

USDA will issue on Friday (3PM ET) the results of its monthly survey of feedlots with +1000 head capacity. The table to the right shows what analysts polled by Urner Barry export the survey to show. Below is a brief review of key numbers and implications:

July Placements: As is normally the case there is a wide range of analyst estimates, based on their understanding of seasonal trends, feeder cattle supply, auction sales, imports, feed costs, etc. Despite the wide range, however, most analysts polled expect placements in July to be lower than a year ago. Seasonally June and July see the smaller number of cattle placed on feed and this year is not expected to be any different. In the last two months placements have averaged 2.6% below year ago. **Good pasture conditions and higher feed costs, at least for part of July, incentivized producers to hold on to their calves and try to add as much weight as possible outside of feedlots.** Imports from Canada and Mexico in July were ~3000 head or 4% lower than last year. The supply of feeders outside of feedlots as of July 1 was estimated to be just 0.3% higher than a year ago and with some of the best pasture conditions in the last 20 years analysts do not expect to see a year/year increase in July placements. Other indicators also point to a relatively slow flow of cattle into feedlots last months. Auction sales numbers were largely lower than the previous year. Overall feeder cattle receipts in the five weeks ending August 2 were down 5.5% compared to a year ago. Receipts for feeders that were over 600 pounds at time of sale were down 1% from last year as well. While there was a notable decline (-8.4%) in total auction receipts, sales of cattle over 600 pounds at auction were actually 0.9% higher than last year. Clearly producers were holding on to those light animals rather than bringing them to market. In recent COF reports we have noted a significant reduction in placements of lighter feeders, which argues for a wider spread between fall and winter cattle prices. This is already reflected in current futures, with Dec fed cattle prices trading at a \$5/cwt premium over October and February trading at a \$5 premium to December. Those premiums certainly widened following the plant fire which may impact slaughter during the fall but it was quite wide even before that event.

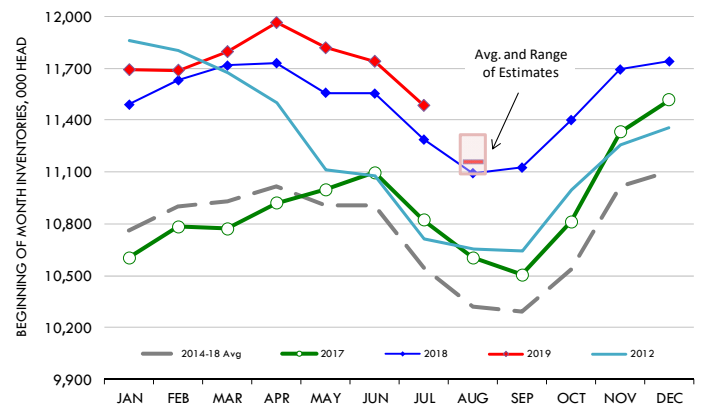
July Marketings: There was one additional marketing day in July, which tends to influence the y/y comparison. Even when we adjust for that marketings in July were up 2.2% from a year ago, a fairly robust rate. The average of analyst estimates was slightly lower than the estimated steer/heifer slaughter in July, which we calculate to be 7% higher than a year ago. The ratio of marketings to the inventory of +90day cattle in July is estimated, using the average of analysts, to be 33.2%, a full point higher than the average of the past five years. Normally the marketing rate improves significantly in August as packers run hard in order to fulfill Labor Day orders. Part of the reason for the bearishness surrounding Oct cattle at this time has to do with the ability of packers to maintain the marketing rate in the next few weeks. Additionally, there is worry that current high beef prices may choke off some demand for Sep/Oct needs.

August 2019 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 Aug 1 | 100.6% | 11,160 | 100.0% - 102.0% |
| Placed on Feed in Jul | 99.5% | 1,733 | 96.6% - 108.5% |
| Marketed in Jul | 106.8% | 2,000 | 106.1% - 107.6% |

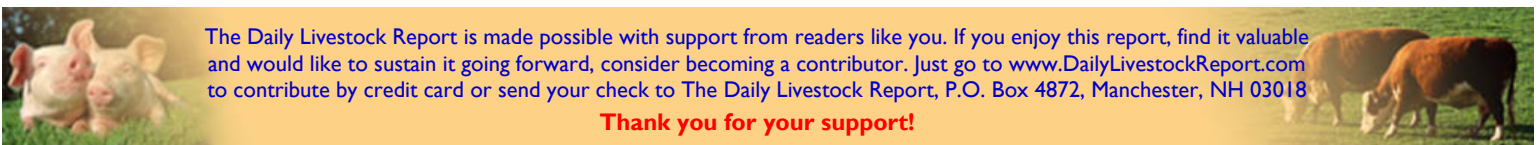
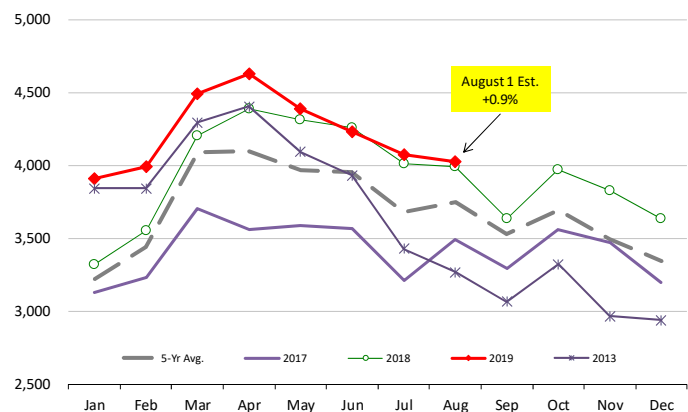
USA Cattle on Feed Inventory

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



INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calculated using the USDA Monthly "Cattle on Feed" Report



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