

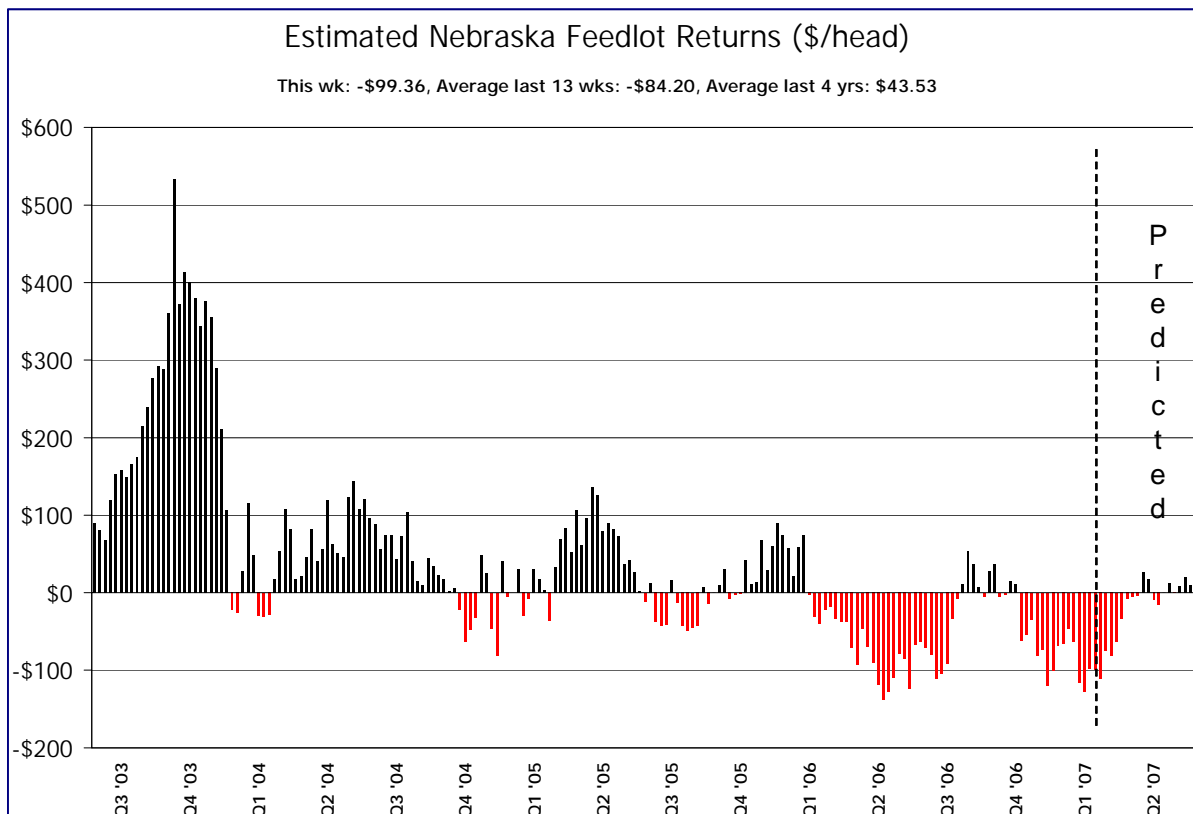
## In The Cattle Markets

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### Feedlot Profitability

Based on my estimates, feedlots in Nebraska lost money on average most weeks during 2006. My estimate for the year was an average of -\$42 per head. The start of 2007 hasn't been any better. In fact, by my estimate average feedlot losses have been near \$90 per head for the first several weeks of 2007. The combination of higher feed costs and harsh winter conditions have pushed total cost of gain to around \$75 per cwt. Many of the cattle that have been marketed in 2007 were placed on feed before feeder cattle prices declined sharply this past fall. However, as we move forward an increasing number of fed cattle marketed will have been placed on feed at relatively lower feeder cattle prices. So, the question is, will feedlot stop losing money any time soon? My analysis, using current Live Cattle Futures and historical basis numbers would suggest that feedlot losses will continue through most of March. I would estimate 1<sup>st</sup> quarter losses to average about \$75 per head. However, by the time we get into the 2<sup>nd</sup> quarter, feedlots should be closer to break-even on most pens marketed. Returns for the 2<sup>nd</sup> quarter could average around \$5-10 per head. Feedlots will need to pay close attention to feed costs at the time of cattle placement and then look for opportunities to protect against higher feed costs if they want to find a few dollars in cattle feeding this year.



## The Markets

Slaughter cattle prices were steady in the south with light to moderate trade and prices were \$2 higher in the north with trade a fairly active trade this last week. Prices were \$91 in the south and mostly \$147 in the north. Choice boxed beef prices were more \$10.00 higher this week, while Select prices were \$8.00 higher for the week, on a smaller number of sales. The Choice-Select spread increased this week and is wider than the historical level. Feeder cattle prices were higher in Kansas and Nebraska this week. Prices for 7-weight steers were about \$1/cwt higher while prices for lighter 5-weight calves were \$7 higher in Kansas were \$1 higher in Nebraska. Corn prices were a dime higher per bushel at Omaha this last week.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$90.82	\$90.70	\$89.01
Neb. Fed Steer Price, dressed weight	\$146.54	\$144.66	\$140.87
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$99.50	\$98.80	\$109.70
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$122.22	\$115.83	\$140.97
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$101.63	\$100.59	\$115.74
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$120.82	\$119.64	\$144.38
Choice Boxed Beef Price, 600-900 lb. carcass	\$153.28	\$143.34	\$148.45
Choice-Select Spread, 600-900 lb. carcass	\$7.80	\$6.65	\$10.03
Corn Price, Omaha Nebraska, \$/bu	\$3.88	\$3.78	\$1.94