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In The Cattle Markets

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Placements Still Above A Year Ago

USDA released its monthly *Cattle on Feed* report last Friday, indicating that the March 1 inventory of cattle on feed was 11.85 million head, 2.2% larger than a year earlier. Marketings during February were up 3.8% compared to February 2007, although average daily marketings actually fell 1.1% below last year since 2008 was a leap year. Gross placements of cattle on feed during February were 3.9% larger than a year earlier.

Once again, placements on feed varied substantially by weight group. The increase in placements of cattle on feed during February was primarily attributable to a sharp jump in placements of cattle weighing 600-699 pounds, which rose 15% above a year ago. Placements of cattle weighing 700-799 pounds also rose above last year, but the increase was a more modest 5.5%. Placements of very light cattle (less than 600 pounds) were only slightly larger than last year, increasing 1.5% vs. 2007. In contrast, placements of cattle weighing over 800 pounds actually fell 4% below 2007's.

Over the last four months, total placements of cattle on feed have increased 4.3%, but virtually all of the increase occurred among cattle weighing less than 700 pounds when placed on feed. Dividing the placements on feed into two broad weight categories makes this more clear. Placements of cattle on feed weighing less than 700 pounds during November 2007 through February 2008 rose 9% above a year earlier. In contrast, placements of cattle on feed weighing 700 pounds and up the last four months actually declined 1.7% compared to the same four month period last year.

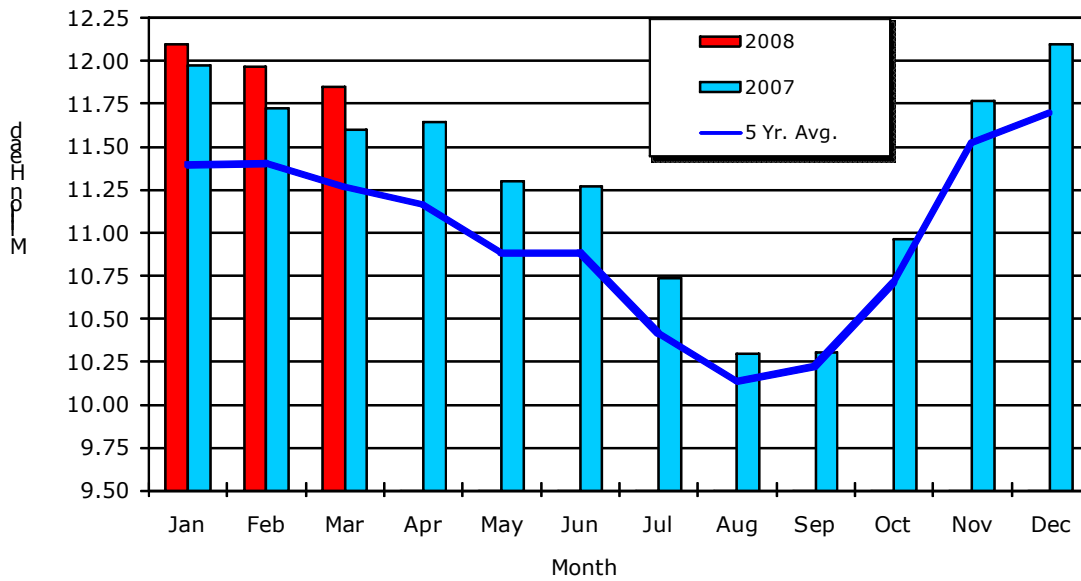
Looking ahead, this placement pattern could start to shift this spring. In particular, look for placements of light weight cattle on feed to fall below a year ago as we move through spring. As that happens, total placements will start falling below a year ago which will lead to a tightening in fed cattle supplies in late summer and fall.

