

On Friday, USDA's National Agricultural Statistics Service (NASS) will publish their monthly Cattle on Feed report, which is based on a survey of all feedlots with an animal capacity of 1,000 head or more. The on-feed estimate will be as of February 1, 2017. The counts for head marketed and placed (animals entering feedlots) will be for the month of January.

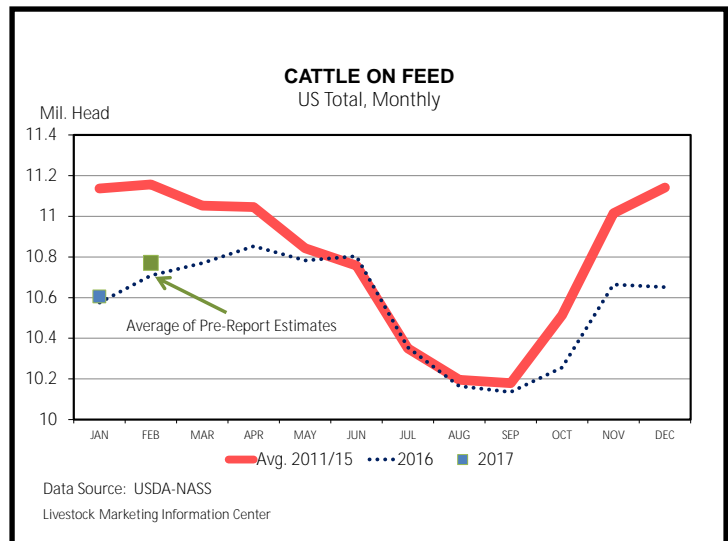
Before discussing market analyst pre-report estimates, note that the report will begin providing more detail in terms of weights of cattle placed into feedlots by adding additional heavyweight categories. Industry market analysts and University Extension Economists requested additional categories because in recent years more-and-more heavy feeder animals were being placed. NASS tested surveys with producers and then began collecting data a year ago. During the process, NASS sought and received industry feedback and input. The placement weight breakdown table will be expanded in two stages: 1) a transition table will be provided in the upcoming report (with January placements for both 2017 and a year ago); and 2) the full new table in the March report (to be released Friday March 24<sup>th</sup>). The old table had four categories, with the heavyweight grouping being steers and heifers placed at 800 pounds and over. In the new table, the old heavyweight category will be broken-down into four subgroups: 1) 800-899 pounds; 2) 900 pounds and heavier; 3) 900-999 pounds; and 4) 1000 pounds and over. At this time, for the 900-999 pound and the 1000 pounds and heavier categories, no state breakout data will be provided (i.e. only U.S. numbers will be published), due to NASS confidentiality guidelines.

Impressive marketing numbers continued during January. For the month, the average of pre-report estimate is for cattle marketed during January to be up 10.2% year-over-year. Numerically, those marketings would be the largest for any January since 2014's. There was one more slaughter day in January 2017 compared to 2016's. That translates into daily average marketings having a year-over year increase of 5.0%; still an aggressive pace by historical standards.

Placement of animals into feedlots during January was likely above 2016's (average in provided table up 10.6% compared to a year ago). As shown, the range is rather wide (up 6.8% to up 18.2%). In fact, that range it is much wider than last month,

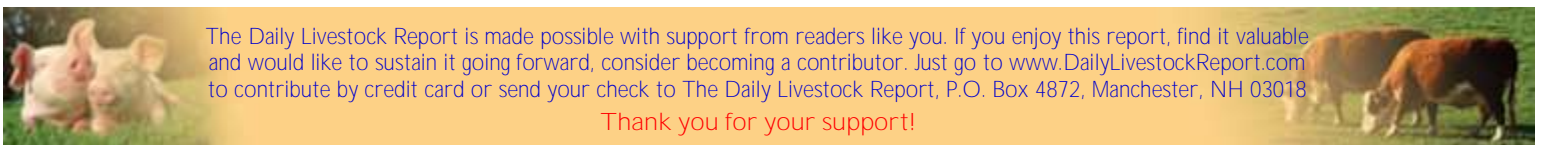
COF Industry Pre Report Estimates		
	% of Year Ago	
	Average	Range of Estimates
On-Feed February 1	100.6	99.8 - 102.5
Placed in January	110.6	106.8 - 118.2
Marketed in January	110.2	106.3 - 111.0

Source: Urner Barry (used with permission)



when placements came in larger than any analysts that participate in pre-report surveys expected. Some pre-report surveys we monitor but are not used here have placements on-average slightly larger than shown in the provided table (average of estimates up 11.1% year-over-year). Placements for the month are expected to be the largest posted in the month of January since 2014's. One factor spurring placements higher year-over-year was positive returns for cattle feeders (i.e. steers and heifers sold for slaughter turned a profit incentivizing buying feeder cattle).

As of February 1, compared to a year ago, the on-feed inventory is expected to be in the range of unchanged to up 1%. If that count comes in outside that range, even though it's within the range of pre-report estimates, markets will likely take note.



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