

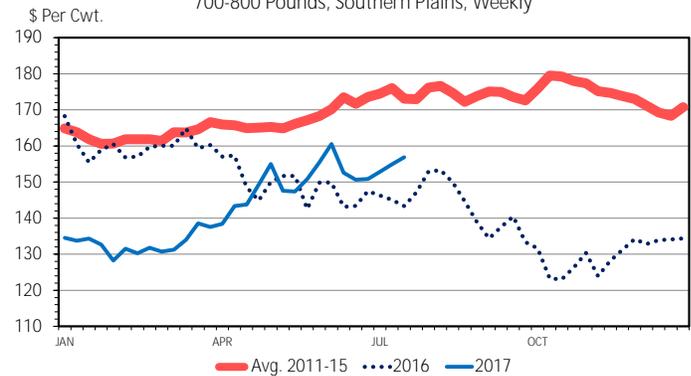
The onslaught of cattle moving into feedlots during the first half of 2017 continued in June, with placements up 16% from the prior June. Year-to-date placements are up close to 1.1 million head, or more than 10%, from the same six months in 2016. This increase is fueled by one million more calves that were born in 2016 than 2015 and 500,000 more calves in 2015 than 2014.

The increase in placements in recent months is being encouraged by developing price trends between heavier weight feeder cattle prices and calf prices. Calf prices peaked in late April and have trended gradually lower since then. Heavier weight feeder cattle prices ran up to a peak in late April, fell back and then rallied again into June. From a cattle producers perspective, this encourages moving more cattle (primarily heifers) to feedlots instead of holding onto the stock to produce more calves. Basically, taking the money and running, or cashing out, so to speak, as they respond to economic signals from the marketplace. Another upswing in feeder cattle prices this month gives cause to validate an extension in feedlot placement rates this summer.

The same mentality coming from cattle producers was in evidence from feedlots during June (similar to prior months). Feedlot marketings in June as a percent of cattle on feed longer than 120 days at the beginning of the month was 60%. This was the highest June marketing percentage since 2010. In the prior three months, however, this measure of the feedlot marketing pace was the highest in over 10 years.

A consequence of the bulge in feedlot placements in recent months is an increase in feedlot cattle supplies coming to market for the late summer or early fall. Calculated inventories of cattle on feed

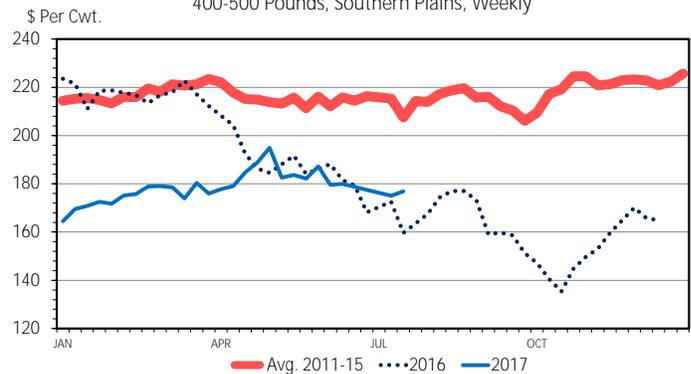
MED. & LRG. #1 FEEDER STEER PRICES
700-800 Pounds, Southern Plains, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49
07/24/17

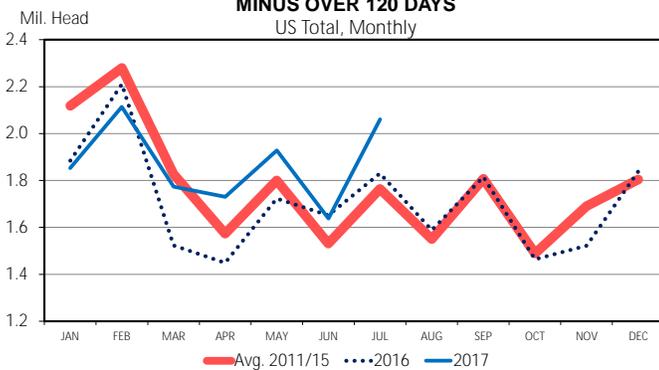
MED. & LRG. #1 STEER CALF PRICES
400-500 Pounds, Southern Plains, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-49A
07/24/17

**CATTLE ON FEED OVER 90 DAYS
MINUS OVER 120 DAYS**
US Total, Monthly



Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center

C-N-13
07/21/17

between 90 and 120 days on July 1 are significantly higher than in past years. The cattle futures market is working to accommodate the additional supply, with prices discounted from the current cash price by \$5 per cwt. for the August and October time frame. This discount should begin to have a pressuring effect on feeder cattle prices in coming weeks that could lead to a diminished rate of cattle moving into feedlots.



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