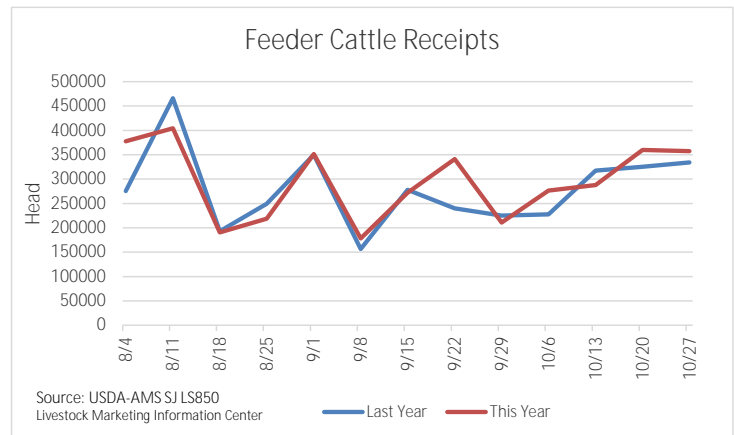


The pace of cattle moving into commercial feedlots this year has been brisk, to say the least. In September, feedlot placements were up 13% from the prior September, according to USDA-NASS (National Agricultural Statistics Service). This capped off the summer quarter when placements were up 6% from a year earlier, and followed the Spring quarter when placements were up 14%. A continuation of feedlot placements increasing at the rate seen in the summer would result in the highest annual placements of the decade, slightly exceeding the totals of 2010 and 2011.

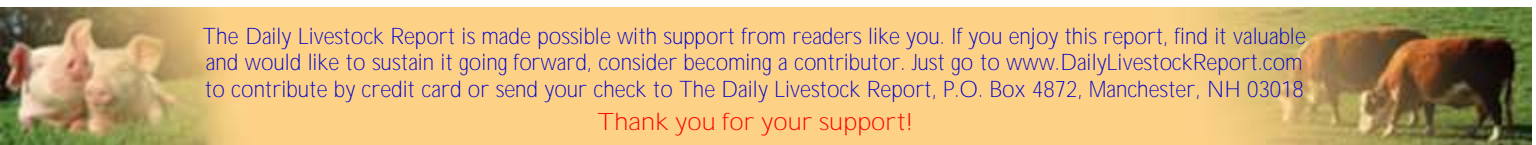
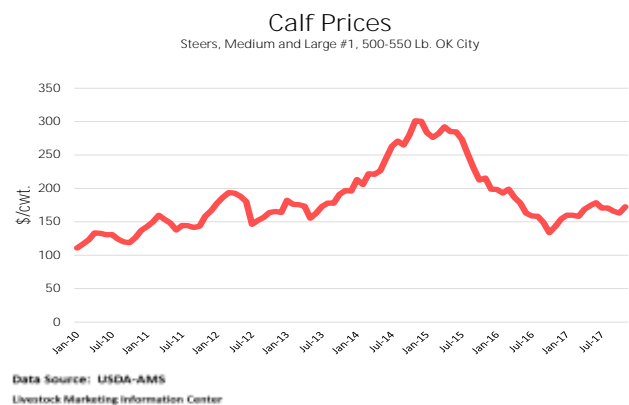
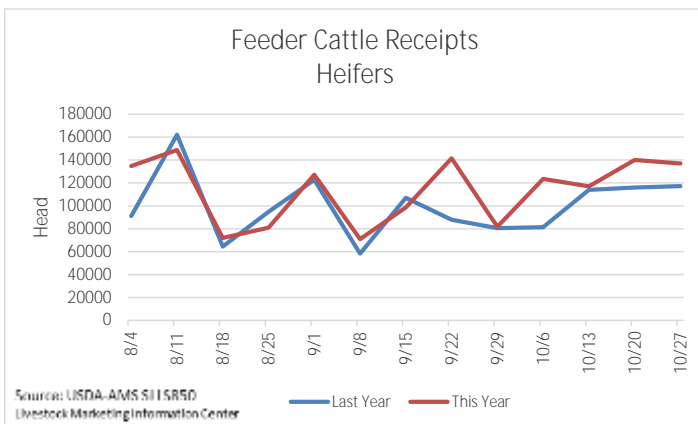
A respectable leading indicator of monthly feedlot placements has been weekly feeder cattle receipts, tabulated by USDA-AMS (Agricultural Marketing Service) on report SJ_LS850, published on most Fridays except for some holidays. The four week totals for October came in 6% above the prior October although there was a wide variation in year-over-year comparisons between marketing channels designated within the USDA-AMS report. Three of the four weeks in October registered increases with the biggest increase coming in the first week of the month, but then followed by the only week that was below a year earlier.

The flow of feeder cattle through auction barns represents the bulk of the cattle receipts captured by USDA-AMS report. This October, the flow of feeder cattle through this channel was up 14% from a year earlier. In September, when feedlot placements were up 13 percent, feeder cattle receipts from auctions were up 18% while total feeder cattle marketing receipts were up 11%.



The increase in feeder cattle marketing receipts is composed of more heifers being marketed off of pastures, and probably infers fewer heifers being held for beef cow breeding purposes. Heifer receipts have been above a year earlier in eight of the last nine weeks, and every week during October. The October tally of heifer receipts in the weekly USDA-AMS report shows a 21% increase from October 2016.

Calf prices peaked in early 2015, declining to the lowest values since mid-2012 last Fall. This has diminished the incentives to hold heifers for breeding purposes. Strong prices for heavier weight feeder cattle relative to calves that has been feature of cattle markets in recent months also encourages more heifer marketings.



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