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## Livestock Market Comments

### Placements Quandary

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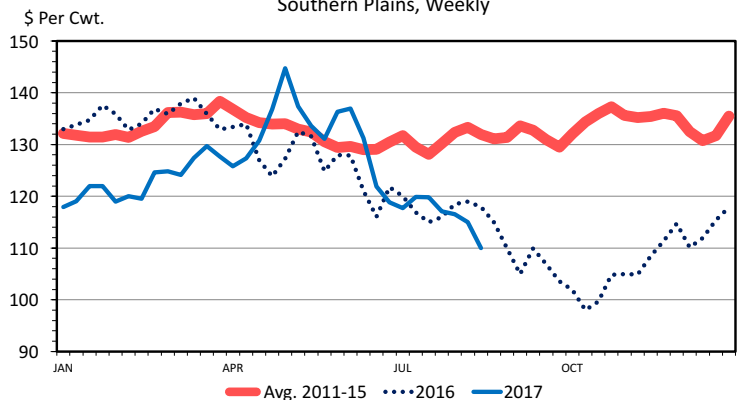
The cash cattle trade this week slid \$5 per cwt from last week to \$110. The Choice cutout also dropped a couple dollars to end the week at about \$195 leaving a Choice-Select spread under \$2.00. In the midst of this summer slide, another cattle on feed report is to be released on August 25<sup>th</sup>. Here are a few of my thoughts ahead of the report.

#### Placements

This is the key question and quandary for those of us doing pre-report estimates. There are some good reasons for higher placements compared to a year ago. There were still some profitable opportunities to place cattle in July. The continued drought in the Northern Plains has likely led to more placements. There are also reports of increasing feeder cattle and calf sales to Corn Belt feeders. Given that the report is for 1,000 head and larger feedyards some of those feeders may not show up in the data. There may be a need in the Corn Belt to use up some corn to free up space for the new harvest that is likely to be another good one, based on the latest USDA crop report.

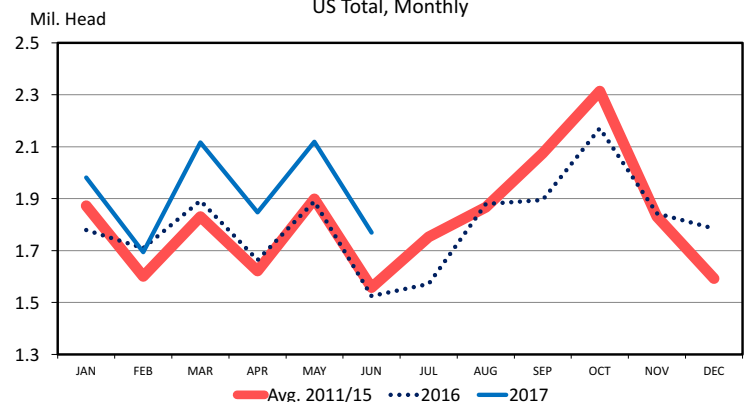
It may also be that the large placements in May and June pulled some cattle ahead and out of July placements. That would argue for a fewer cattle placed in July. Placement levels, so far, this year would suggest the increase in feeder cattle over last year have already been placed limiting supplies to lighter weight calves and heifers.

**SLAUGHTER STEER PRICES**  
Southern Plains, Weekly



Data Source: USDA-AMS  
Livestock Marketing Information Center

**FEEDLOT PLACEMENTS**  
US Total, Monthly



Data Source: USDA-NASS  
Livestock Marketing Information Center

Most years, July placements exceed June placements. Only in 2005 and 2007 were July placements smaller than in June in recent years. It's worth noting that there were 2 fewer slaughter days in July compared to June in 2017. July placements would have to be up a whopping 12.6 percent over a year ago to just equal June's placements

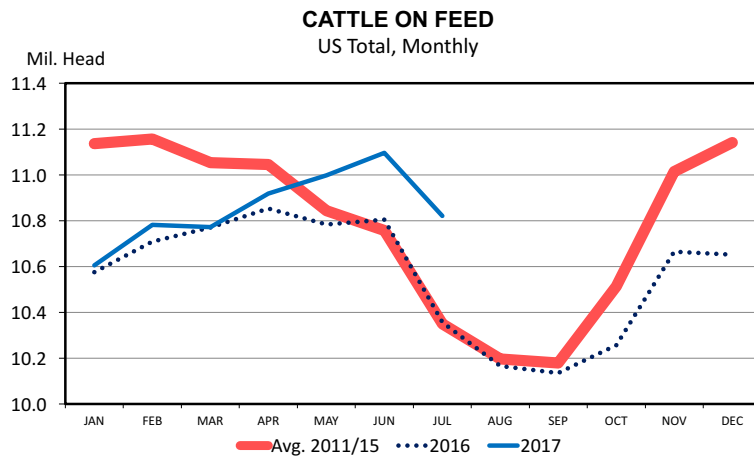
I have placements up 2.5 percent over last year. It appears I am on the low side of the pre-report placements. But, as is often the case, there is a wide range of estimates, from up less than one percent to up over 10 percent.

**Marketings**

I have marketings up 4.5 percent over last year. That is consistent with the year-over-year increase in fed steer and heifer slaughter. About 8,000 more Canadian fed cattle were imported in July, 2017 compared to July, 2016.

**Cattle on Feed**

Combining placements and marketings leaves my August cattle on feed estimate at 104.2 percent of a year ago. That would be the largest August 1 cattle on feed since 2012. Larger placements than I anticipate would mean much larger on feed numbers and would likely result in lower futures prices that have already taken a hit lately. For example, July placements equal to June's, with no other changes to my pre-report estimates would result in the cattle on feed inventory being up 5.7 percent over last year.



Data Source: USDA-NASS  
Livestock Marketing Information Center