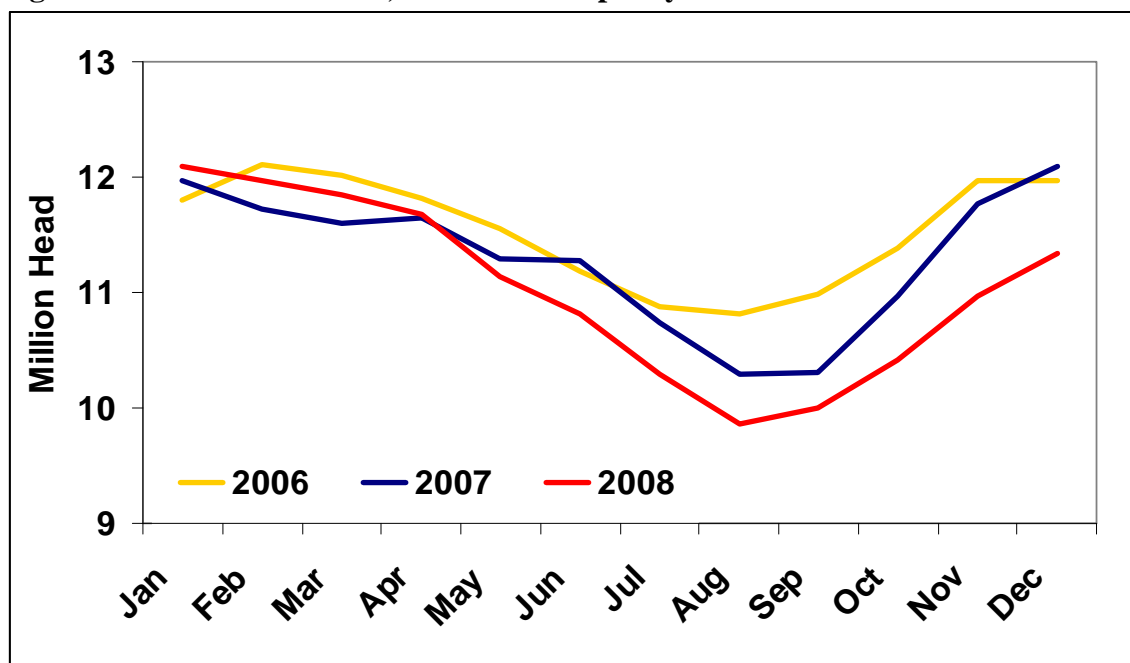


2008 Cattle on Feed, Year in Review

As of the first of the December there were 11.35 million head of cattle on feed in feedlots with more than a thousand head capacity, up 6 percent from a year ago. During November, cattle marketings were down 9 percent and placements were down 5 percent. In Iowa, total cattle on feed inventory are down 16 percent with large feedlot inventory is down 12 percent and small feedlots are down 27 percent. Iowa placements in November were down 15 percent and Iowa marketings were down 17 percent. Figure 1 tracks the national feedlot inventories over the past three years.

Figure 1. US Cattle on Feed, 1000+ head capacity feedlots



For most of the year cattle on feed inventories dwindled below those of last year. By late spring a combination of larger marketings and lower placements eroded feedlot inventories. Cattle feeding was diminished in 2008 by record high corn prices, and many would be light weight cattle were sent to pasture as stockers in an effort to achieve a lower cost of gain. Even though fed cattle prices generally ranged from \$87-99/cwt through the year, breakevens were in the range of \$96-105/cwt (source: *Iowa Estimated Returns*), and profitability was scarce. In the fourth quarter of 2008 there has been an increase in carcass weights as corn became cheaper, however the supply of fed cattle declined. Fed cattle supplies will continue to decline into the next year as the beef industry continues to contract. Beef cow slaughter has been up 12.7 percent YTD as the industry reduces production amid high costs and a weakening market. The graphs in figures 2 and 3 track cattle marketings and placements over the past three years.

