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Cow Slaughter Down; Beef Cow Herd Growing

The number of beef cows in the U.S. was estimated at 33.750 million head in the July mid-year Cattle Inventory report. This represented an increase of about 250,000 head since July 1 of last year. As pasture and range conditions have improved in the last year and large profits have been earned in most of the cow-calf sector in recent years, the beef cow herd has been growing. The Cattle Inventory report indicated that the number of heifers being held as beef cow replacements was up 4.1% compared to 2004's mid-year estimate. This follows a similar increase in 2004.

Another indicator that the beef cow herd is growing is the substantial reduction in beef cow slaughter. For the year to date, federally inspected beef cow slaughter is down 7.7% compared to 2004 and down nearly 16% from the previous 5-year average. Heifer slaughter is also down this year – 6.8% compared to 2004 and almost 15% from the previous 5-year average. As a result, female slaughter as a percentage of steer slaughter has averaged 89% thus far in 2005, and has dropped below 80% in recent weeks. Historically, when this ratio drops below 90%, beef cow inventory levels begin increasing.

With the modest growth in the beef cow inventory, feeder cattle supplies should begin to increase in the next several years. With that, the historically high feeder cattle prices seen in the past two years will begin to fade, and therefore some of the profits from cow-calf production.

The Markets

Fed cattle prices traded at mostly \$80/cwt last week in Kansas, up \$1 from the previous week. Trade earlier in the week in Nebraska was lower than the previous week, but improved towards the end of the week, with average dressed prices down \$1.76 at \$123.18. Choice boxed beef dropped more than \$4/cwt last week to \$125.53/cwt, while the Choice-Select spread widened more than \$1/cwt to \$6.53/cwt. A relatively light test of the feeder cattle market in Nebraska last week resulted in prices averaging about \$1 higher for 500-600 lb. steers and up to \$5/cwt for yearling steers. Kansas feeder cattle markets were generally \$2-4 lower.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$79.94	\$79.09	\$84.65
Neb. Fed Steer Price, dressed weight	\$123.18	\$124.94	\$134.25
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$111.00	\$113.31	\$120.08
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$123.12	\$126.82	\$129.90
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$118.15	\$113.13	\$123.61
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$135.07	\$133.87	\$134.91
Choice Boxed Beef Price, 600-900 lb. carcass	\$125.53	\$129.77	\$141.12
Choice-Select Spread, 600-900 lb. carcass	\$6.53	\$5.48	\$4.50