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Beef Production Rises Above Last Year's

Beef production equals cattle slaughter times averaged dressed weight. During the first three quarters of 2004 small cattle slaughter helped keep beef production well below a year ago. Weekly federally inspected cattle slaughter during the first, second and third quarters of 2004 averaged 7.1%, 8.9%, and 13.7% below the prior year, respectively. But that pattern has changed. So far, fourth quarter cattle slaughter has averaged just 1.4% below last year.

Cattle weights have been heavier than last year for some time. But small cattle slaughter more than offset the rise in weights since last spring, until recently. Beef production moved above 2003's in late September and early October and is expected to remain larger than the prior year for some time to come. So far during the fourth quarter of 2004, beef production has averaged 3.5% above last year's.

Cattle weights normally peak during October. True to form dressed steer weights this year continued to rise through mid-October, but actually declined the third week of the month. Still, dressed steer weights during October averaged 3.5% heavier than a year ago.

Sluggish fed cattle marketings have contributed to rising fed cattle weights in recent months. Recent announcements of reduced operating hours by several firms suggest that weights could remain stubbornly high this winter as cattle feeders struggle to keep marketings current. Looking ahead, marketing rates and weather conditions during late fall and winter will both impact cattle weights. A succession of winter storms in the Plains states over the next couple of months could cure the industry's weight problem.

In The Markets

Weighted average slaughter steer prices in Kansas last week were nearly \$3/cwt. (live weight) lower, compared to the prior week, and Nebraska prices were down nearly \$5.00/cwt. (dressed weight). The cattle price decline was precipitated by a sharp decline in boxed beef prices. Last week the heavy Choice boxed beef prices cutout average fell \$7.43/cwt., a 5% decline compared to the prior week. As of 11.11.04, it looks like this week's heavy Choice cutout will average \$129 to \$130/cwt., or \$2 to \$3 lower than last week. Continued weakness in boxed beef prices has pressured slaughter cattle prices lower this week. Through 11.10.04, this week's USDA five-area slaughter steer price averaged \$80.82/cwt. (live weight), about \$1 below last week's average. Slaughter cattle price weakness and feedyard losses are also pushing heavy weight feeder cattle prices lower.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$81.86	\$84.72	\$103.84
Nebraska Fed Steer Price, dressed weight	\$128.83	\$133.48	\$166.41
700-800 lb. Feeder Steer Price, Kansas 3 market average	\$110.05	\$114.12	\$105.36
500-600 lb. Feeder Steer Price, Kansas 3 market average	\$126.20	\$127.78	\$107.82
700-800 lb. Feeder Steer Price, Nebraska 7 market average	\$107.21	\$113.99	\$106.84
500-600 lb. Feeder Steer Price, Nebraska 7 market average	\$124.21	\$126.10	\$111.22
Choice Boxed Beef Price, 750-900 lb. carcass	\$131.79	\$139.22	\$169.77
Choice-Select Spread, 750-900 lb. carcass	\$6.89	\$6.65	\$21.31