

USDA's National Agricultural Statistics Service (NASS) releases their monthly Cattle on Feed report this Friday. The on-feed count will be as of October 1st and the animals placed and marketed will be for September. As a reminder, this report is for all U.S. feedlots with 1000 head or more capacity and animals that are "on full feed for slaughter."

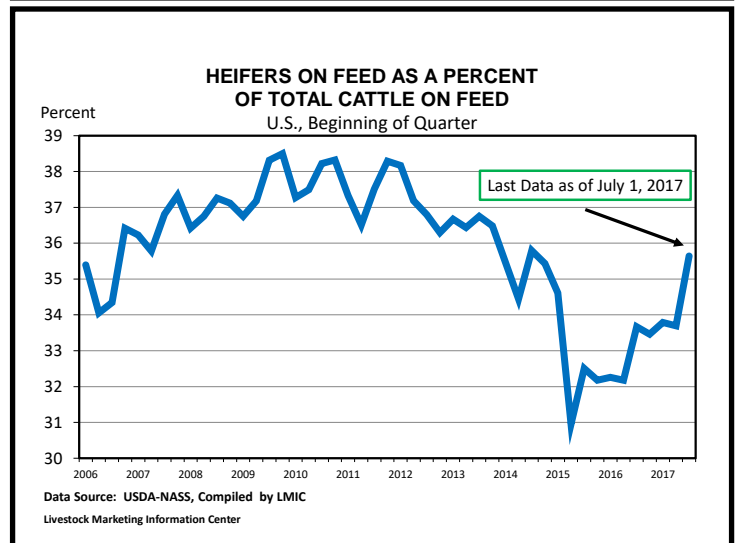
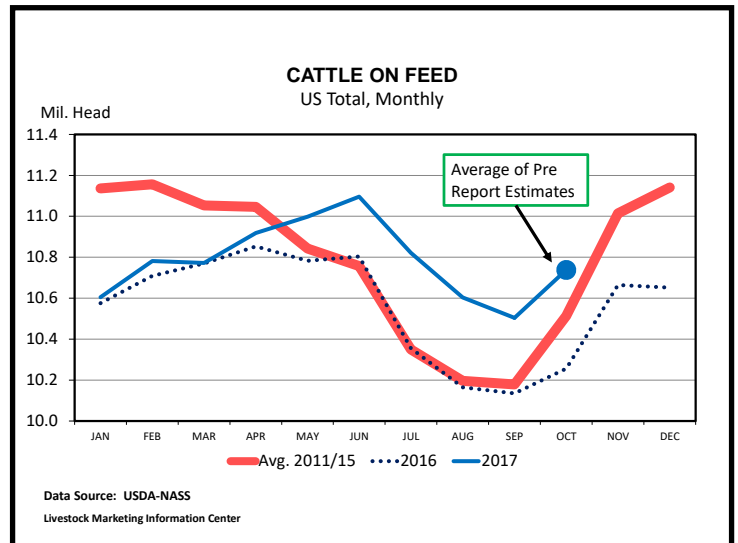
A famous quotation attributed to Yogi Berra applies to the pre-report compilations of industry analyst expectations for the upcoming Cattle on Feed report: "It's déjà vu all over again." All three of the industry analyst categories that make-up the pre-report estimates have wide ranges compared to typical (see the provided table which was developed by Urner Barry). The wide ranges in head placed and marketed combine to give the range of October 1 on-feed estimates. Further, at least one other compilation, which includes some different analysts than Urner Barry, reported a bit wider ranges (e.g., marketed 101.2 - 105.0).

To have considerable uncertainty about both the head and weights of animals placed into feedlots is not unusual. There are lots of economic and other reasons (e.g., drought) for different estimates on head going into feedlots. The wide range on head marketed is more perplexing. USDA's National Agricultural Statistics Service (data published weekly by AMS Market News) has reported Federally Inspected (FI) slaughter for September at 2.7% above a year earlier. Some refinements to just extrapolating that percentage can be made for a pre-report marketing estimate. Those adjustments can include: accounting for seasonal relationship differences in head marketed in Cattle on Feed reports and FI slaughter; reflecting imports of slaughter cattle from Canada; and changes in the relationship between head sold by the monthly surveyed lots and all U.S. feedlots (i.e. with 1,000 or more capacity). Still, the range of estimates for head marketed is surprising.

Based on the average of pre-report estimates, head marketed remained robust, and that assessment is reinforced by adjusting for slaughter days. There was one less slaughter day in September 2017 versus '16. Daily average marketing's during September were up 7.8% year-over-year.

The upcoming report will provide the quarterly breakdown on the number of animals by type (steers and heifers) in the surveyed feedlots. In recent months, a significant portion of the year-over-year increase in head placed were likely heifers. That data will provide insight into longer-term U.S. breeding herd trends.

COF Industry Pre Report Estimates		
	% of Year Ago	
	Average	Range of Estimates
On-Feed October 1	104.7	103.4 - 106.2
Placed in September	107.5	103.4 - 116.0
Marketed in September	102.6	100.4 - 103.1
Source: Urner Barry (used with permission)		



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