PCC
Professional Cattle Consultants

CattleGram

P. O. Box 1767• Weatherford, OK 73096 • 800-654-4580 • 580-772-1987

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PCC CATTLE ON FEED SAMPLE

Here is how PCC feedyards compared with a year earlier on January 1.

Cattle on feed January 1……………...105.1
Of a year ago

Cattle placed during December……....112.9
Of a year ago

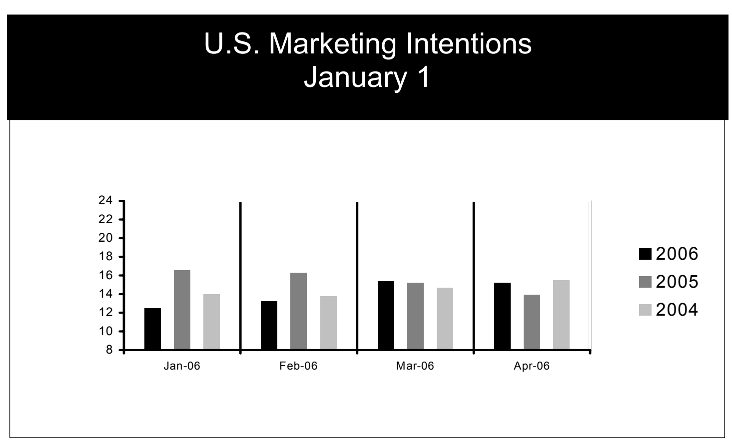
Cattle marketed during December......109.5
Of a year ago

MARKETINGS KEEP FEEDLOTS CURRENT!

By Tom Tippens

The marketing rate in December, by PCC feedlots, was exceptional and is certainly going to be a benefit in the early part of 2006. In previous writings, I have suggested that fed supplies would potentially be a problem in the first and second quarter. The acceleration of marketings over the past couple of months has diminished the problem to some degree. It is apparent that high fed prices and continued premium futures are working together to keep cattle moving and has improved our near term outlook. On the negative side, placements have continued at historically high levels and December was no exception. PCC yards placed roughly 10% more cattle in December than last year and that will translate to a USDA placement that is also close to 10% higher. That placement number will be one of the largest placements in history for the month of December. Our projected marketing figure will be approximately 100%, leaving cattle on feed as of January 1 at over 105% which will be an all time high for this time of year. How will these numbers play out in the coming months?

Looking back at the 4th quarter it is interesting to see the shift in margins that occurred. Retailers continued to price beef at very attractive levels even though their wholesale prices were much higher than a year ago. Packers continued to lose money and were never able to "force" fed prices lower to regain that lost margin. As we enter the New Year, it appears that retailers are going to raise prices substantially and balance their retail prices and wholesale costs. Packers likewise are suggesting sharp reductions in slaughter to bring their margins back in line. The net effect of these two changes could provide a disappointing price outlook for the next month or so. As I began this writing, feedlots look to be in good shape and steady prices could be in order with the limited supplies of fed cattle, particularly in the south. However, the shift in margins along with stiff competition from competing meats may provide more pressure than we might otherwise expect. I would hope that we continue to sell, even in weeks where prices are lower. Record on feed numbers will eventually get us in trouble and we need to prepare now and soften the impact by remaining current.



