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**Placements Down Again During April**

USDA's May **Cattle On Feed** report indicated the on feed inventory was 2% smaller than last year and that gross placements of cattle on feed during May fell 14% below 2003's. Net placements during May fell nearly 17% below last year. So far this year, net placements of cattle on feed have fallen 929,000 head below 2003's. Both the on feed inventory and placements estimates were slightly smaller than expected by the trade prior to the report's release.

Placement reductions this year have been focused on heavier weight cattle. Placements of cattle weighing over 800 pounds dropped sharply during May, falling 34% below a year ago. So far this year, placements of cattle weighing over 800 pounds have fallen 23% (470,000 head) below a year ago. In contrast, placements of cattle weighing 600-700 pounds and 700-800 pounds both declined about 12% during January-April 2004 compared to 2003's. This year's placement pattern implies that fed cattle supplies will continue to run well below a year ago this summer.

**The Markets**

Wholesale beef markets weakened last week and the decline in boxed beef prices led to lower slaughter cattle prices. USDA's weekly average light Choice cutout value declined nearly \$6/cwt. last week to \$154.13/cwt. vs. \$159.93 the prior week. The light Choice-Select spread dropped \$2 to average \$18.30/cwt. The Choice-Select spread normally peaks in late May or early June, so it's possible the spring peak has already been set. Still, the spread is likely to remain strong for several more weeks before the normal seasonal decline gets underway. Slaughter steers in Kansas averaged \$85.96 (live weight), which was down about \$1/cwt. compared to the prior week, whereas dressed steer prices in Nebraska averaged \$137.77/cwt., about \$4 lower than the prior week. Prices for 500-600 pound steers in both Kansas and Nebraska weakened last week as demand for grazing cattle is finally starting to wane. In Kansas 500-600 pound steers averaged about \$118/cwt., approximately \$4 lower than the prior week. The same weight cattle in Nebraska averaged about \$121/cwt. last week, \$5.56 below the prior week's average. Heavy weight feeder prices were stronger in Nebraska (+\$3/cwt.), but were virtually unchanged in Kansas, both compared to the prior week.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, wtd. average, live weight	\$85.96	\$86.90	\$78.47
Nebraska Fed Steer Price, wtd. average, dressed weight	\$137.77	\$141.71	\$124.83
700-800 lb. Feeder Steer Price, Kansas 4 market avg.	\$107.51	\$107.10	\$86.69
500-600 lb. Feeder Steer Price, Kansas 4 market avg.	\$117.94	\$122.26	\$101.66
700-800 lb. Feeder Steer Price, Neb. 7 market avg.	\$116.03	\$113.24	\$84.35
500-600 lb. Feeder Steer Price, Neb. 7 market avg.	\$120.95	\$126.51	\$107.37
Choice Boxed Beef Price, 600-750 lb. carcass	\$154.13	\$159.93	\$142.89
Choice-Select Spread, 600-750 lb. carcass	\$18.30	\$20.46	\$17.45