

Weekly data on feeder cattle sales volumes collected by USDA-AMS (Agriculture Marketing Service) and summarized on web page [SJ LS850](#) is pointing to a second month in a row of year-over-year declines in feedlot placements. According to USDA-NASS (National Agricultural Statistical Service), feedlot placements in March declined by 9% from a year earlier. The weekly feeder cattle market data collected by USDA-AMS has been a good barometer of the direction of feedlot placements on a monthly basis.

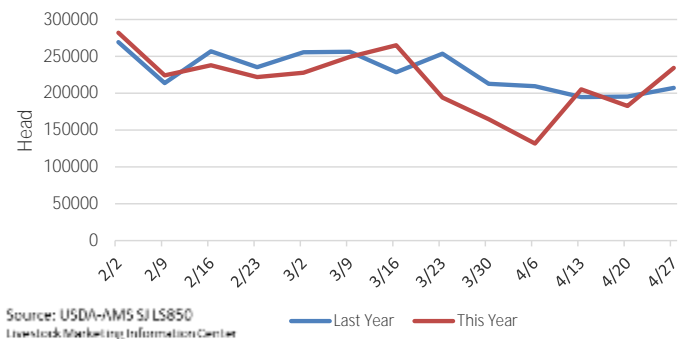
USDA-AMS breaks out feeder cattle trade volume through three channels; traditional auction facilities, direct trade, and video/internet technology. Auction trade typically accounts for 80-85% of the total volume and tends to have the highest correlation to monthly feedlot placements. In March, auction receipts were down 8% from a year earlier compared to the 9% decline in placements. Weekly receipt trends do not track with placements that closely every month, but it is impressive when they do. The graph at the upper-right shows that most of the decline in trade volumes relative to a year earlier came in the last half of the month.

The decline in weekly trade volume bottomed out in the first week in April and then rebounded sharply. Still, receipts were below year earlier volumes in two of the four weeks of April. The monthly receipt total for auction markets was down 6% from April 2017. By itself, the first week in April registered a 37% decline from a year earlier while the last three weeks of the month were up 4%. Referencing all three marketing channels in the USDA-AMS report, the April monthly total of receipts were down 15%. Receipts of feeder cattle moving through direct trade were down 21% from a year ago in April.

Weekly receipt data shows moderating movement of heifers through feeder cattle marketing channels. This was notable in March and has continued through April. The monthly Cattle on Feed Report showed heifer inventories on feed as of April 1 up 14% from a year earlier, but this compares with a 16% increase on January 1.

The big increase in female cattle slaughter so far this year (heifers up 4.3% and beef cows up 10.5% during the first quarter) has raised concerns about how much more expansion will be seen in the cattle herd. Last year, the beef cow herd increased by 500,000 head, a 1.6% increase. This year, Livestock Marketing

FEEDER CATTLE RECEIPTS AUCTIONS

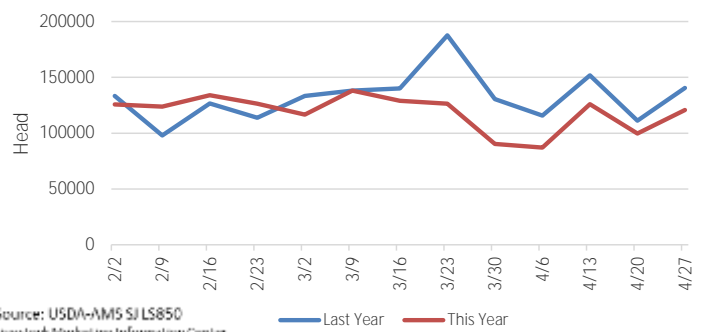


Source: USDA-AMS SJ LS850
Livestock Marketing Information Center

Information Center is looking for an increase of about half a percent. A slowdown in the pace of heifers moving to feedlots is consistent with sustained, albeit slower, expansion in the beef cow herd.

Price relationships between feeder cattle weight groups are shifting to encourage some moderation in heifer marketings. Premiums on calf prices relative to yearlings had dropped to the lowest levels since 2011 late last year as yearling prices were bid up aggressively by feedlots. This situation persisted into this February, encouraging young heifers to be marketed as feeder cattle instead of being held for breeding purposes. Markets shifted in March as yearling cattle prices declined \$7/cwt while calf prices dropped only \$1/cwt (basis the Oklahoma City auction).

FEEDER CATTLE RECEIPTS HEIFERS



Source: USDA-AMS SJ LS850
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