Source: Professional Cattle Consultants

Cattle Inventory and Movement

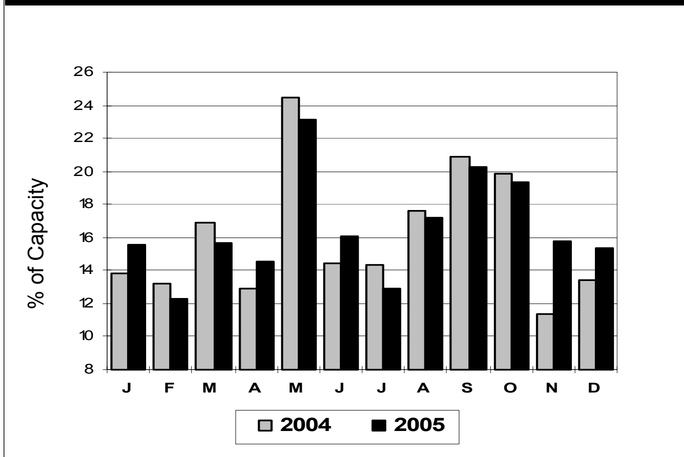
Percent of Capacity	PCC REGIONS South Plains	Central Plains	North Plains	Corn Belt	MAJOR STATES TX	KS	NE	2005 U.S. Average	2004 U.S. Average
DECEMBER PLACEMENTS	13.59	18.67	10.82	16.96	14.38	21.24	15.41	**15.35**	**13.60**
DECEMBER SHIPMENTS	14.75	15.84	17.12	10.32	15.55	15.97	16.78	**15.16**	**13.84**
JANUARY-06 INTENTIONS	9.80	15.39	21.42	12.62	10.70	16.89	22.63	**12.46**	**16.57**
FEBRUARY-06 INTENTIONS	12.93	13.01	17.24	13.00	12.68	14.72	12.80	**13.21**	**16.28**
MARCH-06 INTENTIONS	17.73	12.40	11.18	12.39	17.11	10.63	22.99	**15.38**	**15.16**
APRIL-06 INTENTIONS	17.56	12.48	10.41	10.67	16.49	11.67	13.45	**15.16**	**13.91**
PERCENT CARRY-OVER*	.15	.13	.80	2.23	.13	.24	2.27	**.23**	**.32**
PERCENT OF DECEMBER INTENTIONS ACTUALLY SHIPPED	148.49	112.36	148.80	82.90	137.73	94.23	123.79	**130.90**	**105.62**
CONTRACT CATTLE (as a Percent of Intentions)									
JANUARY-06	21.70	9.26	0.00	0.00	23.89	1.53	0.00	**13.71**	**30.26**
FEBRUARY-06	17.29	12.72	0.00	0.00	19.92	7.06	0.00	**14.00**	**28.23**

** Not Included in DECEMBER Intentions or NOVEMBER Shipments*

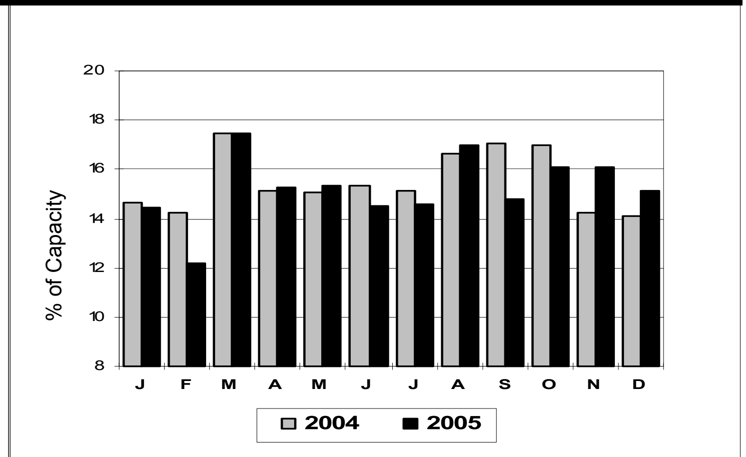
Additional State Data

Percent of Capacity	Texas 2005	Texas 2004	Oklahoma 2005	Oklahoma 2004	Kansas 2005	Kansas 2004	Colorado 2005	Colorado 2004	Nebraska 2005	Nebraska 2004
DECEMBER PLACEMENTS	14.38	12.37	11.96	10.75	21.24	17.14	9.61	10.53	15.41	14.05
DECEMBER SHIPMENTS	15.55	13.03	17.37	11.88	15.97	17.81	13.86	13.54	16.78	19.03
JANUARY-06 INTENTIONS	10.70	15.80	19.93	10.83	16.89	19.05	14.78	26.50	22.63	9.80
FEBRUARY-06 INTENTIONS	12.68	17.68	14.96	17.04	14.72	15.63	14.80	15.48	12.80	4.79
MARCH-06 INTENTIONS	17.11	17.15	23.99	17.04	10.63	11.88	6.56	12.20	22.99	4.15

