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Historically Small Marketings & Placements In February

The number of cattle on feed on March 1, 2005 was estimated at 11.2 million head in last Friday's Cattle on Feed report, up 1.6% from last year and 5.9% higher than the 5-year average. Although the on feed inventory appears to have seasonally decreased into March 1, this marks the tenth consecutive month with year-to-year increases in cattle on feed. February fed cattle marketings were down 3.4% from last year and 9.2% from the 5-year average as a result of a slower slaughter pace. Weekly federally inspected slaughter during February averaged 574,500 head, 3.5% lower than February 2004 and 10% lower than the 5-year average. At 1.6 million head, this is the smallest monthly marketings total since 1996 (when the current series began). As a result, the number of cattle on feed for more than 120 days has grown to an estimated 4.5 million head, 5.2% higher than last year and 10.7% higher than the 5-year average.

Net placements of cattle on feed last month was the smallest February total since 1998. At 1.45 million head, net placements in February were down 6.1% from last year and 11.4% from the 5-year average. Placements of light-weight feeders was down substantially in February 2005 compared to last year, with declines of 13.2%, 12.3%, and 4% for placements of less than 600 lb. feeders, 600-700 lb. feeders, and 700-800 lb. feeders. Only the 800 lb. and over category saw an increase in placements over last year (5.1%). The smaller placement numbers for February 2005 is a function of both the record small calf crop in 2004 and expected negative returns to feeding. The 37.6 million calves born last year comprised the smallest calf crop since the data series began in 1960. Further, at current feed prices and lofty feeder cattle prices, losses of \$6-10/cwt can be projected for cattle placed on feed and marketed in the third quarter.

The Markets

The recent rally driven psychologically by the continued closure of the U.S. border to Canadian live cattle imports appears to have slowed last week. Kansas slaughter cattle prices were down \$3-3.50/cwt, with the bulk of last week's trade at \$90. In Nebraska, dressed sales were \$1-3 lower last week. Choice boxed beef improved by \$4.65/cwt from the previous week, averaging \$156.72 for the week. Last week the Choice-Select spread widened \$1.58/cwt to \$6.36. Prices for yearling feeder steers and calves advanced \$4-5 last week in Nebraska and Kansas last week in response to tight supplies.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$90.05	\$92.98	\$86.20
Neb. Fed Steer Price, dressed weight	\$147.90	\$149.61	\$139.56
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$108.85	\$108.77	\$93.53
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$135.86	\$131.42	\$115.89
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$115.55	\$110.63	\$95.12
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$138.83	\$134.64	\$123.02
Choice Boxed Beef Price, 600-900 lb. carcass	\$156.72	\$152.07	\$144.03
Choice-Select Spread, 600-900 lb. carcass	\$6.36	\$4.78	\$10.99