

USDA will issue the results of its monthly feedlot inventory survey on Friday, June 19. It is always good to point out that **the monthly survey only covers feedlots with a capacity of +1000 head**. At the start of the year, these feedlots **represented about 81.5% of all cattle on feed**. While the survey is an important gauge of future supply available, there is some inherent uncertainty given the impact that extreme market conditions may have had on smaller feedlots.

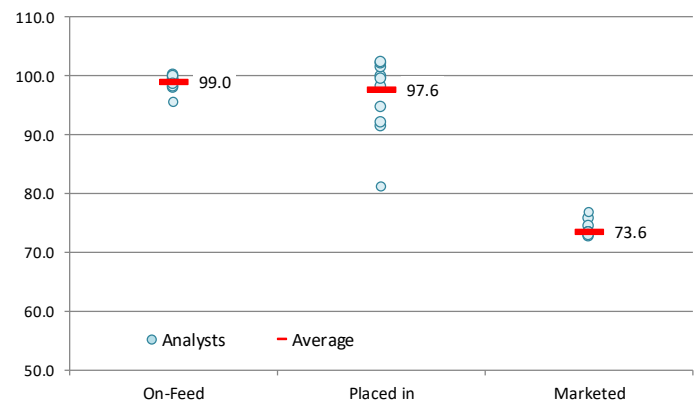
There is generally a fairly **wide range of opinions as to the number of cattle that go into feedlots in any given month**. This time is no different. Three of the analysts surveyed expect to see higher placements while the rest still expect to see fewer placements than last year. On average the expectation is for placements to be down 2.4% from a year ago. If correct, this would be the fifth consecutive month of lower placements. In the first four months of the year feedlots placed 1.021 million fewer cattle on feed than a year ago, a decline of 13% from the same four month period in 2019. At the start of the year cattle outside feedlots were estimated to be only about 106,000 head or 0.4% lower than the previous year. This backlog of cattle that need to flow into feedlots before they are processed is part of the reason that some think placements may have finally rebounded in May. Seasonally May placements pick up and this year that seasonality may have been supported by all those cattle that were held back in March and April as well as the reopening of the economy in most states during the month. Country cattle sales data is supportive of this view. **Weekly feeder and stocker sales for the period May 2 through May 29 jumped 57.5% compared to the same four week period a year ago**. Sales of cattle over 600 pounds were up 76% from last year. Auction sales for all cattle accounted for a large share of the increase, up 38% from the same period a year ago. Those that think placements may have remained under last year's levels in May likely will point out to the extreme uncertainty about harvesting rate at slaughter plants at the time. Fed cattle slaughter for the week ending May 2 was down 41% from the previous year and fed cattle slaughter for the week ending May 9 was down 34%. There were serious concerns as to what the running capacity would be for plants not just in May and June but for the rest of the year. Under those conditions feedlot operators may have opted to remain cautious rather than roll the dice and ramp up placements. Feeder cattle prices did steadily increase in May, however, suggesting better demand. October fed cattle prices started May in the \$96-97 range but were as high as \$105 by mid May. Feeder cattle imports from Mexico were higher in May but much of that was offset by the decline in imports from Canada. In the four weeks ending May 30, feeder cattle imports from Mexico were a total of 123,077 head, 17,078 head or 16% higher than a year ago. Feeder cattle imports from Canada, on the other hand, were 10,816 head during that period. This was 7,131 head or 40% lower than the same four week period last year. Imports likely contributed little to the year/year change in May placements.

**Marketings in May are expected to be down 26.4% from a year ago**. In part this is due to the fact that there were two fewer business days in May 2020 vs. last year. Daily fed cattle slaughter published by USDA last month suggests slaughter was down 26.9% from a year ago but not as low as the low end of the analyst range would suggest. If analysts are correct, marketings in May were down 546,000 head following a decline of 469,000 head in April. The marketing rate,

COF Pre-Report Estimates. UB Survey  
percent of year ago volumes. 11 analysts surveyed

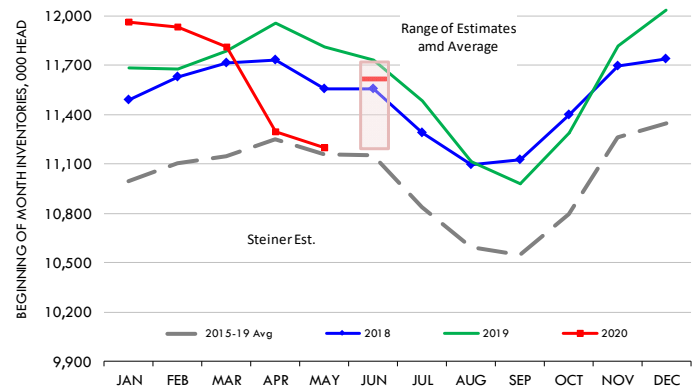
	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Jun 1	99.0%	11,611	95.5% - 100.0%
Placed on Feed in May	97.6%	2,013	81.2% - 102.2%
Marketed in May	73.6%	1,524	72.7% - 76.8%

Distribution of **Analyst Estimates** of June USDA Cattle on Feed Report  
Based on Analyst Survey from Urner Barry. Prepared by: Steiner Consulting



## USA Cattle on Feed Inventory

Feedlots with +1000 head Capacity. 1st of Month Inventory. '000 head. USDA



the ratio of marketings vs. the +90day inventory, was a dismal 23.4% in April and it is now expected to be an even worse 22.8% in May. The collapse in marketings has likely resulted in a significant backlog of long fed cattle. Using the survey numbers from above, we calculate the **inventory of cattle that have been on feed for more than 150days to be 3.255 million head on June 1, some 943,000 head or 41% higher than a year ago**.

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