, combined, were about 17% smaller than last year. Finally, placements of cattle on feed in Alberta-Saskatchewan during February totaled 102,000 head, down 45% compared to a year ago.

In contrast to the fed cattle marketings reported by CanFax, however, Canadian slaughter levels this year have been well above a year ago. Canadian slaughter volumes during January and February averaged 68,000 head per week, 15% larger than 2003's. Disruptions in the Canadian cattle feeding sector since the Alberta BSE case was identified in late May 2003 make year-to-year comparisons more difficult than normal. Nevertheless, it appears that the year-to-year increase in slaughter volume reflects the fact that the Canadian on feed inventory, outside the over 1,000 head capacity yards surveyed by Canfax, was larger than a year ago during January and February.

Canada's January 1 all cattle and calves inventory was 14.66 million head, nearly 9% larger than a year ago. Most of the year-to-year increase in the cattle inventory was the direct result of Canada's loss of export markets during 2003 as last year's calf crop was only 1% larger than 2002's. The big increase in Canada's January 1 cattle inventory means Canada has a very large supply of feeder cattle outside feedlots awaiting placement on feed. Some of these cattle have been on growing rations for an extended period of time and will likely be placed on feed at very heavy weights. Once live cattle trade resumes with the U.S., placements of cattle on feed in Canada will increase sharply and feeder cattle exports to the U.S. will also jump, thereby boosting U.S. fed cattle supplies later this year.

**The Markets**

Cash slaughter cattle prices increased nearly \$3/cwt (live) in Kansas and nearly \$6/cwt. (dressed) in Nebraska last week. The price increase pushed the weekly average in Kansas to \$87.77/cwt. (steers, live weight) and to \$141.02/cwt. (steers, dressed weight) in Nebraska, the highest prices since the week before Christmas '03 (& the week before the Washington state BSE case). This was the fifth consecutive increase in weekly average slaughter cattle prices. Boxed beef prices also increased as the weekly USDA light Choice cutout averaged \$143/cwt., which was #3.50/cwt. higher than the prior week's average. The light Choice-Select spread increased nearly \$1.50 to average \$9.17 last week. The Choice-Select spread normally bottoms out in early to mid-March and then starts to increase seasonally. It looks the seasonal rise is underway as the spread early this week was over \$10/cwt. Look for the spread to continue widening between now and mid-spring. Feeder prices were stronger at most markets last week. Feeder weight steers in Kansas averaged over \$93/cwt., \$2/cwt. higher than the prior week and average prices for light

weight steers suitable for spring grazing programs jumped over \$5/cwt. Seasonally, the strongest prices of the year for light-weight steers normally occur during late March and early April. Look for 500-600 pound steers in Kansas to trade in the \$115 to \$120 range.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, wtd. average, live weight	\$87.77	\$84.98	\$76.78
Nebraska Fed Steer Price, wtd. average, dressed weight	\$141.02	\$135.33	\$122.12
700-800 lb. Feeder Steer Price, Kansas 4 market avg.	\$93.36	\$91.28	\$76.83
500-600 lb. Feeder Steer Price, Kansas 4 market avg.	\$114.27	\$108.73	\$93.92
700-800 lb. Feeder Steer Price, Neb. 7 market avg.	\$94.25	\$94.01	\$79.43
500-600 lb. Feeder Steer Price, Neb. 7 market avg.	\$117.89	\$115.81	\$98.11
Choice Boxed Beef Price, 600-750 lb. carcass	\$143.15	\$139.63	\$125.18
Choice-Select Spread, 600-750 lb. carcass	\$9.17	\$7.72	\$5.34