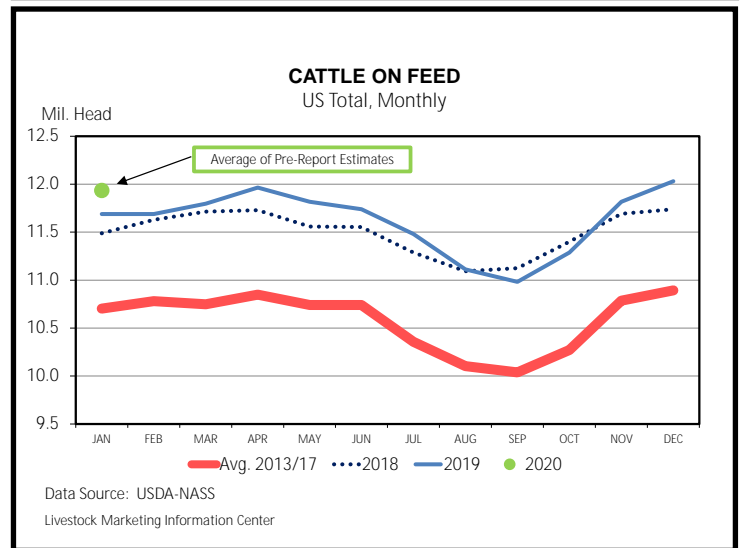
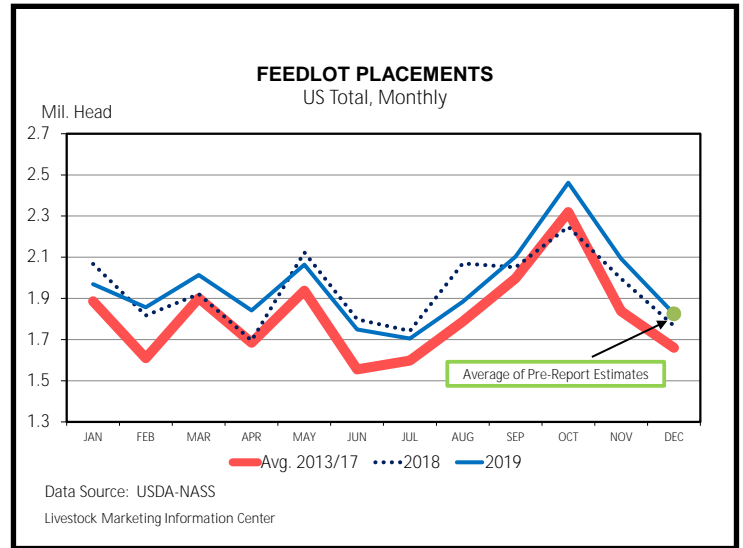


USDA's National Agricultural Statistics Service (NASS) is scheduled to release the monthly Cattle on Feed report this Friday. The data for head placed into feedlots and animals marketed will be for December, and the on-feed count is as of January 1, 2020. As a reminder, the monthly data are for U.S. feedlots with a capacity of 1,000 head or more. On average, industry analysts expect that the number of animals placed during December was about 3% above a year earlier, and marketings were up about 5%. Note, that there was one more slaughter day in December 2019 versus 2018, so daily average marketings were unchanged year-over-year. As of January 1, 2020, the number of cattle in feedlots is expected to be about 2% above a year ago. If realized, that would be the largest January 1 inventory since 2008.

Pre-report estimates in the survey discussed here (Urner Barry) contain a wide range in head placed (100.5% to 106.5% of a year ago). That's not as wide as we have seen at times in the last few years but is still significant. Animals marketed also had a notable range, too (103.9 to 106.1).

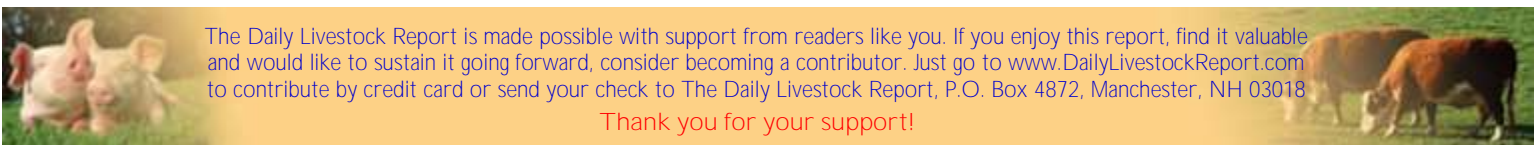
Quarterly, NASS compiles a breakdown of the inventory into steers and heifers in feedlots. During 2019, each of those reports showed year-over-year increases in heifers on-feed and declines in the number of steers. Year-over-year increases in heifers on-feed date back to the October 2017 report. The quarterly breakdown is expected to show more heifers than a year ago and fewer steers, again. This is important because heifers in feedlots are destined for meat and will not become part of the national breeding herd. Market analysts will focus on the number of heifers on-feed compared to the huge level posted a year ago.

After reviewing the critical monthly report statistics (placed, marketed, and on-feed) compared to pre-report estimates, and then flipping to the quarterly breakdown table, market analysts will turn their attention to the details behind the placement number. Specifically, they will evaluate the placement weight breakdown statistics in light of when those animals would generally be slaughter-ready. That is especially relevant now because of the Live Cattle futures prices — yesterday (Wednesday, January 22), the April contract closed at \$126.78 per cwt., June was at \$118.45, and August settled at \$115.78. Those are the relevant contracts, depending on what categories show year-over-year increases in placements and the magnitude of those counts.



| Cattle on Feed Industry Pre-Report Estimates | | |
|--|--------------------|------------------|
| | Pre-Report Average | Pre-Report Range |
| On-Feed January 1 | 102.1 | 101.6 - 102.7 |
| Placed in December | 103.3 | 100.5 - 106.5 |
| Marketed in December | 105.3 | 103.9 - 106.1 |

Pre-Report Source: Urner Barry (used with permission)



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