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Cattle On Feed Report

Last Friday's Cattle On Feed Report contained few surprises. USDA confirmed expectations of March 1 on feed inventory being 4% higher than last year, pegging the inventory at 10.98 million head. During February, feedyards marketed 1.69 million head, 1.3% less than February 2003. Marketings as a percent of the on feed inventory were down 5.5% in February, a marked improvement from January when marketings as a percent of inventory were down 15%. Although year-to-date slaughter is 8.6% less than last year, weekly slaughter has accelerated from earlier this year, confirming an improvement in the marketings pace. Still, the number of cattle on feed for more than 120 days continues to grow. On March 1, cattle on feed for more than 120 days was up 22.5% from March 1, 2003 and up 60% from the very current levels seen at the beginning of 2004. Net placements of cattle into feedyards during February, at 1.5 million head, were down 2.5% compared to last year. Placements of feeders weighing more than 600 lbs. were down 6-8% in February; however, placements of feeders weighing less than 600 lbs. were up 22% compared to February 2003's small number of light-weight placements and up 4% from the 5-year average.

More BSE Testing

Last week, USDA announced plans to dramatically increase the number of BSE tests conducted this year from 40,000 to likely over 200,000. USDA indicated that sampling 268,000 animals would enable detection of BSE at a rate of one positive in 10 million head with a 99% confidence level. The additional testing program, which USDA anticipates will be implemented by June 1, 2004, will target not only high-risk categories of cattle, but randomly sample other normal, or lower risk, animals. The move towards higher testing levels, which greatly surpass international standards, is another effort by USDA to provide a scientifically valid response to continued requests for 100% testing by Japan. At this point, however, Japan has not indicated acceptance of this new testing and surveillance program as a substitute for 100% testing.

The Markets

Last week slaughter cattle prices were lower, with Kansas live weight prices down \$1-2 and Nebraska dressed prices down \$2 on average. Choice boxed beef prices were \$1 higher last week, and nearly \$19 higher than last year. The Choice-Select spread, at \$10.64, continued its seasonal trend by widening another \$1.47 last week. Feeder cattle prices in were higher in Nebraska last week, with steer calf prices \$5/cwt higher than last week and yearling prices about \$1 higher. Feeder calf prices in Kansas were steady to \$1-2 higher.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$86.26	\$87.77	\$77.96
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$138.91	\$141.02	\$125.50
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$93.53	\$93.36	\$77.78
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$115.89	\$114.27	\$97.72
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$95.12	\$94.25	\$81.78
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$123.02	\$117.89	\$100.08
Choice Boxed Beef Price, 600-750 lb. carcass	\$144.15	\$143.15	\$125.21
Choice-Select Spread, 600-750 lb. carcass	\$10.64	\$9.17	\$6.70