

USDA will release on Friday the results of its monthly survey of feedlots with +1000 head capacity. The attached table shows what analysts polled by Urner Barry expect to see in this latest report. The consensus is that lower placements and robust marketings during May likely reduced the total supply of cattle on feed as of June 1. But not analysts expect placements to be down for the month. Of the 11 analysts polled, two expect placements to be about the same as a year ago. The expectation for placements above consensus reflect the increase in auction sales during May. For the period Apr 28 - June 1, auction sales averaged 190,440 head/wk, 9% higher than the previous year. Direct sales and video/internet sales were also higher. Total receipts during this period averaged some 265,000 head/wk, 11% higher than last year. Sales of +600 pound cattle during this period were about 5% higher than a year ago. Feeder cattle imports were down in May, however. Mexico accounts for the bulk of US feeder cattle imports. In the four weeks ending May 27, feeder cattle imports from Mexico were a total of 75,160 head, 14,894 head (-17%) lower than a year ago. Feeder cattle imports from Canada during the same period were 4,762 head, 687 head (-12.6%) lower than a year ago.

Fed cattle prices were particularly volatile during May while at the same time feedlots faced sharply higher corn prices, at least for a good part of the month. This may have impacted decisions to place cattle on feed during that period. July corn futures started May priced at around \$4.06/bushel and stayed around those levels through May 25. Similarly, September corn futures hovered around \$4.12 to \$4.15 for much of May. On the other hand, October fed cattle futures started the month at around \$107/cwt but were as low as \$101.7 by May 18. Futures made up the lost ground and closed the month about where they started.

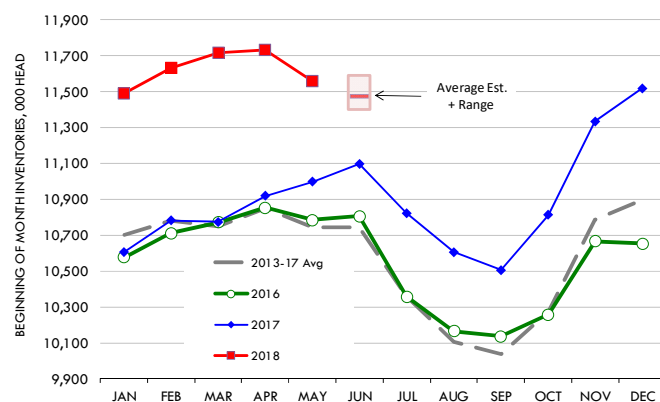
There is broad agreement that **marketings in May were about 5% higher than a year ago.** May steer and heifer slaughter (based on daily USDA numbers) was 2.304 million head, 5.1% higher than a year ago and consistent with the average of analyst estimates. Marketings in the next three months will be critical. Good foodservice and retail demand has allowed packers and feedlots to maintain a robust marketing rate in the last two months. Using the average of analyst estimates for marketings, we calculate the marketing rate for the month at 17.9%. This is nothing more than the ratio of marketings for the month vs. the inventory at the start of the month. We do have preliminary slaughter data from USDA through June 19. If slaughter continues at the current pace, we think marketings for June will be around 1.5% higher than a year ago. Using this number and the average of analyst estimates for June 1 inventories, we think the marketing rate for the current month at around 17.6%. Packers have sold more beef on a forward basis for the next few months while at the same time having fewer cattle contracted than in 2016 or 2017. Feedlots have managed to stay current so far and a robust marketing pace in the next two months could see them well positioned for the year-end holidays.

June 2018 COF Pre-Report Estimates. Urner Barry Survey
percent of year ago volumes. 11 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates	
On Feed Jun 1	103.4%	11,473	102.8%	104.4%
Placed on Feed in May	95.8%	2,030	93.0%	100.8%
Marketed in May	105.2%	2,052	104.7%	105.7%

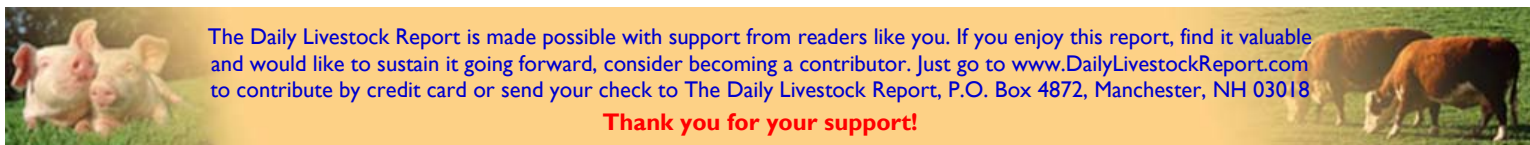
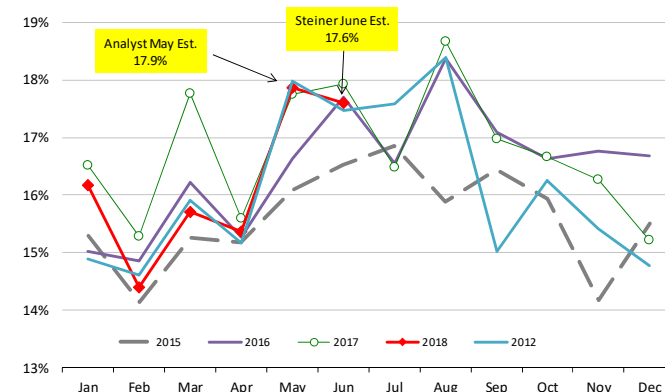
USA Cattle on Feed Inventory

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



FEEDLOT TURN-OVER RATE (MARKETING RATIO VS. INVENTORY)

Calculated using USDA Monthly "Cattle on Feed" Survey Data



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