

## In The Cattle Markets

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### Cattle on Feed

The USDA released the latest cattle on feed data this past Friday. The report was viewed as neutral to somewhat bearish as December placements were a little larger than the trade had expected. The futures market reaction was minimal on Monday. The nearby February contract was \$.375/cwt higher and all the deferred contracts were lower, but none of them declined by more than \$.500/cwt.

There were 11,974,000 head of cattle on feed on January 1. That is the largest January 1 inventory since this data series has been kept and was 1% higher than 2006. Steer calves on feed were unchanged from a year ago, while heifer calves were up 4% and cows and bulls were up 11%. Those are not the numbers one would expect when the nations cow herd is expanding, so I suspect that the drought as derailed many expansion plans. The North was more aggressive in placing cattle in December than was the South. Iowa, Nebraska and South Dakota had placements that were 126, 111 and 109 percent of last year, while Kansas, Oklahoma and Texas had placements that were 83, 72 and 80 percent of last year.

### The Markets

Slaughter cattle prices were steady to \$1 lower in the south with trade developing on Friday and prices were \$2-3 lower in the north with trade on Thursday and Friday this last week. Prices were \$86-87 in the south and \$137-138 in the north. Choice boxed beef prices were more than \$5.00 lower this week, while Select prices were down more than \$3.00 for the week. The Choice-Select spread decreased this week but remains wider than the historical level. Feeder cattle prices were lower in Kansas and Nebraska this week. Prices for 7-weight steers were \$1-2/cwt lower while prices for lighter 5-weight calves in Kansas were \$3 lower and were steady to firmer in Nebraska. Corn prices backed off a few cents from last week's sharp rally.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$86.58	\$86.91	\$94.82
Neb. Fed Steer Price, dressed weight	\$137.53	\$139.64	\$149.52
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$95.13	\$96.71	\$114.15
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$108.11	\$111.22	\$136.10
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$96.58	\$97.51	\$117.80
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$116.97	\$116.50	\$144.69
Choice Boxed Beef Price, 600-900 lb. carcass	\$149.37	\$154.56	\$155.95
Choice-Select Spread, 600-900 lb. carcass	\$11.10	\$13.11	\$12.61
Corn Price, Omaha Nebraska, \$/bu	\$3.78	\$3.82	\$1.92