

Cattle on feed estimates will be published by USDA on Friday, September 25. The table to the right summarizes the estimates of 11 analysts polled by Urner Barry ahead of the report. **On average analysts expect to see a notable increase in the number of animals on feed, a result of expected strong placements during August at a time when marketings for the month were down** compared to a year ago. Some thoughts about the upcoming report:

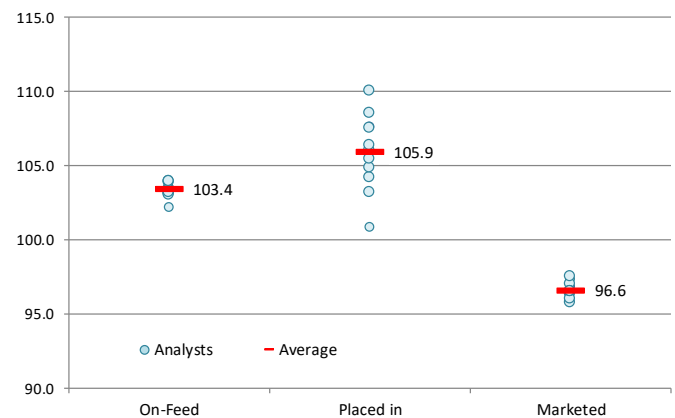
Marketings: We normally start by discussing placements but the decline in marketings needs to be highlighted. Remember these are monthly numbers and in any given year the number of marketing days in a month will differ from the year prior. This tends to skew the final number. **August 2020 had 1 more Sunday and one less Friday than August 2019.** Plants do not run on Sunday so one less slaughter day will impact the number of cattle marketed. **Steer/heifer slaughter for August** (based on daily estimates) **was 3.5% lower compared to a year ago, which is what the average of analyst estimates is telling us.** Monday through Friday daily slaughter in August averaged just 0.2% below year ago levels. There were five Saturdays both last year and this year and slaughter on Saturday this year averaged 54,482 head/day, 6.6% higher than a year ago. In September we should see the marketing numbers flip due to an extra marketing day compared to a year ago.

Placements: As always there is a fair amount of disagreement on this number, evidenced in that second chart showing where the average of estimates falls in the range. **On average analysts expect placements in August were up about 6% compared to a year ago.** If correct, this would put placements last month just shy of 2 million head or 111k head higher than a year ago. Dry conditions in parts of the country likely encouraged producers to push more cattle into feedlots. Feeder cattle sales data seems to support this speculation as well. Weekly feeder cattle sales (4 weeks) were 15.3% higher than the previous year. Auction sales data showed a 30% increase compared to a year ago but increases in direct sales and video/internet sales were up only in the single digits. **Sales of 600 pound and over feeders were 19% higher than a year ago,** suggesting strong movement of cattle in the country. Movements in fed cattle futures and implied profitability is an important driver for placements and in August the picture was a bit muddled in that regard. December fed cattle futures gained 3.4% between August 7 and August 19 but then gave it all back and by the end of April fed cattle futures were down 4.2% compared to where they were on August 19. **Uncertainty about beef demand during the winter months, especially uncertainty about foodservice demand, remains a key risk factor for feedlots looking to add to their inventory.** Projected feed costs were higher for much of August as September corn prices gained about 10% last month. Feeder prices were mostly steady in August, with the CME feeder cattle index at the end of August about \$1 higher than where it started the month. Higher imports from Mexico likely bolstered the total number of cattle placed on feed. Feeder imports from Mexico in the four weeks ending August 29 were 86,725 head, 23,309 head or 37% higher than a year ago. Feeder cattle imports from Canada during this period were 4,994, down 2,785 head or 36% compared to a year ago.

Sep. 2020 COF Pre-Report Estimates. UB Survey
percent of year ago volumes. 11 analysts surveyed

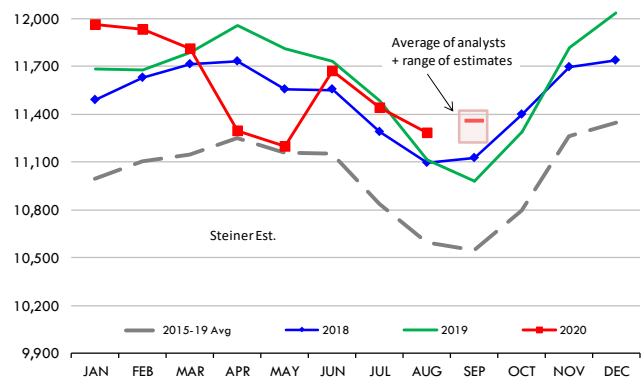
	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Sep 1	103.4%	11,355	102.2% - 103.9%
Placed on Feed in Aug	105.9%	1,995	100.8% - 110.0%
Marketed in Aug	96.6%	1,887	95.7% - 97.5%

Distribution of **Analyst Estimates** of June USDA Cattle on Feed Report
Based on Analyst Survey from Urner Barry. Prepared by: Steiner Consulting



USA Cattle on Feed Inventory

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



On feed numbers: The average of analyst estimates currently pegs the total inventory on September 1 at 11.355 million head, 373,000 head or 3.4% higher than a year ago. **The inventory of cattle that have been on feed for 150 days or more is estimated at 2.497 million head, 440k head or 21.4% higher than a year ago** while the inventory of cattle with 120 days or more on feed is estimated at 3.859 million head, about the same as a year ago. Feedlots still have a significant number of long fed cattle and combined with rising carcass weights this continues to weigh on the spot market trade.

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