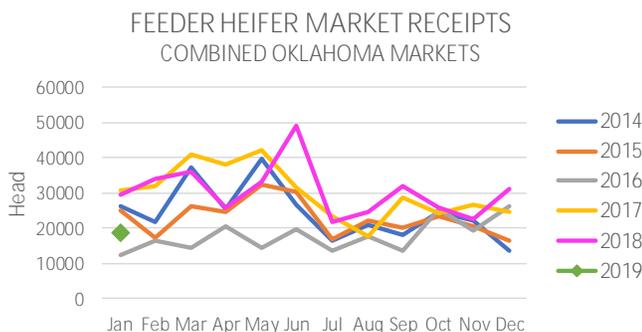
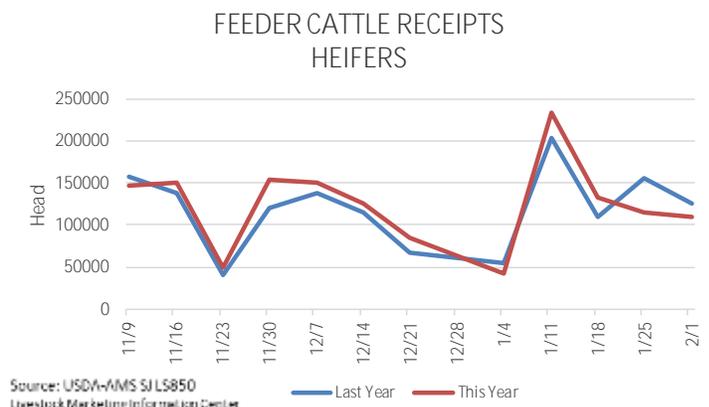
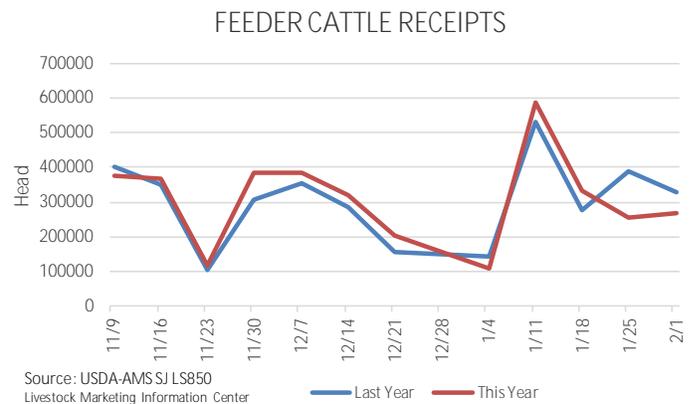


Feeder cattle trade volumes for January declined 7% from the prior January, according to USDA-Agriculture Marketing Service (AMS) report SJ LS850. All of the decline was accounted for in the last half of the month. Traditional auction barn volumes were down 13% while feeder cattle sales bypassing the auction barn by way of direct sales were up 1%. Electronic auction (e.g. internet-based) sales were up more than 30%, but were still less than 20% of the volume going through auction barns.

Feeder heifer trade volumes mirrored the overall trend in feeder cattle market activity. Much of 2018 witnessed an increase in heifers moving through trade channels. The late January decline may be notable for the start of a different trend in 2019. Causal factors driving the dip in trade volume seem less related to price than short term temporal swings on a regional basis. Heifer marketings in Oklahoma during January declined 35% from a year earlier. In December, heifer marketings in Oklahoma were the highest in at least five years, topping the prior December volume by 27%. By comparison, heifer marketings in the Northern Plains state of Nebraska in January were close to unchanged from a year earlier while December marketings were down 9% from December 2017.



Oklahoma heifer marketings in January were the lowest for that month since 2016 and may be a response to ample precipitation in the Southern Plains during the last third of 2018 that is providing plenty of economical forage for cattle to start 2019. In 2016, Oklahoma heifer marketings remained low until late in the year and were a precursor to the biggest annual increase in the Oklahoma beef cow herd on January 1, 2017 since 1975. Calf

prices are about 40% lower than they were in the two years preceding 2016, which will be somewhat of a mitigating factor for accelerated beef cow herd expansion in the Southern Plains in 2019.

Placements of cattle into feedlots tend to be positively correlated to feeder cattle market receipts. Some months show a tighter relationship than others, and January tends to have one of the lower correlations. The 7% decline would suggest a decline in feedlot placements, especially with the auction barn tally down 13%. Last year's January feedlot placements were the largest for that month since 2006, and feeder cattle market receipts were not climbing in a manner consistent with large feedlot placements. A return to a normal statistical relationship between feeder cattle market receipts and feedlot placements suggests that January placements could be down by a double-digit percentage from January 2018.



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