Daily Livestock Report

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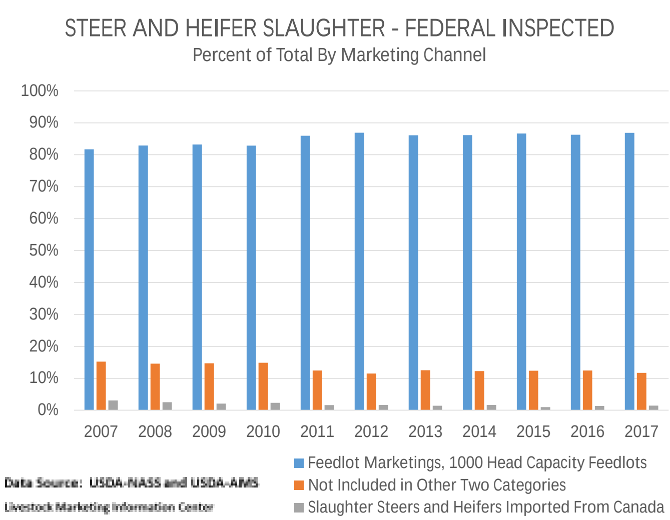
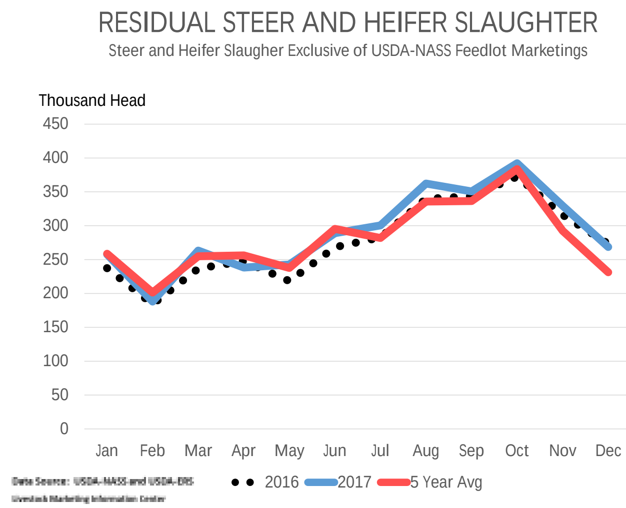
The majority of federal inspected steer and heifer slaughter comes from commercial feedlots with capacities of 1,000 head or greater, which is reported by USDA-National Agricultural Statistical Service (NASS) on a monthly basis. Last Friday, NASS reported that marketings of steers and heifers from these larger commercial feedlots were up 6% in January from a year earlier. A day earlier, NASS estimated that January steer and heifer slaughter (federal inspected) was also up 6%. Marketings of cattle from these feedlots accounted for 87% of all steer and heifer slaughter. This is just a small fraction of a percent greater than share of steer and heifer slaughter coming from feedlots in 2017. The percentage share of steer and heifer slaughter coming from 1,000 head capacity feedlots has stayed within the 86-87% range since 2012.

The 13% of the steer and heifer slaughter not accounted for by marketings of cattle from larger feedlots comes from farms primarily focused on grain production using cattle as an alternative to selling corn in the cash grain market, cattle producers marketing "grass fed" animals, and imports of slaughter cattle from Canada. The latter category accounted for 1.4% of slaughter last year, the highest percentage in the last three years, but less than half of what it was ten years ago.

January steer and heifer slaughter exclusive of 1,000 head capacity feedlots was 272,000 head. Monthly cattle import data for January is not available until next week, but just considering total slaughter less feedlot marketings, the 272,000 head tally is a 6% increase from the prior January, similar to the large feedlot marketing increase. One more week-day in January 2018 versus a year ago probably accounts for at least half the gain in both output measures.





Slaughter cattle imports in 2017 were down 10% from the prior year, approaching the lowest level in at least ten years that was seen in 2015. At these levels, slaughter cattle imports are down almost 50% from ten years earlier. Exclusive of slaughter cattle imports and 1,000 head capacity feedlot marketings, steer and heifer slaughter last year increased by about 160,000 head, or 10,000-20,000 head per month, year over year.

Penciling in a preliminary estimate of slaughter cattle imports for January close to the December 2017 volume leads to steer and heifer slaughter outside of large feedlot marketings that is about 20,000 head more than in January 2017. In some ways, it is surprising that this volume would be maintained given the big placements of cattle into large feedlots in the last half of 2017 (relative to the number of feeder cattle available from recent calf crops). It also may be an impressive statement about the stability of new marketing programs for cattle outside of the conventional feedlot marketing process.