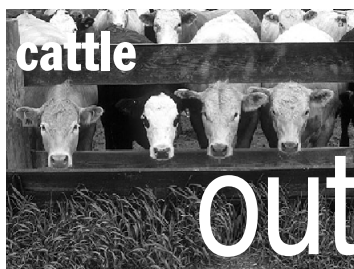


Steers On Feed Down 2.7 Percent From 2009



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The January cattle on feed report was encouraging. USDA said fewer cattle were placed on feed and more were marketed during December than the trade was expecting. The on-feed inventory is down 2 percent compared to January 1, 2009 to the lowest for any January since 2003. However, August-October placements were up 2.9 percent compared to the year before, thus first quarter 2010 fed cattle slaughter should be higher than last year.

The number of steers on feed January 1 was down 2.7 percent compare to a year ago. The number of heifers was down only 0.8 percent. There has been a steady increase in the heifers' share of the on-feed inventory. In January 2006, there were 55 heifers on feed for every 100 steers in feedlots. In January 2010, there were 59 heifers per 100 feedlot steers. The steady increase in the proportion of heifers on feed correlates with a decline in heifers being retained for breeding and is a strong indicator the cow herd will continue to shrink. We will have details on USDA's January cattle inventory survey next week.

Choice boxed beef cutout values lost ground this week. On Friday morning, the choice carcass cutout value was \$1.4063/pound, down 2.92 cents for the week and 1.52 cents lower than a year ago. The select cutout was down 1.74 cents from the previous Friday to \$1.3776 per pound.

Fed cattle prices also were lower this week. The 5-area daily weighted average price for slaughter steers sold through Thursday on a live weight basis was \$83.64/cwt, down 84 cents from a week earlier but \$3.43 higher than a year ago. Steers sold on a dressed basis averaged \$135.64/cwt, \$2.77 lower than the week before but \$6.02 higher than the same week of 2009.

The February live cattle futures contract ended the week at \$85.80/cwt, down 82 cents for the week. April settled at \$89.37, down \$1.18 from the week before. June settled at \$87.82/cwt and the August live cattle contract ended the week at \$87.32.

Federally inspected cattle slaughter for this week is 625,000 head, down 1.2 percent compared to a year ago. Cattle slaughter during the last four weeks is up 3.7 percent compared to last year. Steer carcass weights have been below year-earlier levels for 11 of the last 12 weeks.

Cash bids for feeder cattle were mostly steady to \$2 lower this week. The price ranges at Oklahoma City for medium and large frame steers were: 400-450# \$117-126.75, 450-500# \$110-119, 500-550# \$108.50-\$114, 550-600# \$103-\$110, 600-650# \$97.75-\$104.75, 650-700# \$97-\$101, 700-750# \$96.50-\$99, 750-800# \$93.25-\$97.75, and 800-1000# \$88-\$95/cwt.

Feeder cattle futures were mixed this week. The March contract ended the week at \$98.87/cwt, down 73 cents from last Friday. April gained 30 cents this week to settle at \$100.95/cwt. March corn futures ended the week at \$3.56/bu, down 9 cents for the week and 60 cents lower than it was at the start of the month. Lower corn prices helped feeder cattle futures end January a bit higher than they started the month. Δ

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