Daily Livestock Report

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On Friday, USDA's National Agricultural Statistics Service (NASS) will publish their monthly Cattle on Feed report, which is based on a survey of all feedlots with an animal capacity of 1,000 head or more. The on-feed estimate will be as of August 1, 2017. The counts for head marketed and placed (animals entering feedlots) will be for July. Today, we will look at expectations for that report (see the summary table of the survey conducted by Urner Barry).

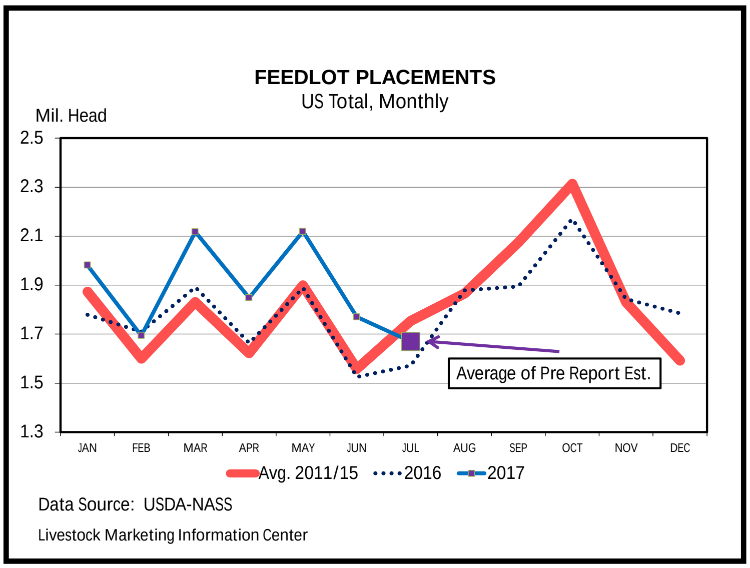
U.S feedlots continued to sell slaughter ready animals aggressively during July. For the month, the average of the pre-report estimate is for cattle marketed during January to be up about 4.5% year-over-year. Numerically, head marketed would be the largest for any July 2014's.

Pre report estimates have a large range in the number of animals placed into feedlots during July. Placements are the quandary in this report, as was stated by Dr. David Anderson at Texas A&M University in his recent newsletter (for his full article see here). "There are some good reasons for higher placements compared to a year ago. There were still some profitable opportunities to place cattle in July. The continued drought in the Northern Plains has likely led to more placements. There are also reports of increasing feeder cattle and calf sales to Corn Belt feeders. ..... It may also be that the large placements in May and June pulled some cattle ahead and out of July placements. That would argue for a fewer cattle placed in July. Placement levels, so far, this year would suggest the increase in feeder cattle over last year have already been placed limiting supplies to lighter weight calves and heifers." Animals placed into feedlots during July was likely above 2016's – the average of the placement estimates is up 6.2% compared to a year ago, which would numerically be the largest for the month since 2013.

As of August 1, the monthly on-feed count is expected to be higher than a year ago, the average of the pre report estimates is up 4.9% at about 500,000 head more than last years. In comparison, the July 1 on-feed inventory was 4.5% above a year earlier. Analysts put the range for August 1st at up between 3.5% and 6.1% year-over-year. That is a much wider range than normal.

Market analysts will evaluate this report by first looking at the head placed into feedlots during July. Next, they will turn to the breakdown of placements by weight category. They will focus on how much, if any, year-over-year increase is reported in the heavy-weight category, which are animals that will mostly reach slaughter in early 2018. Year-over-year increases in the lightest-weight category in Nebraska and nearby states will be attributed to the Northern High Plains drought. Numbers of light-weight animals placed will be of relatively little concern regarding the fed cattle market

COF Industry Pre Report Estimates		
	% of Year Ago	
	Average	Range of Estimates
On-Feed August 1	104.9	103.5 - 106.1
Placed in July	106.2	100.8 - 114.1
Marketed in July	104.5	104.0 - 105.6
Source: Urner Barry (used with permission)		



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