

This Friday, USDA's National Agricultural Statistics Service (NASS) will release the monthly Cattle on Feed report. That publication is based on surveys of all feedlots with 1,000 head or more capacity. As has been the situation quite often the last two years, there is a wide range in pre-report estimated by analysts reflecting, to a large extent, uncertainty about producer responses to the impacts of drought and economic conditions. Urner Barry provided the compilation of estimates summarized in the table below.

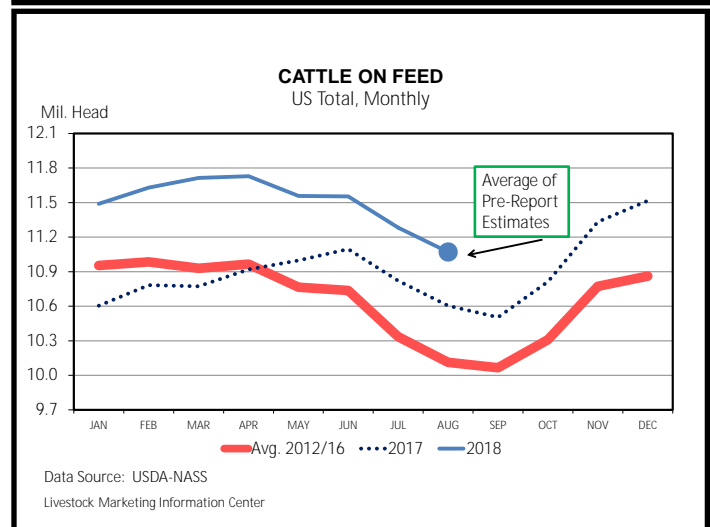
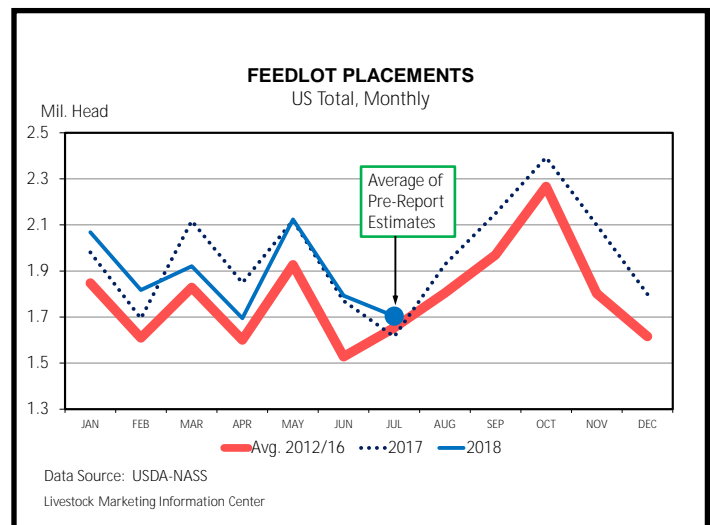
Readers should note that there was one more slaughter day in July of 2018 compared to a year ago. Adjusted for the number of slaughter days the daily average marketings (average of pre-report estimates) were virtually unchanged compared to a year ago (average of pre-report estimates was up 4.9%). The year-over-year increase in head marketed for the month is in-line with what USDA has reported for steer and heifer slaughter adjusted to apparent imports from Canada. So, the rather wide pre-report range on marketings (101.8 to 106.0 percent of a year ago), is a bit puzzling.

The pre-report range for cattle placed into feedlots during July is understandable. All the analysts had placements above 2017's. Here are several reasons for expecting more cattle placed during July than a year ago. The drought has limited summer grazing of some 2017 born calves in areas of the Southern Plains, Missouri, and Kansas. Cow-calf operations may have decided to sell yearling heifers rather than breed them in recent months. U.S. calf and yearling imports from Mexico and Canada were up year-over-year, and those animals likely went directly to feedlots. USDA-AMS reported significant increases in July's auction sales compared to a year ago. Rather strong feeder animal prices may have indicated strong demand by cattle feeders.

The on-feed inventory has followed a typical seasonal pattern this year (see the last graphic). The August 1 count

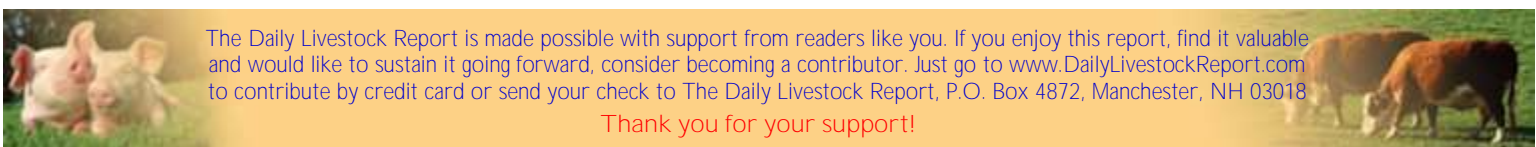
continued that trend. Going into the report, analysts expect NASS to show about 4.4% more head on-feed than a year ago (between 10.8 and 11.1 million head).

Besides comparing Friday's report with these estimates, analysts will turn to the tables with the weights of animals placed into feedlots. Specifically, they will focus on the numbers placed weighing under 600-pounds (lightweight category) and those over 800-pounds. Of course, the heavyweight animals will reach slaughter weight much earlier than the lightweight cattle.



Monthly (NASS) Cattle On Feed, Pre Report Estimates		
	% of Year Ago	
	Average	Range of Estimates
On-Feed August 1	104.4	103.6 - 105.6
Placed in July	105.5	100.6 - 109.8
Marketed in July	104.9	101.8 - 106.0

Source: Urner Barry (used with permission)



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