U.S. Placements of Cattle On Feed, By Weight

Nov. 2007 - Feb. 2008 vs. Nov. 2006 - Feb. 2007

Weight Group	% Change From Prior Year	# Head Change From Prior Year
Less Than 600 Lbs.	8.5%	225,000
600-699 Lbs.	9.5%	229,000
700-800 Lbs.	1.2%	24,000
800-900 Lbs.	-4.6%	(89,000)
Less Than 700 Lbs.	9.0%	454,000
Over 700 Lbs.	-1.7%	(65,000)
Total	4.3%	389,000

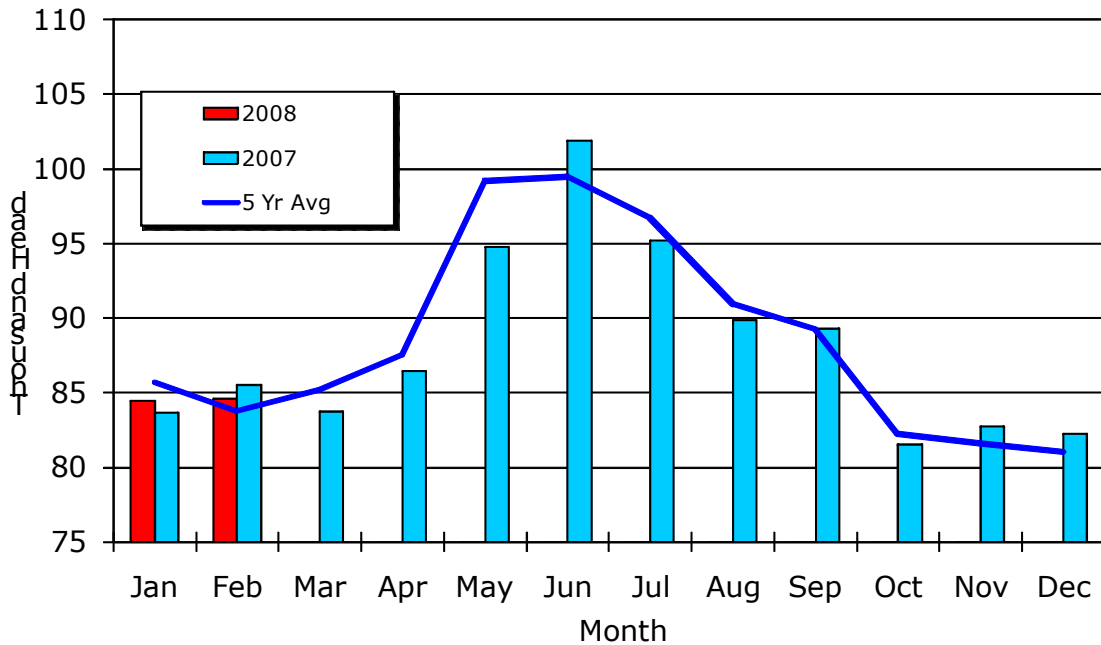
U.S. Cattle On Feed Lots Over 1000 Head



Source: USDA & James Mintert, K-State Ag. Economics

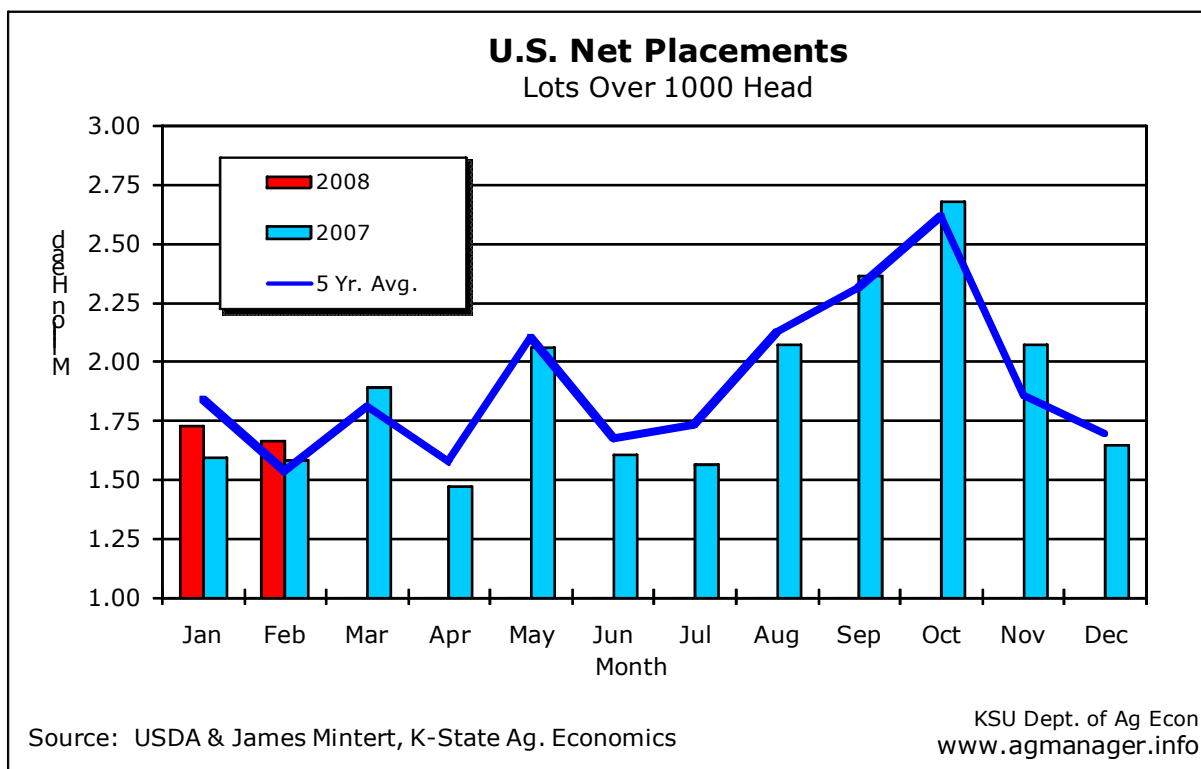
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U.S. Average Daily Fed Cattle Marketings Lots Over 1000 Head



Source: USDA & James Mintert, K-State Ag. Economics

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The Markets

Slaughter cattle prices in Kansas were unchanged from a week earlier whereas prices in Nebraska strengthened modestly last week. Choice boxed beef prices declined \$3.72/cwt., causing the weekly average to fall to \$141.98/cwt. and the Choice-Select price spread declined to \$1.42/cwt. A year ago the Choice-Select spread was \$10/cwt. A combination