

Daily Livestock Report

Vol. 8, No. 32/ February 18, 2010

USDA will release its monthly estimate of cattle in feedlots with capacities of 1000 head and more in Friday afternoon's Cattle On Feed report. The results of Dow Jones' pre-report survey of analysts' estimates appear at right. There were 13 respondents to this month's survey. The high and low estimates are dropped from the averages. There does not appear to be anything unusual about the range of this month's estimates. The top chart shows where inventories will stand relative to last year and the 5-year average should the analysts' average estimate be correct. The 10.938 million head would be the smallest February 1 U.S. feedlot inventories since 2003. We believe that the key number in these estimates and the report on Friday will be January placements given the severe weather events of this winter.

Another symptom of that severe weather has been a sharp decline in fed cattle market weights. The average slaughter weight for steers for the week that ended January 30 (the most recent week for which data by cattle class and sex are available) was 836 pounds, 19 pounds lower than last year. The average slaughter weight for heifers that same week was 778 pounds, 13 pounds lower than one year ago. This year's weights for both sexes are still higher than two years ago but not by much and recall that the placement weights of these cattle back in August and September were near record-high for those months, second only to the placement weights of August and September 2008. They "should" be weighing more and likely would be if not for this winter's frequent snowfall and continuing cold temperatures. The animals simply have to burn more calories to maintain their bodies, leaving fewer nutrients available for growth.

CanFax (the market analysis and data gathering division of the Canadian Cattlemen's Association) released its monthly estimate of cattle on feed in Alberta and Saskatchewan feedyards last week. February 1 inventories numbered 940,500 head, 1.1% lower than one year earlier. January placements into the Prairie province lots were up 19% from last year at 124,800 head. January cattle marketings were 19% LOWER than last year. Canada's January placements were comprised of significantly heavier cattle than were the January 2009 placements. Placements of cattle weighing less than 600 pounds were nearly 40% lower than last year while those of cattle weighing over 800 pounds were 46% higher. The weighted average placement weight for this January was 763 pounds, 24 pounds heavier than last year. We use 550 pounds for the under-600 category, 850 pounds for the over-800 category and the midpoints of the 600-699 and 700-799 pound ranges in making this average placement weight calculation.

The trends for all cattle numbers are similar for both countries — DOWN — and will almost certainly continue so in the near term. Slaughter weights, which are still trending upward, will ease the impact of these declining numbers but will not cancel them completely, leaving beef supplies lower and setting up a potentially explosive situation for beef and cattle prices should demand begin to recover.

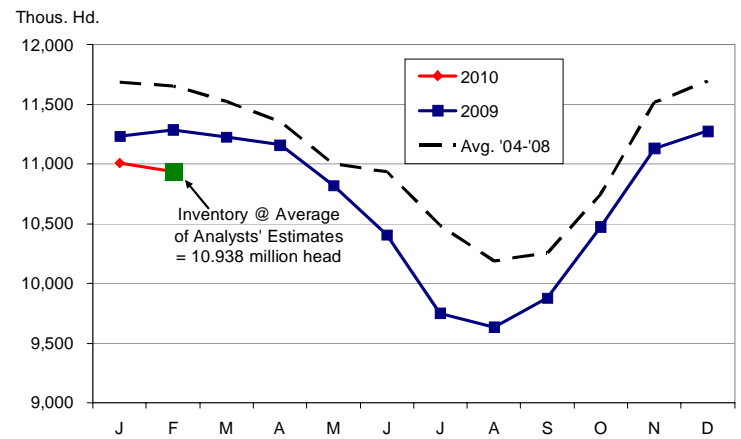
Pre-Report Estimates -- USDA Cattle On Feed

February 19, 2010

	Range of Estimates	Average of Estimates
On Feed, February 1	95.5 - 97.6	96.9
Placed in January	92.6 - 98.5	95.1
Marketed in February	98.9 - 103.0	100.9

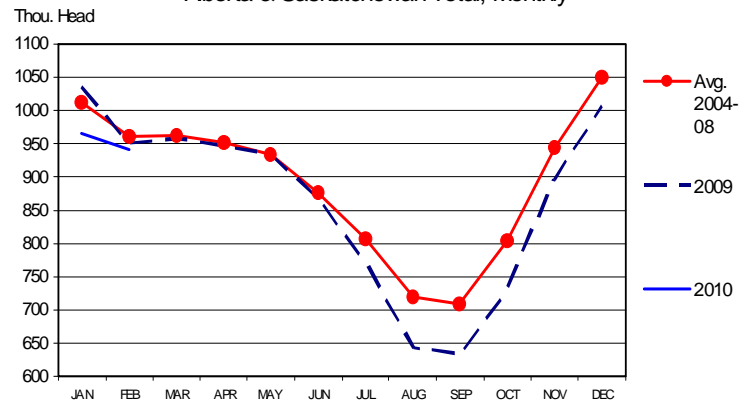
Source: DowJones

CATTLE ON FEED



CATTLE ON FEED

Alberta & Saskatchewan Total, Monthly



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