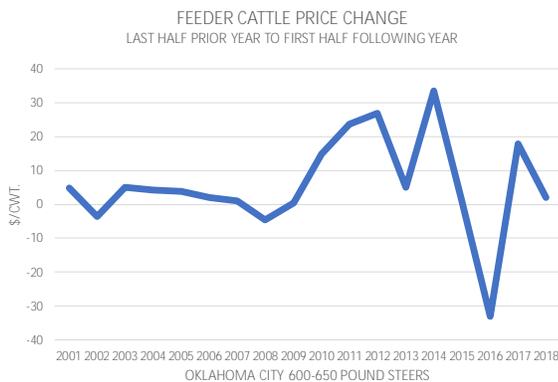


Placements of cattle into feedlots with capacities over 1000 head were up 1% in June from a year earlier, according to USDA-National Agricultural Statistical Service (NASS). Feedlot placements were down 1% from the first six months of 2017. All of the slippage in placements occurred during March and April, following a bulge in movement of feeder cattle from pastures to feedlots during January and February.

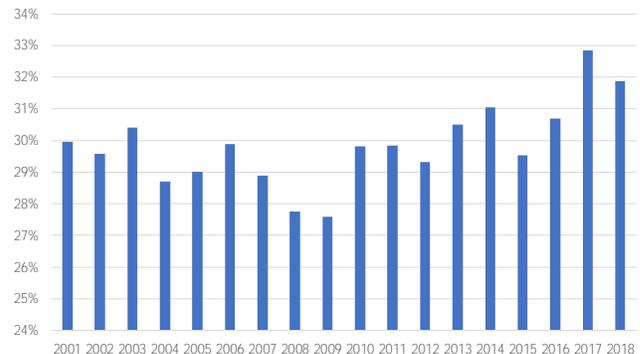
The dominant source of feedlot placements comes from calves born during the preceding year, with the majority of these calves born during the first half of the year. There has been a general trend this decade of placing a larger percentage of these calves in the first half of the following year. Last year, an unprecedented (going back to 2000, at least) 32.9% of the 2016 calf crop was placed into 1000+ head capacity feedlots during the first half of the year. During the 2000-2010 interval, it was unusual to place more than 30% of the prior year calf crop into these larger capacity feedlots.

Feeder cattle price trends could be a factor driving the tendency to place more cattle into feedlots during the first half of the year. Price volatility could also be an issue. Prices tended to rise by at least \$10 per cwt. from the last half of the prior year to the first half of following year in five out of eight years in this decade, a condition that did not occur from 2001-2009. Meanwhile, the range in price changes from the last half of the prior year to the first half of the following year has increased six-fold this decade. This could be interpreted as greater market risk for cattle producers, leading to a response of marketing feeder cattle earlier in the year to limit exposure to possible adverse price swings.



Data Source: USDA-Agriculture Marketing Service  
Analysis: Livestock Marketing Information Center

PERCENT OF PRIOR YEAR CALF CROP PLACED IN FEEDLOTS  
JANUARY-JUNE



Data Source: USDA-NASS  
Analysis: Livestock Marketing Information Center

The rising trend in feedlot placements relative to calf crop during the first half of the year has not carried over into summer quarter feeder cattle marketing trends. In fact, it is probably the case that the trend towards more extensive marketings in the first six months of the year are at the expense of summer quarter feedlot placements. Summer quarter feedlot placements relative to the prior year calf crop have held steady in the 15%-17% range since 2012. Feedlot placements this summer at 16% of last year's calf crop would result in feedlot placements up less than 1% from last summer.

PERCENT OF PRIOR YEAR CALF CROP PLACED IN FEEDLOTS  
JULY-SEPTEMBER



Data Source: USDA-NASS  
Analysis: Livestock Marketing Information Center



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