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**Is Corn Cheap Enough?**

Last week, USDA released its November crop production report, which estimated the national corn crop at 148.4 bu/acre, a 2.3 bu/acre increase from last month. This puts the 2005/06 crop at 11.03 billion bushels, the second largest in history. Even with a 75 million bushel increase in use, USDA projects ending stocks of 2.3 billion bushels, up 99 million bushels from last month's estimate. This lowers the average farm price for the marketing year by \$0.05/bu since last month to \$1.80/bu.

At current corn and other feed ingredient prices, feeding cost of gain for current placements is likely to be about \$45/cwt. At the feeder steer prices in the table below, the breakeven price for 750 lb. steers in Nebraska would be about \$95/cwt at the end of April. Steer calves (550 lbs.) would breakeven at about \$89/cwt at the end of June. With April futures at \$91.12/cwt and June at \$85.60/cwt, there currently is little opportunity to hedge these placements at a profit or breakeven price. So, even with relatively cheap corn prices and the recent improvement in fed cattle prices, it appears that current feeder cattle prices are sufficiently high to project negative returns in "average" feeding budgets.

**The Markets**

Fed cattle trade occurred on Thursday last week, averaging more than \$2/cwt higher on a live weight basis in Kansas and \$5/cwt higher on a dressed basis in Nebraska. For the week, Kansas live steers averaged \$91.41 and Nebraska dressed steers averaged \$143. Last week, Choice boxed beef prices increased \$0.21 from the previous week, while the Choice-Select narrowing more than \$1 to \$12.21/cwt. The feeder cattle price rally continued last week, with yearling steers up \$1 and steer calves up \$2 in Kansas. Nebraska yearling steer prices advanced over \$4, with steer calves averaging nearly \$3 higher.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$91.94	\$89.66	\$84.94
Neb. Fed Steer Price, dressed weight	\$143.00	\$137.94	\$129.20
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$117.03	\$116.08	\$109.76
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$133.14	\$131.12	\$124.65
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$124.24	\$119.83	\$106.73
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$137.68	\$134.87	\$123.57
Choice Boxed Beef Price, 600-900 lb. carcass	\$145.52	\$145.30	\$130.25
Choice-Select Spread, 600-900 lb. carcass	\$12.21	\$13.58	\$5.77