

Before we go over the estimates of the cattle on feed inventory, just a very brief update [on the case of atypical BSE that USDA announced](#). You can read all the details from the link above but our opinion is that this should have very little material impact on domestic or export demand. The last occurrence of BSE was in April 2012 and the impact was minimal. The worry is that some foreign markets may use this as an excuse to raise barriers. US government and trade groups, such as USMEF, have worked hard to clarify the steps US beef industry has taken against BSE. It remains to be seen how futures markets knee jerk reaction to this will be today.

**Cattle on Feed Estimates:** Last month, USDA reported that feedlots with +1000 head capacity had about 11.1 million head of cattle on feed, 292,000 head (+2.7%) more than the previous year. Analysts polled by Urner Barry ahead of this month's report expect July 1 on feed numbers to be up by a similar amount (290k, +2.8%). Feedlots have placed more cattle on feed the last six months but they have also marketed them fairly aggressively. June fed cattle slaughter (based on actual daily slaughter) was 4.5% higher than a year ago, which is about the same y/y increase analysts are using. If they are right, it would imply feedlot marketings in June of 2 million head, 88k head more than a year ago and **the largest monthly marketing number since June 2011**. It is quite impressive that the value of the beef cutout in June 2017 averaged around \$130/cwt, about 20% higher than back in 2011. Robust domestic and export demand has benefited the beef industry this past spring and summer. And despite the trepidation caused by larger supplies fed cattle numbers available this fall, the improvement in demand should continue to bolster beef/cattle values going forward.

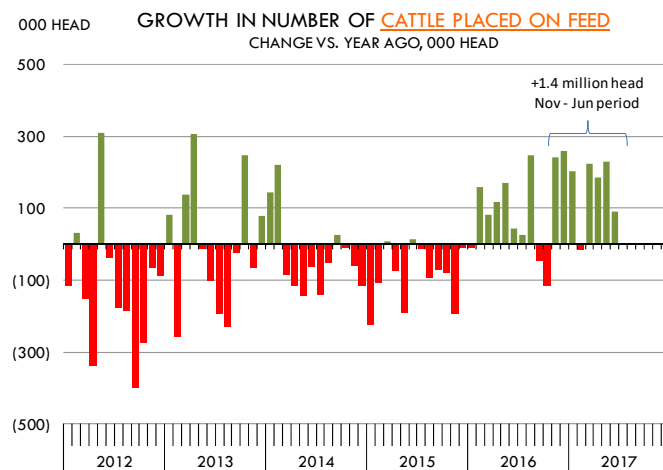
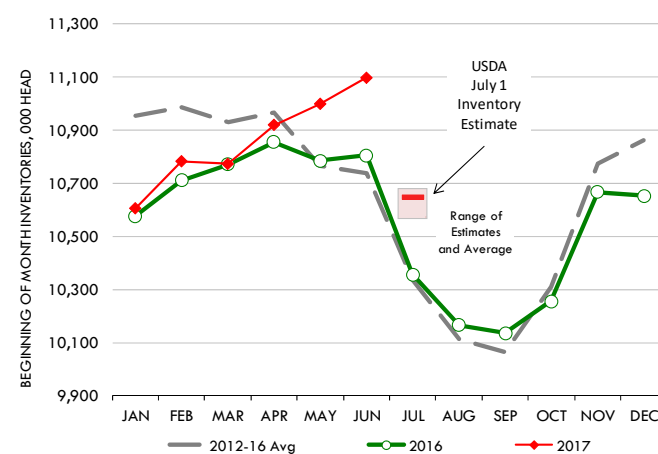
The analyst survey did not reveal great disagreements about the number of cattle placed on feed during June although one could point to factors that may push the placement numbers outside of the range of predictions. Fed cattle prices and the beef cutout was particularly strong in the first half of June while feed costs tumbled lower in the second half of the month. The incentives were quite strong for feedlots to go out there and try to bring as many feeders in. Drought conditions in the Dakotas were not as big an issue as today but they had started to have an effect so that also may have played a role in pushing some calves onto feedlots. The last USDA report showed that feedlots had to dig deeper in the feeder supply and it is possible we will once again see placements skew light. This is always something to consider when reviewing the placement numbers and projecting when some of those cattle will be available for marketing. All of the above support the view that placements should be higher and some regional reports indicate a significant increase in the number of cattle placed on feed during June. But not all data support the view of a big increase in placements. Feeder cattle imports from Mexico and Canada in June were down 15% from a year ago. Sales of feeder and stocker cattle over 600 pounds in June were down about 1.8% from a year ago.

July 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 Jul 1	102.8%	10,646	102.1% - 103.0%
Placed on Feed in Jun	105.9%	1,615	103.1% - 107.0%
Marketed in Jun	104.6%	2,000	104.1% - 105.2%

## USA Cattle on Feed Inventory

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



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