

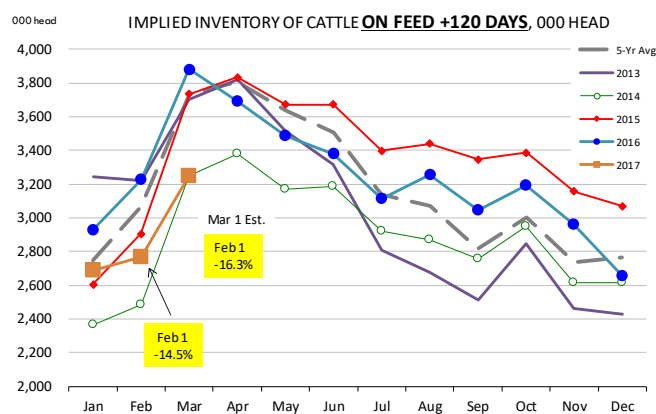
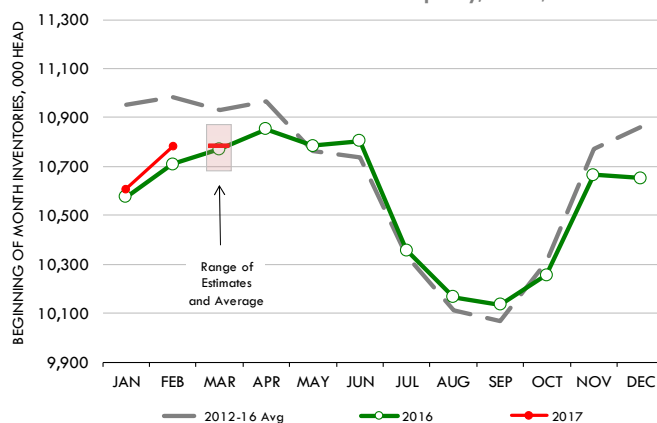
Before we give you an update on pre-report estimates of the upcoming 'Cattle on Feed' report, please note that USDA will issue today the results of its monthly 'Cold Storage' report. Key numbers to watch: pork inventories given continued increases in production but also very strong export numbers; beef stocks given the recent runup in price and the cushion available to end users; total meat protein supplies relative to the large stock that was available last year. But returning to the cattle on feed estimates, the thing that stands out is the variance in analyst estimates of the number of cattle placed on feed during February. On average analysts polled by Urner Barry expect placements in February to be 1.2% lower than a year ago but some believe placements could be down as much as 6% from last year while three of the analysts polled expect placements to be up by around 3% compared to last year. Placements in Nov-Jan period increased by some 700,00 head relative to a year ago and that likely has caused some analysts to expect a bit of a pause in placements during the month of February. The rate of placements to marketings for the month of February has been running above long run average in the last three years as the supply of cattle available for marketing has been low in Q1. Placement estimates on the high end of the range would imply a similar ratio of placements to marketings as in the last three years. The low end of the range would imply a ratio similar to what we saw in 2011 and 2012. The number of **feeder cattle imports from Mexico increased significantly in February**, which likely bolstered the number of cattle placed on feed for the month. For the four February weeks imports of feeder cattle from Mexico were 119,105 head, 26,747 head more than a year ago. Imports from Canada during this period were 9,562 head, down 4,295 head (-31%) from last year. This implies a net increase in feeder imports of 22,452 head. Auction sale receipts also show a notable increase in sales for the month of February. Keep in mind that feeders sold in auctions do not necessarily go into feedlots. They could simply be a change of ownership, go into backgrounding operations or other channels before entering feedlots. Drought conditions in the Plains have been worse this year than they were a year ago, which may have impacted wheat pastures. This was the case in January and may have continued to impact the market in February as well. Auction receipts show a total of 1.235 million head sold during the four weeks in February, up 13% from the same period a year ago. Sales of feeders over 600 pounds during this period were 785,894 head, 8% higher than the same period a year ago.

Cattle marketings in February are expected to be up 3.5% from a year ago, which is in line with the daily steer/heifer slaughter for the month of February. Based on the daily numbers fed cattle slaughter last month was round 1.835 million head, 3.5% larger than a year ago. Please note there was one additional marketing day in February 2016. On average analyst polled expect total on feed inventories as of March 1 to be only slightly above year ago levels. However, the front end cattle supply remains very tight. Using the average of analyst estimates from the table below as well as inventories and placements from previous months we calculate that on March 1 the supply of +120 day cattle on feed was 3.248 million head, 16.3% less than the same period a year ago. In March 2012 this supply was well over 4 million head and in March 2013 it was +3.7 million head. Tight front end supplies and robust cutout values remain supportive of cattle prices.

March 2017 COF Pre-Report Estimates. Urner Barry Survey
percent of year ago volumes. 10 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Mar 1	100.1%	10,781	99.1% - 100.8%
Placed on Feed in Feb	98.8%	1,689	94.0% - 103.5%
Marketed in Feb	103.5%	1,647	102.5% - 104.0%

US FEEDLOT INVENTORY
Feedlots with 1000+ Cattle Capacity, USDA, 000 head



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