Figure 2. Cattle Marketings

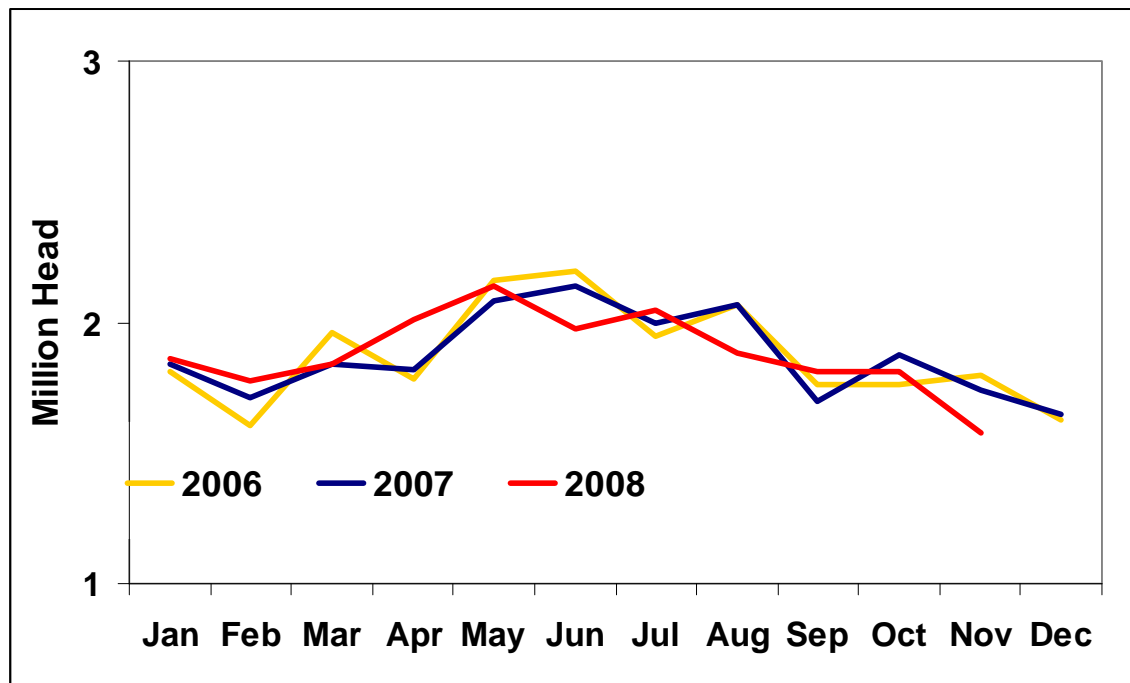
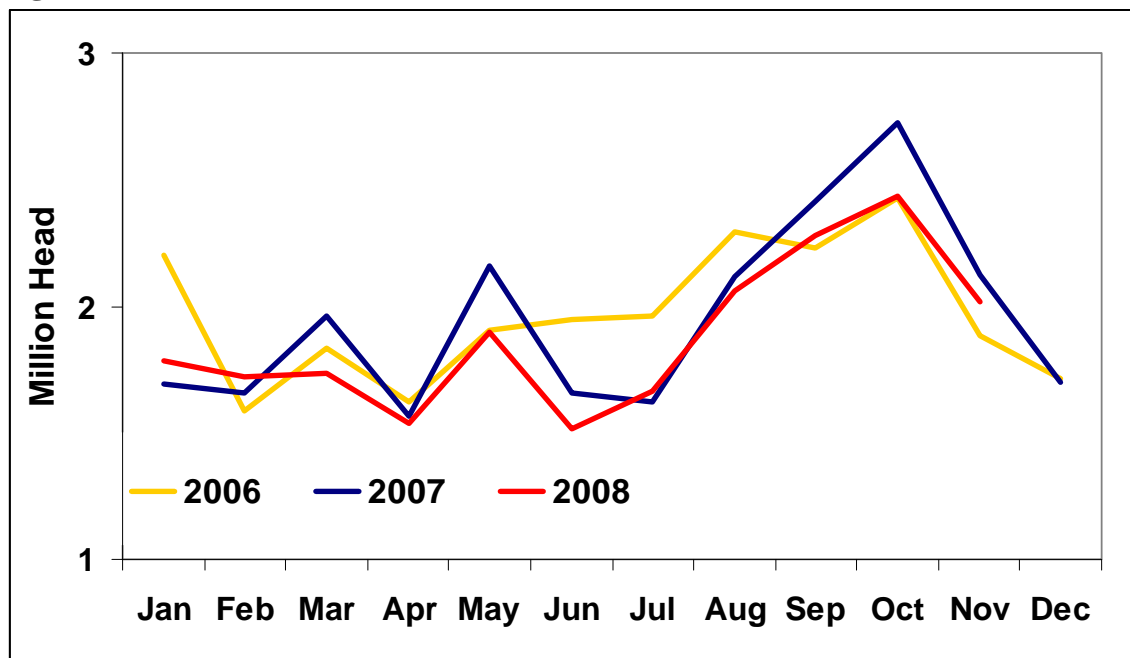


Figure 3. Cattle Placements



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