

**Darrell R. Mark, Ph.D.**  
**Asst. Professor, Department of Agricultural Economics, University of Nebraska**

**May Cattle on Feed Report**

The release of the May Cattle on Feed report last Friday confirmed an expected increase in cattle numbers in feedyards with more than 1,000 head. On May 1, 2005, there were 10.64 million head of cattle on feed, an increase of 2.7% from May 1, 2004 and close to average trade estimates. April marketings were 1.8 million head, down 4.7% from April 2004. However, because April had one less marketing day this year, average daily marketings were nearly steady with April 2004. The marketings number was consistent with the 5% decrease in commercial slaughter reported for April. April marketings as a percent of the on feed inventory was 16.6%, down from 17.6% in 2004, indicating a somewhat slower marketing pace this year. This has resulted in a 5% increase in the number of cattle on feed for more than 120 days. Further, dressed steer weights at 788 pounds are running about 13 pounds heavier than last year and have begun their seasonal increase.

The average pre-release trade estimate for April placements was 103.3% of a year ago, ranging widely between 98.9-115.3%. USDA reported net placements of 1.57 million head in April, up 4.6% from 2004 and 1.1% from the 5-year average. Most of that increase was in heavier weight feeders, which will lead to some pressure on fed cattle prices late in the third quarter. Placements of 800+ pound feeders were up 43.4% from last year and 25% from the 5-year average. This large increase was lead by feedyards in Texas placing 100,000 more head of 800+ pound feeders in April 2005 than April 2004. Last year, placements of these heavy weight feeders were largely delayed until May as a result of uncertainties associated with fed cattle prices and beef export markets. Thus, while April placements in Texas were up substantially from 2004, it is likely that total placements for April and May will be closer to 2004 levels. Placements of feeder cattle weighing less than 600 pounds were also up (about 8% from last year), while placements of 600-800 pound feeders were down from 2004.

**The Markets**

Kansas slaughter cattle prices were steady to \$2/cwt lower last week, averaging \$88.85/cwt on a live weight basis. Dressed sales in Nebraska averaged about \$1/cwt lower last week. Choice boxed beef averaged \$156.25/cwt last week, down \$0.62/cwt from the previous week. Last week the Choice-Select spread narrowed \$0.54/cwt to \$15.36. Prices for yearling feeder steers weighing 700-800 lbs. were up almost \$4/cwt in Kansas last week while prices for 500-600 lbs. feeder steers advanced about \$2/cwt. Low volume resulted in a light test of the Nebraska feeder cattle market price last week, but observed prices were generally lower than the previous week.

|   | <b>Last Week</b> | <b>Previous Week</b> | <b>Last Year</b> |
|---|------------------|----------------------|------------------|
| Kansas Fed Steer Price, live weight                     | \$88.85          | \$90.22              | \$85.96          |
| Neb. Fed Steer Price, dressed weight                    | \$141.57         | \$142.60             | \$137.77         |
| 700-800 lb. Feeder Steer Price, Kansas 4 market average | \$118.52         | \$114.60             | \$107.51         |
| 500-600 lb. Feeder Steer Price, Kansas 4 market average | \$137.59         | \$135.64             | \$117.94         |
| 700-800 lb. Feeder Steer Price, Neb. 7 market average   | \$118.65         | \$121.30             | \$116.03         |
| 500-600 lb. Feeder Steer Price, Neb. 7 market average   | \$142.29         | \$148.59             | \$120.95         |
| Choice Boxed Beef Price, 600-900 lb. carcass            | \$156.25         | \$155.63             | \$154.41         |
| Choice-Select Spread, 600-900 lb. carcass               | \$15.36          | \$15.90              | \$19.10          |