Daily Livestock Report

Vol. 16, No. 37 / February 21, 2018

USDA will issue on Friday, February 23, the results of its monthly survey of feedlots with +1000 head capacity. **A survey of analysts conducted by Urner Barry in recent days indicates that for the most part analysts agree that placements were about steady to maybe a bit higher than a year ago while marketings increased significantly in January**. There was one extra day for marketing cattle in January, which likely bolstered the number of cattle sold. On average analysts polled indicated they expect January marketings to be up 6.1% compared to a year ago. As usual the focus will be on January placements and the supply of cattle and the weight of the cattle placed on feed. Of the 11 analysts that were polled by Urner Barry, 5 of them expect January placements to be lower than a year ago. There are some regional reports showing a notable increase in the number of cattle placed on feed and we suspect that may have influenced some of the analyst calculations.

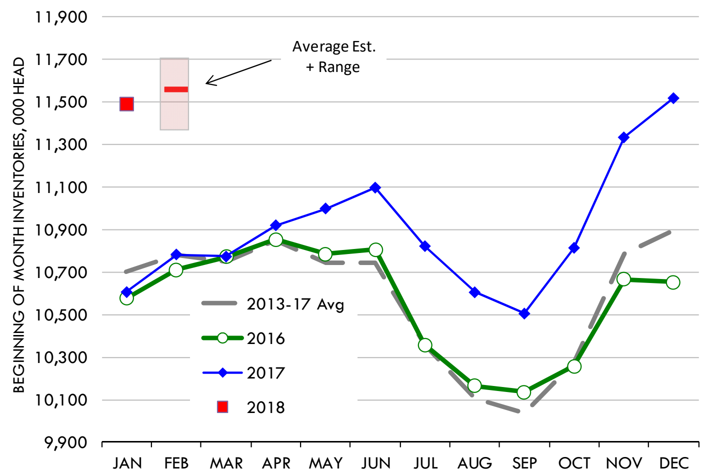
Dry conditions in the Southern Plains have been an issue for the last four months and the situation there has become worse recently. The chart on page 2 shows that large parts of the Texas Panhandle and Oklahoma are experiencing either severe or extreme drought conditions. This has the potential to push a few more replacement heifers into the feedlots and also cause a few lighter caves to go into feedlots a bit earlier than expected. In the last three months of 2017 total cattle placements in Texas were 1.370 million head, 170,000 head more than a year ago. Texas placements accounted for 22% of overall placements during Q4 of last year and yet the increase in placements there accounted for over a third of the increase in placements. Almost all the additional cattle placed on feed in the last three months of 2017 in Texas were either light or very light cattle. Placements of cattle under 600 pounds increased by 140,000 head and placements of cattle between 600 and 699 pounds increased by 50,000 head.

But even as more cattle are placed on feed in the Southern Plains, there are other factors that will likely limit the rate of placements in other parts of the country. As we noted in this report a few days ago (February 15), there were fewer cattle sold in the country, which would imply a net reduction in the number of feeder cattle receipts. Feeder cattle receipt data does not offer a very strong correlation with placements but analysts look at it as an indication of the pace of potential placements. The data is weekly so sometimes when you cut off a week tends to impact the final results. Feeder and stocker sales data for the four weeks ending January 26 was 1.339 million head, 11.5% lower than the same period a year ago. Sales data for cattle that were over 600 pounds was 924,492 head, 4.5% lower than a year ago. Auction sales data was down as well however when we look at auction sales of +600lb. Cattle the numbers were similar to a year ago. Direct and video internet sales of larger feeders were quite a bit lower than a year ago.

Another factor that tempers expectations for placements in January is the rate of feeder cattle imports. Feeder import data is also weekly. In the four weeks ending January 26 feeder imports from Mexico were 58,662 head compared to 74,826 head for the same period a year ago (22% decline). Imports of feeder cattle from Canada are quite small at the start of the year. During this four week stretch Canadian feeder imports were 2,157 head, down 45% from last year.

USA Cattle on Feed Inventory

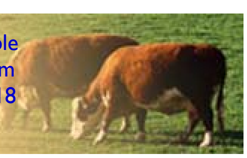
Feedlots with +1000 head Capacity. 1st of Month Inventory. '000 head. USDA



February 2018 COF Pre-Report Estimates. Urner Barry Survey

percent of year ago volumes. 11 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Feb 1	107.2%	12,424	105.5% - 108.5%
Placed on Feed in Jan	100.0%	2,031	96.0% - 102.9%
Marketed in Jan	106.1%	1,973	105.5% - 106.6%



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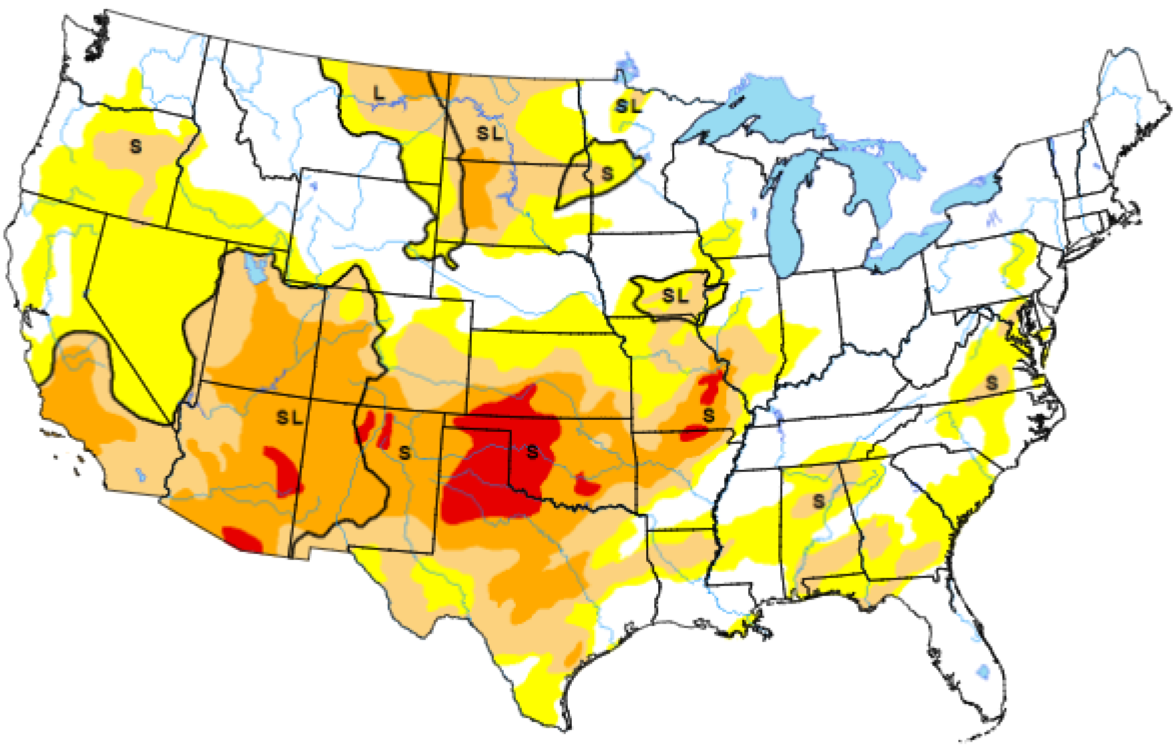
Map for February 15, 2018

Data valid: February 13, 2018 | Author: Eric Luebehusen, U.S. Department of Agriculture



Intensity and Impacts

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)