

## In The Cattle Markets

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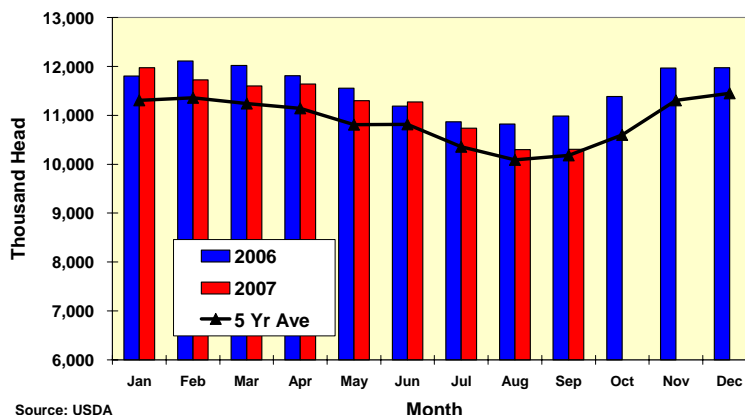
### *Friendly Cattle on Feed*

Friday's Cattle on Feed report revealed about 3,000 more head of cattle on feed on September 1 compared to August 1, much less than the typical seasonal increase seen in inventory numbers. USDA reported 10.3 million head of cattle on feed in feedyards with more than 1,000 head capacities, down 6.2% from last year, but 1.2% higher than the five-year average. The market largely anticipated this drop, with the average pre-release estimate calling for a 6.5% decline. Similarly, August marketings were close to pre-release estimates as well at 2.066 million head, steady with year-ago marketings. Net placements of cattle on feed during August were 2.069 million head, down 7.3% from last year. Placements of light weight feeders (less than 600 lbs) were down 27.9% last month compared to August 2006. Additionally, heavy placements (more than 800 lbs) were down 1.5%. Placements of feeders between 600 and 800 lbs were up 2.5%.

Although the reported numbers were fairly well anticipated by the market, the inventory numbers remain relatively bullish. Net placements have been lower year-over-year since April while marketings as a percentage of the on feed inventory have averaged 1.7% higher thus far in 2007 than for the first eight months of 2006.

The cattle on feed data continue to support the trend towards a feeding advantage in the northern states (Iowa, South Dakota, and Nebraska) relative to southern plains states brought on by the availability of ethanol byproducts and cheaper corn. On feed numbers were 12.9% higher in South Dakota, 7.7% higher in Iowa, and down only 5.8% in Nebraska as of September 1, compared to declines of 7.4%, 10.1%, and 11.5% for Texas, Oklahoma, and Colorado, respectively.

**Cattle on Feed, All States,  
1000+ Head Feedyards**



***The Markets***

The fed cattle market was about \$1 higher last week. Dressed prices in Nebraska averaged \$146.16, up \$0.76/cwt from the previous week and nearly \$8 higher than last year. Kansas prices averaged \$94.27 last week on a live weight basis. The strength in the fed cattle market came in spite of lower boxed beef prices, further magnifying the losses packers are incurring. For the week, Choice boxed beef averaged \$145.74, down \$1.33 from the previous week. The spread between Choice and Select beef widened by \$1.29. Corn price rallied about \$0.20/bu last week, resulting in a decline in feeder cattle prices. Steer calf prices were about \$1.64 lower in Nebraska and down \$3.86 in Kansas. Yearling prices dropped nearly \$3 in Nebraska and over \$1 in Kansas.

	<b>Last Week</b>	<b>Previous Week</b>	<b>Last Year</b>
Kansas Fed Steer Price, live weight	\$94.27	\$93.03	\$89.26
Neb. Fed Steer Price, dressed weight	\$146.16	\$145.40	\$138.36
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$118.04	\$119.24	\$116.47
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$123.20	\$127.06	\$129.39
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$119.65	\$122.57	\$121.06
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$127.37	\$129.01	\$135.36
Choice Boxed Beef Price, 600-900 lb. carcass	\$145.74	\$147.07	\$142.09
Choice-Select Spread, 600-900 lb. carcass	\$8.49	\$7.20	\$9.16
Corn Price, Omaha Nebraska, \$/bu (Thursday quote)	\$3.25	\$3.05	\$2.20
DDG Wholesale Price, Iowa, \$/ton	\$97.50	\$97.50	\$69.00