

Please note that **USDA will issue this afternoon the results of its monthly survey of cold storage establishments**, offering an estimate of the supply of meat protein in storage at the end of March. The report will be posted on the USDA-NASS website at 2PM CT and we will provide a recap and analysis in our update tomorrow.

Another important USDA report will be issued on Friday, offering the latest **estimates of the inventory of cattle that were on feed in +1000 head capacity feedlots on April 1**. The table to the right includes a summary of analyst estimates ahead of the USDA report. As expected, most analysts think feedlots sharply reduced the number of cattle placed on feed during March, with the average guess at 18% below year ago levels. Both anecdotal evidence, auction sales data, and some regional surveys support the view that the flow of cattle into feedlots slowed down considerably in March. And given current trends, placements will probably be quite low in April as well. **Auction sales data is especially compelling**. In the four March weeks, sales of feeder cattle weighing over 600 pounds were 53% lower than the same period a year ago (see chart below). That trend has continued in April as well. In the three weeks ending April 17, sales receipts for feeders and stockers over 600 pounds were down 42% from a year ago. Direct sales have been especially light, declining sometimes by as much as 90% from the same period a year ago. While some weeks have seen an increase in video sales, the main trend has been for producers to hold on to their animals waiting for market turbulence to subside. Market signals have been unmistakable: faced with a dramatic decline in foodservice demand, producers need to slow down the rate of gain. The best way to do that is to try and keep as many animals as possible, and for as long as possible, outside the feedlot. Fed cattle prices for August in early March were around \$105/cwt. By the third week of March prices had dropped by almost \$20/cwt or 17%. It is interesting that the March feeder cattle contract also dropped by 18% or so between March 2 and March 17 but then recovered much of the ground lost by the time the contract settled. If the average of analyst estimates is in the right ballpark, it would imply that 360k fewer cattle were placed on feed in March than last year. When we add the decline in placements during January and February, Q1 placements maybe have declined by half a million head than a year ago. At the start of the year, the supply of cattle outside of feedlots was estimated to be 26.448 million head, 0.4% or 106k head smaller than a year ago. Pasture and range conditions this spring and summer will be critical. USDA will start surveying and rating pasture and range conditions in early May. Look for that in the weekly 'Crop Progress' report.

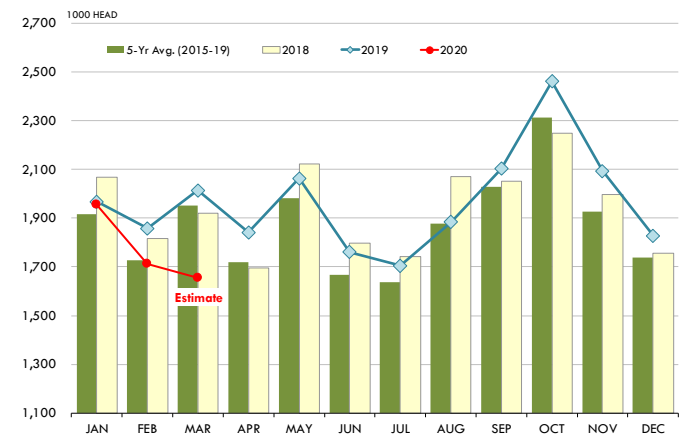
While placements dropped sharply last week, **marketings were notably higher**, in part due to some calendar differences. March 2020 had one more business day but it also had one less Saturday than last year. USDA estimates of the steer heifer slaughter for March show slaughter was 12.8% higher than a year ago, a bit on the higher end of analyst estimates. March Saturday slaughter was especially high as packers responded to strong retail demand and a big jump in cutout values. Saturday fed cattle slaughter in March averaged 49,176 head/wk, more than double the average Saturday fed cattle slaughter last year. Five day slaughter in March averaged 94,578 head/wk, 4% higher than a year ago.

April 2020 COF Pre-Report Estimates. Urner Barry Survey
percent of year ago volumes. 9 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Apr 1	95.2%	11,379	90.7% - 95.8%
Placed on Feed in Mar	82.1%	1,653	54.6% - 84.9%
Marketed in Mar	112.3%	1,996	111.3% - 112.6%

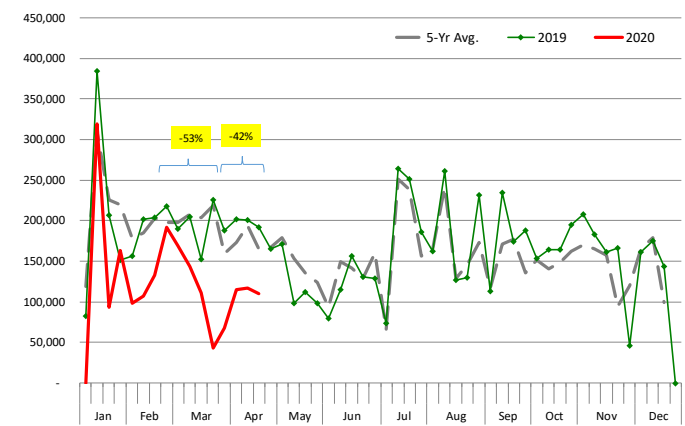
PLACEMENTS OF CATTLE ON FEED, +1000 CAPACITY FEEDLOTS

Source: USDA 'Cattle on Feed' Survey



Feeder and Stocker Sales Receipts. +600lb. Cattle.

Weekly Data. Data Source: USDA. Analysis by Steiner Consulting



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