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## Livestock Market Comments

### Next Up, Cattle on Feed

February 16, 2018

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Time flies. And now it's time for the next Cattle on Feed Report to be released on February 23rd. The following are my COF pre-report estimates that I sent out to various media outlets on the 15th, with numbers reporting the percent of a year ago (for example, marketings are estimated to be 106.2 percent of January 2017).

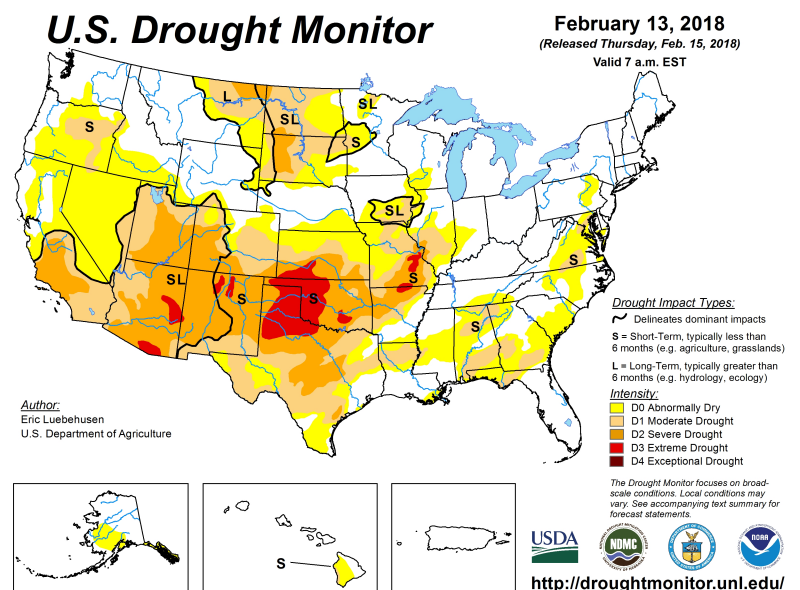
- Marketings 106.2
- Placements 100.9
- COF 107.3

### Marketings

Marketings for the month are likely to be very close to fed steer and heifer slaughter for the month. Fed cattle imports from Canada are about the same as a year ago. The report covers only cattle marketed from 1,000 head and larger feedlots. January had one more slaughter day in the month meaning that daily average slaughter continues to run ahead of a year ago's pace. The daily average marketing rate needs to stay ahead of a year ago to keep cattle from backing up. That it continues is a supportive factor in fed cattle prices implying that the demand for cattle is there to keep them moving.

### Placements

I have placements slightly larger than last year. Several factors argue for higher placements. One is the developing drought in wheat pasture country. Drought continues to worsen, likely forcing more cattle to feedlots ahead of normal time, particularly in the Southern Plains. The placement weights will be interesting to examine in the report. This would argue for more lighter weight cattle placed. Two, the January surge in fed cattle prices to the mid-\$120s boosted feeder profits and when combined with higher futures prices likely supported placements. (As an aside, negotiated cash fed cattle prices hit \$130 this afternoon.) Higher marketings and seasonal placement trends would also argue for more placements. The risk is likely for higher



placements than the pre-report estimates suggest.

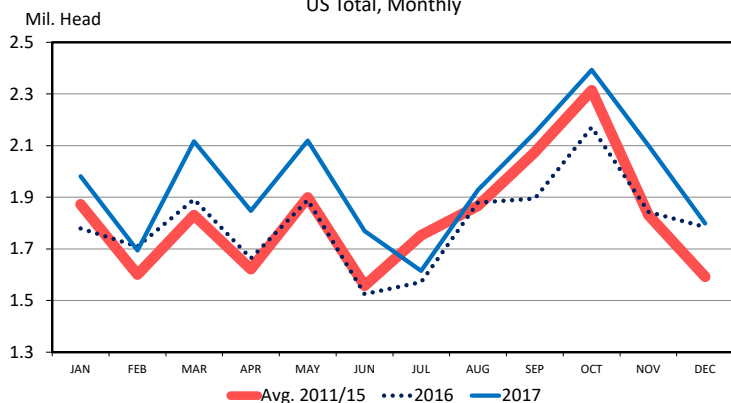
But on the other side, large placements over the last few months pulled feeders ahead already reducing head on winter pastures. That would limit the demand for those feeders in January. Feeder and stocker cattle sales through auctions, video and internet sales, and direct sales, known in the AMS reports as feeder and stocker cattle receipts, reported some double-digit percent declines from January 2017. Feeder cattle imports from Mexico were down about 20,000 head in January compared to last year.

### COF

The combination of marketings and placements results in my February 1 COF up, at 107.3 percent of a year ago. If placements are larger than expected, then the COF number will be larger too.

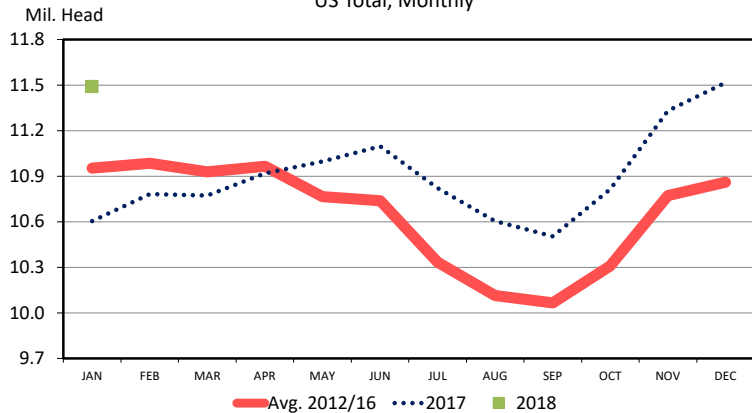
This report should also include an annual estimate of feedlot capacity. That estimate is an interesting number given long term events in the cattle feeding industry and cowherd growth.

**FEEDLOT PLACEMENTS**  
US Total, Monthly



Data Source: USDA-NASS  
Livestock Marketing Information Center

**CATTLE ON FEED**  
US Total, Monthly



Data Source: USDA-NASS  
Livestock Marketing Information Center

