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Cattle on Feed

The USDA released the latest cattle on feed report on Friday and it brought more bearish news to an already defensive market. Fed cattle marketings for February were 99% of a year ago and represent the smallest marketing number since 1996 when the series began. However, placements of cattle into large feedlots was 105% of the prior year placements and exceeded pre trade estimates. The result was a March 1 cattle on feed inventory in large lots of just over 12 million head, that is an increase of 8% over the 2005 inventory number. It also represents the largest March 1 inventory since the series began in 1996. A record large inventory, and aggressive placements certainly will not be supportive of near term prices nor more deferred live cattle contracts.

Looking more closely at the placements reveal that feeders weighing over 800 pounds were up 5% from a year ago and this will likely pressure 2nd quarter live cattle price lower. At the same time, light weight feeders, those weighing less than 600 pounds were up 28% compared to a year ago. Where did all of these cattle come from? Texas had the big increase in these light weight feeders. The ongoing drought and fires likely moved cattle off from pastures and into feedlots.

The Markets

Slaughter cattle prices were steady to a little stronger in the south with trade occurring on Thursday and prices were \$1-2 higher in the north this last week. Trade volume was modest after excellent movement the prior week. Prices were mostly \$86.50 in the south and generally \$137-138 in the north. Choice boxed beef prices continued lower for the week losing about \$3 on the weekly average. The Choice-Select spread decreased slightly but remains wider than the historical level. Feeder cattle prices were not reported this week. A major snowstorm resulted in all auctions markets being closed for the week.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$86.34	\$86.13	\$89.99
Neb. Fed Steer Price, dressed weight	\$137.54	\$136.40	\$147.05
700-800 lb. Feeder Steer Price, Kansas 4 market average	NA	\$105.74	\$109.99
500-600 lb. Feeder Steer Price, Kansas 4 market average	NA	\$131.08	\$136.22
700-800 lb. Feeder Steer Price, Neb. 7 market average	NA	\$106.12	\$112.11
500-600 lb. Feeder Steer Price, Neb. 7 market average	NA	\$138.18	\$134.12
Choice Boxed Beef Price, 600-900 lb. carcass	\$142.22	\$145.11	\$151.68
Choice-Select Spread, 600-900 lb. carcass	\$11.04	\$11.21	\$7.01