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**September Placements Higher Than Expected**

Net placements of cattle on feed were 2.28 million head in September, only slightly lower than September 2004 but roughly 100,000 head more than expected. Although the less than 600 lb. placement category saw a 10% decrease from last year and the 700-800 lb. category was down 1.3%, feeders placed 6.3% and 1.4% more 600-700 lb. and 800+ lb. feeder cattle, respectively. The largest increases in placements were in Iowa and Nebraska (where corn is relatively less expensive) and Colorado and California. Continuing weakness in cash corn prices during October, as well as the fed cattle price rally into the upper \$80s, should support active placements in October.

September marketings, at 1.816 million head, were slightly lower than the average trade estimate. With larger placements and fewer marketings than expected, the October 1 cattle on feed inventory (10.482 million head) was higher than expected and nearly steady with last year. Although the higher-than-expected on feed and placements figures in the Cattle on Feed report are considered moderately negative, a drop in cattle prices in response to the report are likely to be muted by positive news about the resumption of trade with Japan.

**Canadian Placements Dropped In September**

Cattle feeders in Alberta and Saskatchewan placed 253,000 head during September, 20.7% less than September 2004. This drop in placements is at least partially a result of restored trade with the U.S. According to weekly trade data, Canada exported about 33,000 feeder cattle to the U.S. in September. This is about a 57% increase from the 2000-2002 September average. However, the impact on U.S. prices from these increased imports has been muted by a decrease in slaughter cattle imports from Canada. During September 2005, the U.S. imported almost 40% fewer fed cattle from Canada compared to the 2000-2002 September average. Canada's cattle on feed data continues to show additional feeding in Canada, with September marketings up 24% and the on feed inventory on October 1, 2005 2.1% higher than a year ago.

**The Markets**

Fed cattle prices in Kansas last week were \$1/cwt lower (live weight basis) from the previous week, while Nebraska dressed steer prices were down about \$2/cwt. Choice boxed beef prices increased \$3 last week to \$146.42 while the Choice-Select widen \$0.69 to \$14.22/cwt. Weekly average feeder cattle prices in Kansas were down about \$3/cwt last week, while Nebraska yearling steer prices were about \$7/cwt lower and steer calf prices were down about \$11/cwt.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$87.84	\$88.69	\$86.86
Neb. Fed Steer Price, dressed weight	\$137.59	\$139.74	\$133.80
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$116.86	\$119.51	\$112.62
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$126.68	\$129.00	\$127.07
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$117.05	\$124.48	\$116.88
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$125.08	\$136.19	\$125.89
Choice Boxed Beef Price, 600-900 lb. carcass	\$146.42	\$143.45	\$140.37
Choice-Select Spread, 600-900 lb. carcass	\$14.22	\$13.53	\$5.74