Daily Livestock Report

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Cattle on Feed Industry Pre-Report Estimates		
	Pre-Report Average	Pre-Report Range
On-Feed November 1	101.8	100.9 - 102.6
Placed in Oct	90.9	87.3 - 95.5
Marketed in Oct	100.1	98.5 - 102.4

Pre-Report Source: Urner Barry (used with permission)

Cattle on Feed pre-report estimates were released this week, and showed an entirely different tone than in the last few reports. Analysts estimate that October placements will pull back significantly from last year with the average expectation down nearly 10%. October placements in 2019 were the largest October since 2010, and were more than 200 thousand head higher than October 2018. It's reasonable to expect this October placement number will not be quite so high. Cattle placed into large feedlots has been above a year ago since June, and year to date placements are about 3% below last year. Still, seasonally October placements are generally higher than September and nationally are the largest placement month of the year. The range of pre-reports indicate that some analysts are expecting 2020 not to follow the typical seasonal pattern. The low end of the placement range is indicating September will be higher, though most are still expecting that seasonal pattern to hold.

Placement indicators, such as auction volumes and feeder cattle imports are pulling data in opposite directions. Feeder cattle imports from Mexico and Canada continued to show strong year-over-year gains, but the auction data showed notable slowing in feeder cattle receipts last month.

More interesting will be the weight breakdown, and what it means for supplies in early 2021. The year to date placement number is being driven by very low placements earlier in the year, but since June placements are up 7% over last year. The decline in lighter placements at the beginning of the year resulted in those cattle placed on grass over the summer and placed on feed as long yearlings. One of the largest increases in placement groups has been 800-899 pound animals, up 13% since June. Drought too has been a factor over the summer and has influenced higher lightweight placements since June. June through September under 600 pounds and 600-699 pounds are up 9% each.

In the October report, there are still expected to be lightweight cattle available to be placed, but that the majority of yearlings have already been placed from last year's calf crop. The smallest increase since June has been the 700-799 pound weight group, up only 5%. Although some of those animals are available, the lower placement so far this year has been driven by the management strategies during the pandemic and those cattle were placed either at lighter or heavier weights than what would have been typical.

Cattle marketed last month is expected to be about even with a year ago even with one less slaughter day, indicating daily average marketing are higher than last year. The marketing and placement expectations bring estimated cattle on feed as of November 1 to 101.8% of a year ago.