

# Cattle On Feed Continue To Weigh Heavier



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The January 1 Cattle on Feed report came in a little more positive than the average of the trade estimates. According to the USDA, the number of cattle on feed January 1 was down 7.1 percent from a year earlier. The trade estimate was for a 6.1 percent decline. Placements on feed during December were down 3.2 percent, the trade estimate was for a 0.1 percent increase, fed marketings during December were up 2.3 percent and the trade expected marketings to be down 0.7 percent.

The reason for the larger than year earlier marketings during December was due to two more week days during December of 2008 compared to 2007.

Cattle being placed on feed continue to weigh heavier than a year earlier because of the higher priced feed grades. The number placed on feed during December weighing less than 600 pounds was down 11.5 percent, the number placed weighing 600-699 pounds was down three percent, the number placed weighing 700-799 pounds was down 3.1 percent and the number placed on feed weighing 800 pounds or more was up 9.8 percent from 2007.

The number placed on feed from August through December weighing less than 600 pounds was down 20.1 percent, the number placed on feed weighing 600-699 pounds was down 10.3 percent, the number placed on feed weighing 700-799 pounds was the same as a year earlier, and the number placed on feed weighing 800-pounds-or-more was up 11.6 percent from 12 months earlier.

With the cattle being placed on feed at a heavier average weight means a shorter feeding period therefore, marketing will continue to run closer to a year earlier than the number on feed would indicate.

The number of heifers on feed January 1 was down less than the number of steers. The number of steers on feed was down eight percent

and the number of heifers on feed was down six percent compared to 12 months earlier.

The futures market for live cattle in early week showed little change in prices in response to the Cattle on Feed report.

Consumer demand for beef for 2008 was down 4.1 percent from 2007. Consumer demand for pork last year also was weak with a decline of 3.5 percent. Live fed cattle demand was down in 2008 but not nearly as much as consumer demand. The loss in live fed cattle demand was 1.3 percent. The reason for the stronger live cattle demand than consumer demand was mostly larger beef exports.

Weak consumer demand is likely to continue through 2009 for beef because of the weak general economy. However, both pork and chicken supplies are expected to be below a year earlier as we go through this year, which will be somewhat positive for beef demand.

Feeder steers and heifers mostly steady to \$3 per cwt lower and steer and heifer calves were \$2-4 per cwt lower this week at Oklahoma City compared to last week.

The prices by weight groups for medium and large frame Number One steers this week at Oklahoma City were: 400-500 pounds \$104.50-118 per cwt, 500-600 pounds \$96.75-108.25 per cwt, 600-700 pounds \$93-102.50 per cwt, 700-800 pounds \$90.50-98 per cwt and 800-1,000 pounds \$85-94 per cwt.

Wholesale beef prices were pushed lower this week with Choice beef at \$142.15 per cwt Friday morning down \$6.04 per cwt from last week. Select beef at \$139.27 per cwt was down \$4.59 per cwt from seven days earlier.

The weighted average live fed cattle price for the week through Thursday at \$80.03 per cwt was down \$1.88 per cwt. The weighted average negotiated carcass price for fed cattle for the five-market area through Thursday at \$80.03 per cwt was down \$1.88 per cwt from seven days earlier.

Slaughter this week under Federal Inspection was estimated at 631 thousand head, up 3.1 percent from a year earlier.

The January 1 cattle inventory report came in a bit more bullish than the trade estimates. The inventory for all cattle and calves was down 1.6 percent, the 2008 calf crop was down 1.8 percent, total cows and heifers that have calved was down 1.6 percent, and beef cows and heifers that have calved was down 2.4 percent. △

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