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Cattle On Feed Report

For the past three months, the cattle on feed inventory has been higher than year-ago levels. At 9.85 million head, the August 1, 2004 inventory is 2.7% higher than in 2003. However, inventory levels in the summer of 2003 were low as a result of high prices and current marketings at the time. Compared to the five year average, this summer's on feed numbers have been down about 1.5%. Last Friday's cattle on feed report confirmed expectations for a higher number of cattle that have been on feed for more than 120 days. As of August 1, an estimated 2.8 million head of cattle had been on feed more than 120 days, 42% higher than in 2003 and 4.3% higher than the five year average for August 1. Since February, the front-end supply of cattle has been higher than last year, but it has been decreasing throughout the spring and summer months, and at a faster rate than the decline in all cattle on feed numbers. This suggests that although prices in the next couple of months will be pressured, the price impact may be muted.

July 2004 marketings were down 15.2% compared to 2003 and were 10.1% lower than the five year average. Along with lower marketings, average dressed weights are running 16 pounds heavier than last year. Net placements of cattle into feedlots were down 14% in July, the second consecutive month of lower placements. Cattle feeders followed the same trend in July as in June by increasing placements of feeders weighing less than 600 lbs. and sharply reducing the placements of heavier weight feeder cattle.

The Markets

Slaughter cattle prices in Kansas were \$2-3 higher on a live weight basis last week, with the bulk of the trade occurring at \$87. Nebraska dressed sales were \$1-2 higher. Choice boxed beef was up nearly \$3 last week while the Choice-Select spread was mostly unchanged. Feeder steer prices in Kansas this week were about \$1 higher for 700-800 lb. steers and \$4 for 500-600 lb. steers. Yearling steers in Nebraska, however, traded \$2-3 lower for the week while feeder calf prices were \$1-2 higher.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight (35-65% Choice)	\$86.69	\$84.46	\$80.88
Neb. Fed Steer Price, dressed weight (35-65% Choice)	\$135.53	\$134.49	\$129.59
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$119.80	\$118.19	\$99.00
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$134.47	\$130.26	\$105.36
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$122.23	\$125.83	\$100.19
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$140.83	\$139.33	\$111.57
Choice Boxed Beef Price, 600-750 lb. carcass	\$140.51	\$137.53	\$138.51
Choice-Select Spread, 600-750 lb. carcass	\$6.79	\$6.74	\$10.01