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August Cattle on Feed

No major surprises were found in last Friday's Cattle on Feed report. USDA estimated the August 1 on feed inventory at 10.09 million head, up 2.4% from last year, and consistent with average trade estimates. Feeders placed 1.6 million head on feed in July, down 2.6% from July 2004. Pre-report trade estimates called for about a 2% increase; thus, the placements figure should be positive to fed cattle prices in the fourth quarter. Also somewhat positive was a slow-down in the number of 800+ lb. placements. 800+ lb. placements were up only 4.2% in July, compared to 20-40% year-to-year increases seen most months this year. 600-700 lb. placements were also up 4% in July, while other placement weight categories saw decreases of 7-9%. July marketings, at 1.9 million head, were nearly the same as last year, much as the trade expected. When adjusted for fewer marketing days in July 2005, average daily marketings were up close to 10%. With slightly lower placements and no decrease in marketings, the number of cattle on feed for more than 120 days as of August 1 increased less than the previous two months. At about 3.07 million head, the number of cattle on feed more than 120 days was up 8.2%.

Canadian cattle on feed numbers continue to see increases as well. At 710,000 head estimated in Alberta and Saskatchewan on August 1, the total on feed inventory is 16.7% higher than in 2004, and only 4.9% less than the 5-year average. July fed cattle marketings in Canada saw nearly a 40% increase over last year as a result of growing cattle on feed numbers and increased Canadian slaughter in the last several months. Most noteworthy was the 52% increase in placements of feeder cattle into Alberta and Saskatchewan feedyards. This is the third month of large increases in Canadian placements. This ramp-up in feeder cattle placements is likely a result of competitive feed costs in Canada and the open border to the U.S. for slaughter cattle less than 30 months old.

The Markets

Kansas fed cattle trade occurred on Thursday last week at steady to weaker prices. On a live weight basis, Kansas fed cattle averaged \$79.10/cwt for the week. Nebraska dressed prices were down about \$2/cwt, averaging \$124.81/cwt. Choice boxed beef increased \$0.68/cwt last week to \$134.41/cwt, while the Choice-Select spread widened \$0.46/cwt to \$7.27/cwt. Prices for 700-800 lb. feeder steers were more than \$1/cwt lower in Kansas and Nebraska last week. The average price for a 500-600 lb. steer dropped about \$1/cwt in Kansas and \$3/cwt in Nebraska last week.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$79.10	\$79.66	\$86.72
Neb. Fed Steer Price, dressed weight	\$124.81	\$126.99	\$136.46
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$114.66	\$115.96	\$119.80
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$128.24	\$126.95	\$134.47
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$116.59	\$117.94	\$122.23
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$136.61	\$139.70	\$140.83
Choice Boxed Beef Price, 600-900 lb. carcass	\$134.41	\$133.73	\$138.79
Choice-Select Spread, 600-900 lb. carcass	\$7.27	\$6.81	\$5.91