of soft demand for Choice product and relatively large supplies of Choice cuts has pushed the spread to its lowest level since July of 2004. Corn prices dropped sharply last week, dipping to \$4.73/bu., but despite that feeder cattle prices generally declined modestly. Across the board feeder cattle prices in Kansas and Nebraska were about 4% below a year ago.

	Week of 3/21/08	Week of 03/14/08	Week of 03/23/07
Kansas Fed Steer Price, live weight	\$89.84	\$89.98	\$97.10
Nebraska Fed Steer Price, dressed weight	\$144.61	\$142.58	\$157.62
700-800 lb. Feeder Steer Price, KS 3 market average	\$100.88	\$101.30	\$105.24
500-600 lb. Feeder Steer Price, KS 3 market average	\$124.82	\$124.97	\$130.48
700-800 lb. Feeder Steer Price, NE 7 market average	\$103.82	\$104.67	\$107.81
500-600 lb. Feeder Steer Price, NE 7 market average	\$123.42	\$124.72	\$128.90
Choice Boxed Beef Price, 600-900 lb. carcass	\$141.98	\$145.69	\$161.66
Choice-Select Spread, 600-900 lb. carcass	\$1.42	\$1.82	\$10.08
Corn Price, Omaha, NE, \$/bu (Thursday quote)	\$4.73	\$5.37	\$3.85
DDG Wholesale Price, Iowa, \$/ton	\$162.50	\$162.50	\$130.00