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In The Cattle Markets

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Cattle on Feed Report

There were no major surprises in last week's Cattle on Feed Report. USDA reported 11.76 million head of cattle on feed as of November 1, 2007, down 1.7% from last year but 4.0% higher than the five-year average. This is marginally higher than what the trade expected before the report's release. Total marketings for October were 1.876 million head, 6.3% higher than last year and just shy of the average trade pre-release estimate. However, October 2007 had one more slaughter day than October 2006, so average daily marketings were actually up 1.7%. Marketings as a percentage of the on feed inventory jumped to 17.1%, compared to 15.5% last year. This suggests that the on feed inventory became more current this past month, which is supported by the spike in cattle slaughter and dressed weights in October. As slaughter numbers and weights have begun to decline in the past couple of weeks, the front-end supply of cattle in feedyards has decreased: the number of cattle on feed for more than 120 days was 7.2% lower on November 1, 2007 compared to last year.

During October, net placements of cattle on feed (gross placements minus other disappearance) were 2.669 million head. This is 13.6% higher than last October and more than the 11% increase the trade expected. As has been the trend for the last several months (particularly September), placements in October significantly favored heavy weight cattle. Placements of cattle weighing more than 800 lbs. were up 23.1% from last year. About 15% more 600-800 lb. feeders were placed last month. The number of light weight calves placed on feed increased only 1.8%. Interestingly, placements for the month increased more in Texas, Oklahoma, and Colorado than in Iowa, Nebraska, and South Dakota, which is contrary to the trend discussed in previous newsletters. Much of this increase in the Southern Plains likely is resulting from the reduced availability of wheat pasture. However, the general trend towards more cattle on feed in the Northern Plains is still evident. As of November 1, 2007, Iowa, Nebraska, and South Dakota had nearly 11% more cattle on feed than on November 1, 2006 while Texas, Oklahoma, and Kansas numbers were nearly steady with year-ago levels.

The Markets

The fed cattle market was stronger last week in Kansas, with prices averaging $93.01/cwt on a live weight basis. Dressed prices in Nebraska were up almost $3.50, averaging $146.58 for the week. A stronger boxed beef market contributed to the increase in slaughter cattle prices. Last week, Choice boxed beef prices averaged $3.72/cwt higher than the previous week while the spread between Choice and Select was steady. Corn price in Omaha was about a dime lower than the previous week but DDG prices were stronger. Steer calf prices were around $1.00/cwt higher in Kansas and Nebraska last week, while yearling steer prices were more than $1.00/cwt higher for the week.

	Week of 11/16/07	Week of 11/09/07	Week of 11/17/06
Kansas Fed Steer Price, live weight	$93.01	$92.99	$86.68
Nebraska Fed Steer Price, dressed weight	$146.58	$143.13	$133.50
700-800 lb. Feeder Steer Price, KS 3 market average	$110.82	$109.67	$99.22
500-600 lb. Feeder Steer Price, KS 3 market average	$121.11	$120.38	$111.65
700-800 lb. Feeder Steer Price, NE 7 market average	$112.84	$111.39	$101.43
500-600 lb. Feeder Steer Price, NE 7 market average	$122.16	$120.85	$118.29
Choice Boxed Beef Price, 600-900 lb. carcass	$143.50	$139.78	$143.08
Choice-Select Spread, 600-900 lb. carcass	$11.24	$11.29	$12.93
Corn Price, Omaha, NE, $/bu (Thursday quote)	$3.58	$3.69	$3.25
DDG Wholesale Price, Iowa, $/ton	$135.00	$130.00	$107.50