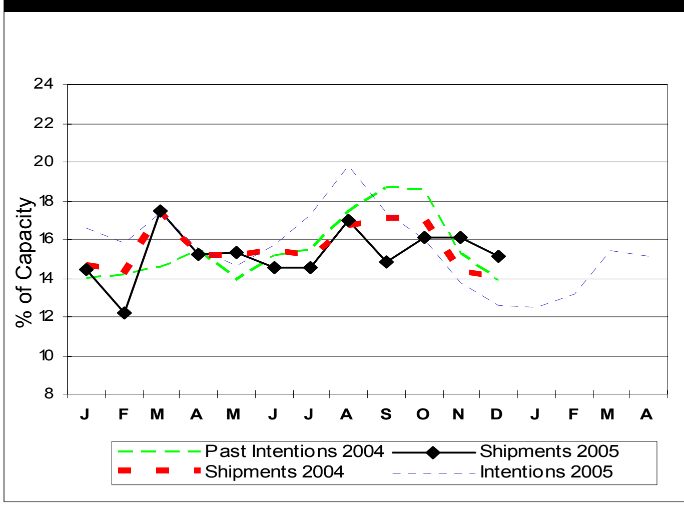
Placements-U.S. Average 2004 & 2005



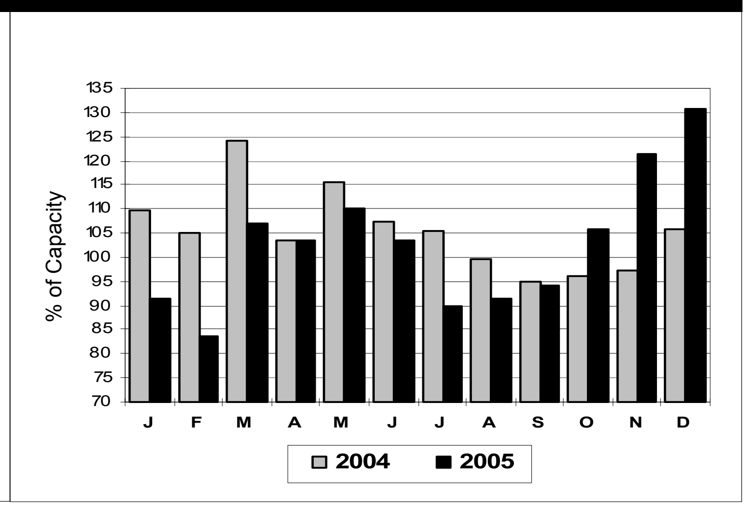
Shipments-U.S. Average 2004 & 2005

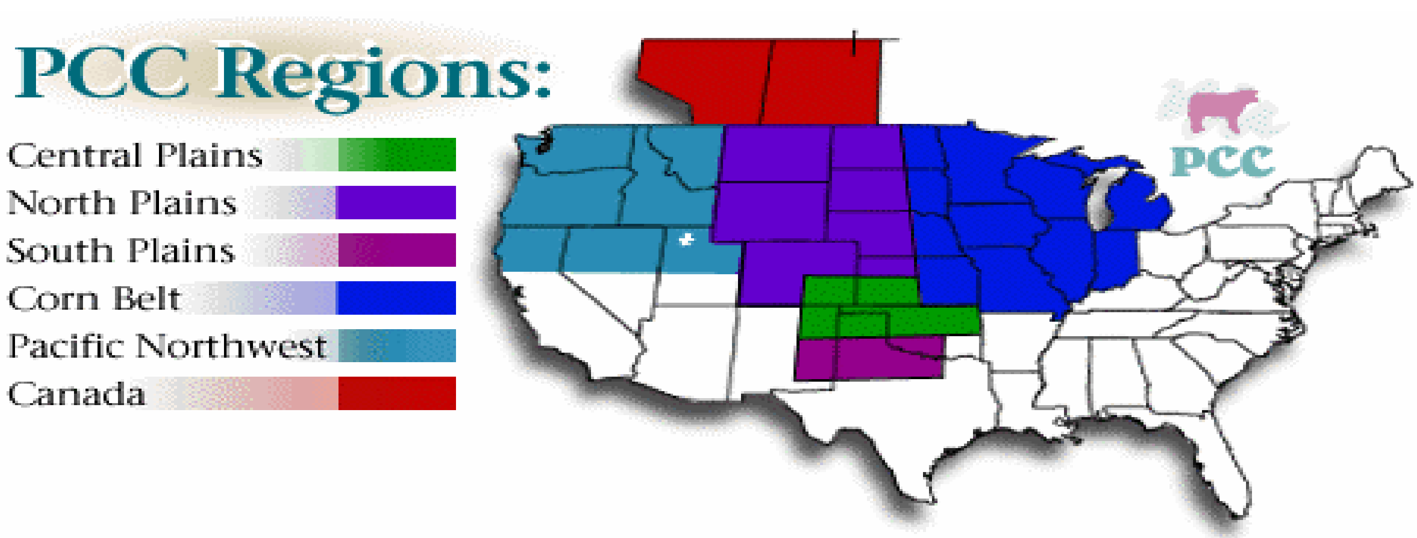


Shipments & Intentions-U.S. Average 2004 & 2005

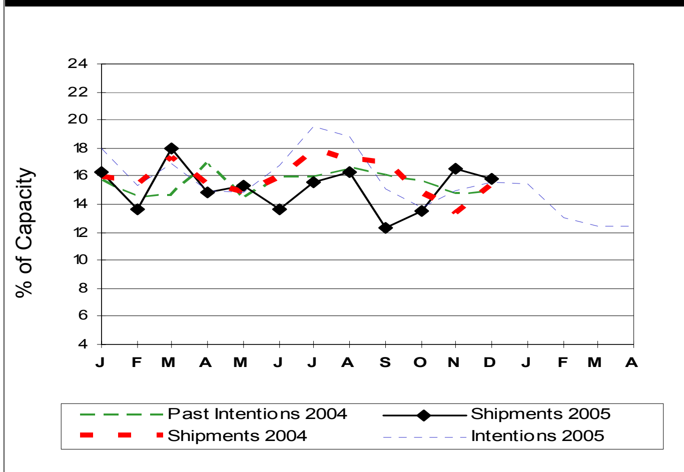


Percent of Intentions Actually Shipped 2004 & 2005

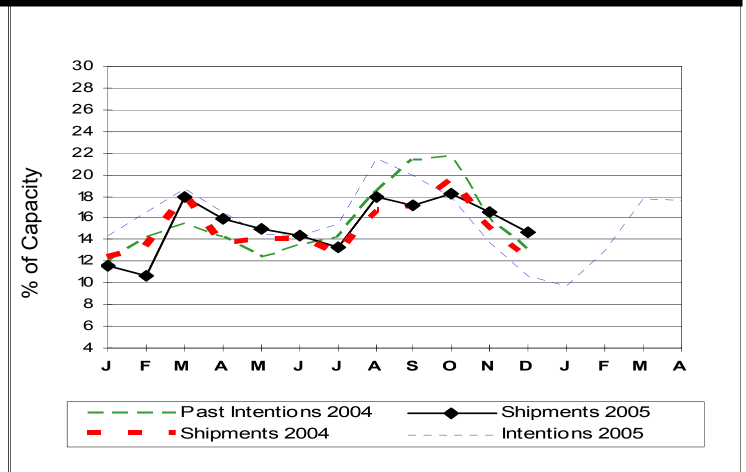




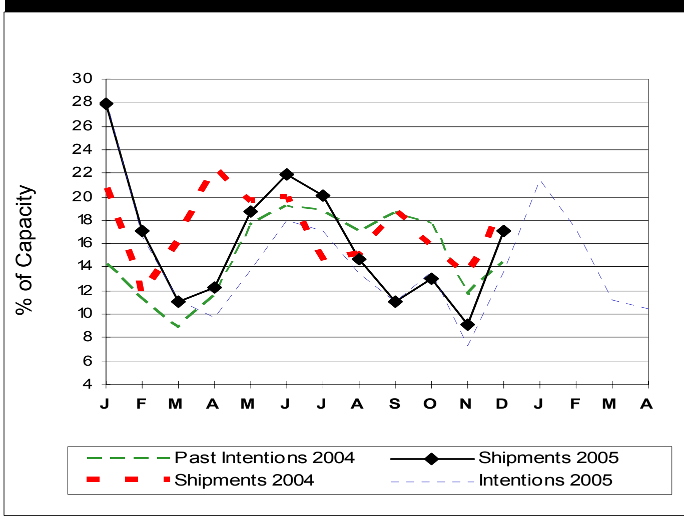
Shipments and Intentions
Central Plains



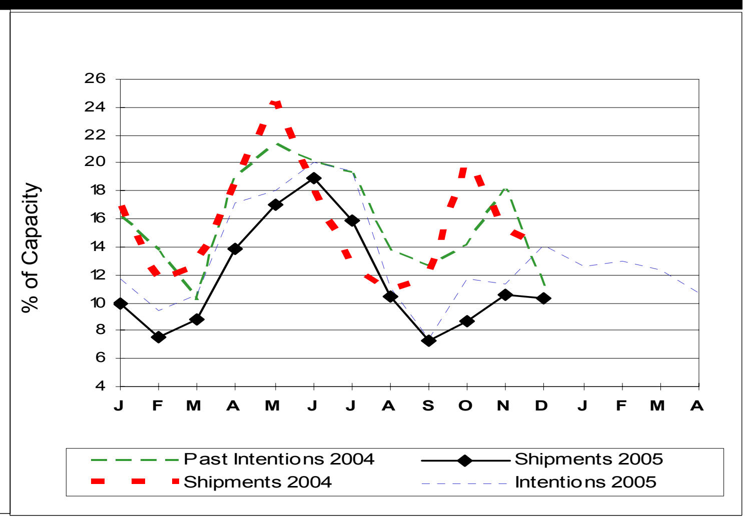
Shipments and Intentions
South Plains



