

CME Group is soliciting feedback from a wide range of market participants on the potential for changing price limits in CME Live Cattle, Feeder Cattle, and Lean Hog futures. As such, CME Group is seeking your input and feedback on the potential for amendments to livestock price limits. If you wish to voice your opinion on this topic, complete the following short questionnaire [HERE](https://cmeg.co1.qualtrics.com/jfe/form/SV_2tUAVTgX1t9wnY1) (or use this link: https://cmeg.co1.qualtrics.com/jfe/form/SV_2tUAVTgX1t9wnY1).

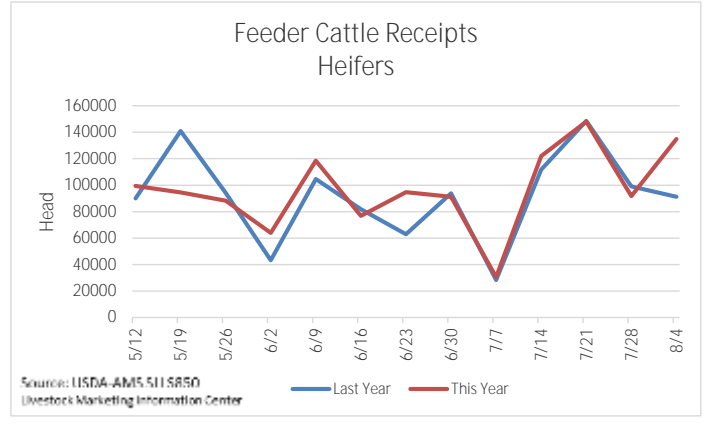
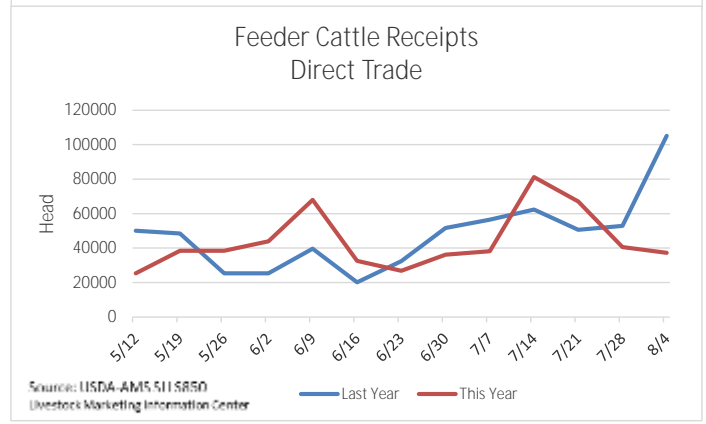
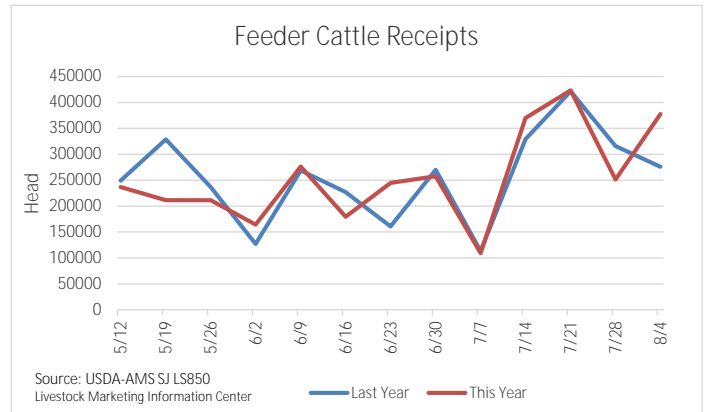
Weekly data on feeder cattle trade volumes for July could be indicating an end to the surge in placements of cattle going into feedlots that has been so notable for the last five months. Feedlot placements in June were up 16% from the prior June, pushing up placements for the April-June quarter by 12% from a year earlier. Placements during the January-March quarter were up 8%.

The four week total for feeder cattle market receipts from USDA-AMS (Agriculture Marketing Service) report SJ LS850 was 1,154,600 cattle compared to 1,180,000 cattle in July 2016, a 2% decline. Total receipts for the same weeks in June 2016 versus 2017 showed a 3% increase this year. The USDA-NASS estimate of 16% year-over-year increase in animals placed during June was a bit of a shock to the cattle markets.

USDA-AMS collects trade volume data for three marketing channels; auctions, direct sales and internet or e-market transactions. Just considering volume through the first two channels gave a better indication of feedlot placements that were realized in June. Auction receipts in June were up 10% from a year earlier and direct trade volume was up 14%. This July, auction receipts were down 1% from last July and direct trade volume was up 2%. Whereas underlying June data hinted of a surprise for June feedlot placements, the July situation gives no such indication.

A closer focus on weekly trends in direct feeder cattle trade shows the big year-over-year increase in June was early in the month, which could have been related to drought conditions that were developing in the Dakotas and Montana in late May and early June. Direct trade volumes bounced up again in mid-July but have slipped back below a year ago in recent weeks. The divergence in trends between total receipts and direct trade for early August is interesting, especially given how direct trade has been a better indicator of feedlot placements in recent months.

The flow of heifers through feeder cattle marketing channels during July did not show signs of cattle producers having second thoughts about beef cow herd rebuilding, as receipts mirrored year earlier numbers. The increase in heifer receipts during the first week in August was, for the most part, accounted for by a 400% increase in the internet and e-trade market compared to a year ago. Trade volumes in this market channel have a tendency to be irregular compared to auctions and direct trade and do not correlate that closely with flows of cattle into feedlots.



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