

In The Cattle Markets

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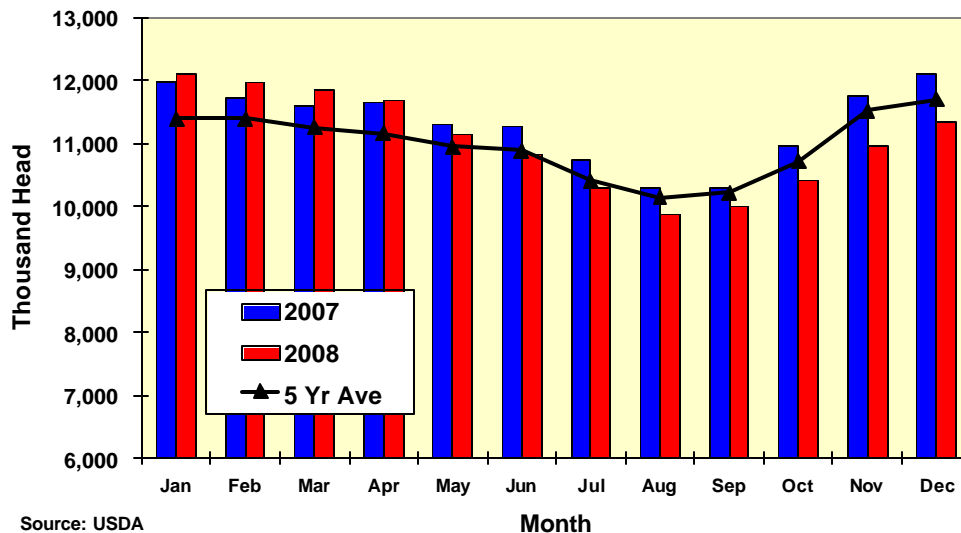
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Cattle on Feed

Last Friday, USDA issued its last Cattle on Feed report of the year, and it continued to show the recent trend towards fewer placements and less cattle on feed. At 11.3 million head, the December 1 cattle on feed inventory was 6.2% less than last year, but on-target with pre-report expectations. This marks the eighth consecutive month of lower on feed numbers relative to 2007. For the year, the on feed inventory has averaged 2.4% less in 2008. The trade expected about an 11-12% decline in November marketings, so the 9.4% actual decline in marketings last month is viewed positively. Actually, average daily marketings in November were 0.2% higher than November 2007 due to two less slaughter days in November 2008.

For the fourth month in a row, net placements of cattle into feedyards were lower compared to last year. The November 2008 net placements of 1.948 million head was down 5.4% compared to 2007, just less than what the trade anticipated before the report. Similar to the trend for the past six months, the number of heavy-weight placements was higher than year-ago levels while light-weight placements dropped. Placements of 700-800 lb. feeders and 800+ lb. feeders was up 7.1% and 1.4%, respectively, in November while placements of 600-700 lb. feeders and calves weighing less than 600 lbs. were 3.1% and 17.5% lower than November 2007.

Cattle on Feed, All States, 1000+ Head Feedyards



The Markets

Both live cattle prices in Kansas and dressed cattle prices in Nebraska were mostly steady last week. Choice boxed beef prices averaged only \$0.04/cwt lower than the previous week as well, but the Choice-Select spread narrowed by \$8.26/cwt. Feeder steer prices for both calves and yearlings were steady to slightly higher last week in Kansas. In Nebraska, yearling steer prices declined by almost \$2/cwt while steer calf prices advanced almost \$3/cwt. Corn prices increased by \$0.36/bu through Thursday last week in Omaha, NE, but still remains 10% below year-ago levels. Dried distillers grain prices averaged \$3.50/ton higher in Iowa.

| | Week of 12/19/08 | Week of 12/12/08 | Week of 12/21/07 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Kansas Fed Steer Price, live weight | \$83.63 | \$83.89 | \$91.22 |
| Nebraska Fed Steer Price, dressed weight | \$132.14 | \$132.05 | \$143.84 |
| 700-800 lb. Feeder Steer Price, KS 3 market average | \$92.98 | \$92.16 | \$101.86 |
| 500-600 lb. Feeder Steer Price, KS 3 market average | \$101.61 | \$101.19 | \$112.49 |
| 700-800 lb. Feeder Steer Price, NE 7 market average | \$92.87 | \$94.75 | \$102.59 |
| 500-600 lb. Feeder Steer Price, NE 7 market average | \$105.95 | \$103.21 | \$121.29 |
| Choice Boxed Beef Price, 600-900 lb. carcass | \$143.08 | \$143.13 | \$149.29 |
| Choice-Select Spread, 600-900 lb. carcass | \$8.26 | \$9.56 | \$12.77 |
| Corn Price, Omaha, NE, \$/bu (Thursday quote) | \$3.79 | \$3.43 | \$4.21 |
| DDG Wholesale Price, Iowa, \$/ton | \$115.00 | \$111.50 | \$149.50 |