Shipments and Intentions
North Plains



Shipments and Intentions
Corn Belt



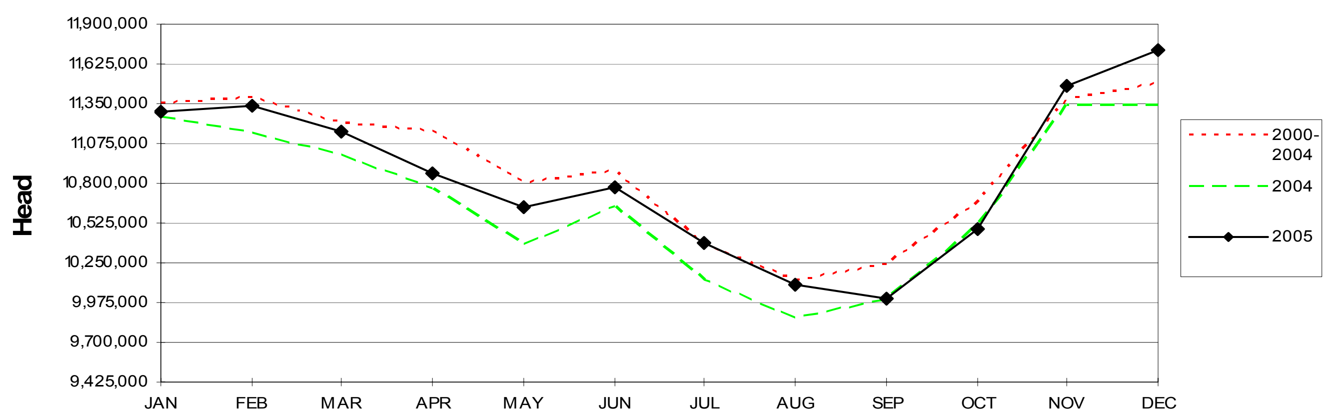
January 1 Cattle On Feed Report

USDA Report To Be Issued on January 20, 2006 - (000) Head

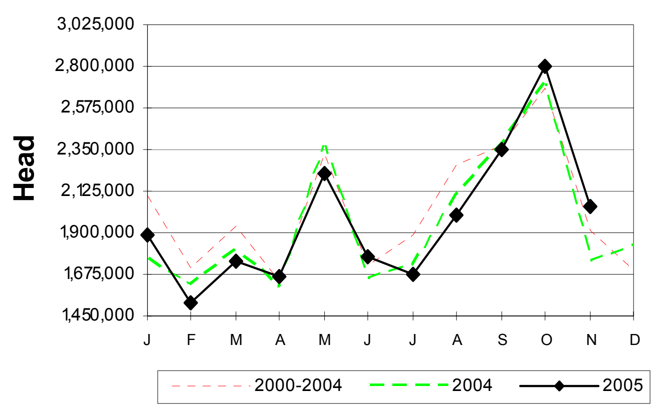
US Cattle on Feed Report (Feedyards over 1,000 Head Capacity)	PCC ESTIMATE	2005*	2004*	2003*	2002*	2001*	AVERAGE
CATTLE ON FEED JANUARY 1	***11,872***	11,299	11,253	10,658	11,565	11,798	**11,315**
% OF PREVIOUS YEAR	*105.1%*	*100%*	*106%*	*92%*	*98%*	*N.A*	*N.A*
PLACEMENTS DURING DECEMBER	***2,006***	1,834	1,748	1,610	1,578	1,699	**1,694**
% OF PREVIOUS YEAR	*109.4%*	*105%*	*109%*	*102%*	*93%*	*N.A*	*N.A*
MARKETINGS DURING DECEMBER	***1,770***	1,777	1,740	1,799	1,811	1,754	**1,776**
% OF PREVIOUS YEAR	*99.6%*	*102%*	*97%*	*99%*	*103%*	*N.A*	*N.A*
OTHER DIS. DURING DECEMBER	***90***	92	90	99	93	95	**94**
% OF PREVIOUS YEAR	*97.8%*	*102%*	*91%*	*106%*	*98%*	*N.A*	*N.A*

**Shipments & Placements from Previous Year.*

USDA CATTLE ON FEED
(Feedyards over 1,000 head)



USDA PLACEMENTS
(Feedyards over 1,000 head)



USDA MARKETINGS
(Feedyards over 1,000 head)