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Cattle Inventory

The USDA released the annual cattle inventory numbers on Friday. Total of all cattle and calves in the U.S. is at 97.1 million head. That is 2% increase over 2005. The total cattle inventory was up 1% in 2005 compared to 2004, so it is now clear that we are in a herd growth phase of the cattle cycle. The 2% increase in total cattle numbers was a little larger than many experts had expected. Beef cows that have calved totaled 33.3 million head on January 1, 2006, a 1% increase over 2005. Beef heifers held for replacements were up 4% over 2005 at 5.9 million head.

Total cattle on feed in the U.S. is at 14.1 million head, a 3% increase over 2005. The 2005 calf crop was estimated to be 1% larger than the prior year. The number of feeder cattle outside of feedlots is 28.2 million head, a 2% increase over 2005. The larger calf crop and increased number of feeders outside of feedlots will likely result in the relative price of calves and feeders compared to fed cattle declining somewhat in 2006, particularly in the 3rd and 4th quarters.

Total beef production is expected to increase by about 3% in 2006 over 2005 levels. Maintaining domestic beef demand and increasing exports will be keys to sustaining beef and fed cattle prices near 2005 levels.

The Markets

Slaughter cattle prices were lower in the south with trade occurring on late in the week and were \$2.00-3.00 lower in the north this last week. Trade volume was modest and there are likely a number of lots with carry-over cattle. Prices were \$94 in the south and mostly \$150 in the north. Choice boxed beef prices were also lower for the week. The Choice-Select spread narrowed but remains wider than the historical level. Feeder cattle prices were mixed for the week on decent volume for all weight classes. Prices for calves were a few dollars lower, while heavier feeders were steady to a little higher in Nebraska and Kansas.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$94.82	\$96.60	\$88.83
Neb. Fed Steer Price, dressed weight	\$149.53	\$151.92	\$139.74
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$114.15	\$113.73	\$102.73
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$136.10	\$138.50	\$120.37
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$117.80	\$116.71	\$105.99
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$144.69	\$145.80	\$131.21
Choice Boxed Beef Price, 600-900 lb. carcass	\$155.95	\$156.80	\$148.12
Choice-Select Spread, 600-900 lb. carcass	\$12.61	\$12.93	\$6.05