

**Editor's Note: The weekly summary table includes a year-to-date reference and compares it to year ago. This year, there are two less slaughter days compared to a year ago. The result is unusually large negative percent changes in the year-to-date references. This will be the case for several more weeks.**

The cattle industry will receive two key reports this month. USDA NASS will release monthly cattle on feed for December on January 22, and the January 1 Cattle Inventory report on January 29th. The January 1 Cattle Inventory pre-report estimates are still forthcoming at this time, so today we will focus on pre-report expectations for Cattle on Feed.

Cattle on Feed Industry Pre-Report Estimates		
	Pre-Report Average	Pre-Report Range
On-Feed January 1	99.5	98.8 - 99.9
Placed in December	97.1	93.0 - 100.0
Marketed in December	100.6	99.2 - 101.8

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

Analysts were in agreement, that on January 1 the cattle on feed number was below a year ago, the range suggests a fairly wide discrepancy to how much below a year ago: 0.1%-1.2% down.

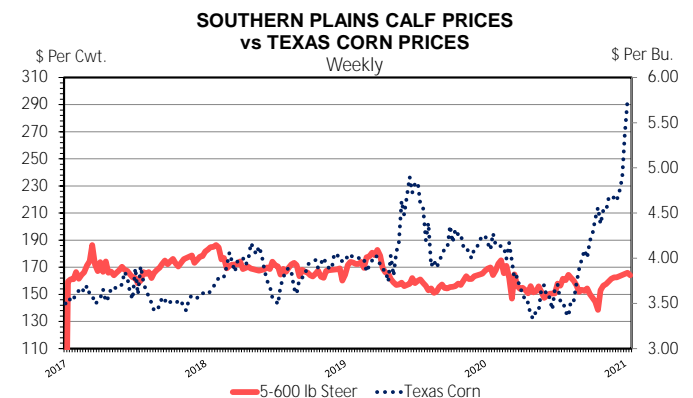
Feedlots in December were still facing a fairly rosy outlook compared to where feed costs have gone in early January. December cash corn averaged \$4.31 per bushel in Omaha, compared to the last three weeks topping \$4.80, and the most recent week rose above \$5. Similar story exists for soybean meal. Central Illinois rail prices averaged just under \$400 per ton for the month of December, while the last 4 weeks are above \$418, and last week was \$462 per ton. This escalation is a continuation of the trend in grain markets that has been happening since August. Omaha cash corn has increased on a monthly basis more than 5% every month. Central Illinois soybean meal has averaged an 8% price hike every month since August, and December was one of the smallest, only 2% higher than the previous month.

Will escalating feed costs dampen placements in the coming months? The cattle market is now heavily focused on what feed costs are doing, and we would expect feeder cattle prices to react accordingly to sharp changes in feed prices. Note, soybean and corn futures both stumbled yesterday, presumably on rainfall in key growing regions of South America. However, we would expect both corn and soybeans futures prices to be highly reactive to news (exports, weather, etc.) over the next couple of months, and that will

likely impact feeder cattle future prices, creating volatility.

Focusing back on December's placement data, analysts are uncertain how active feedlots were last month. The spread between expectations is a 7% difference, with some expecting placements to be even with a year ago.

The weekly feeder and stocker cattle report indicated auction volumes were just barely larger than 2019's. Video auctions had much higher volumes, up 27% over a year ago, but direct sales indicated volumes were down 15%. Across all three channels, volumes were up 2.5%. Feeder cattle imports from Mexico were smaller than a year ago by 11%. Canadian feeder cattle imports more than doubled, but were still only about 4,000 head higher than a year ago. Feeder cattle prices in December for the Southern Plains averaged higher than November despite changes to feed cost pricing. Those prices have since adjusted lower in the first few weeks of January. Livestock Marketing Information Center (LMIC) puts the expected breakeven for cattle placed in December at about \$109 per cwt (assuming locked in inputs), below yesterday's June Live Cattle contract close of \$116.53 per cwt.

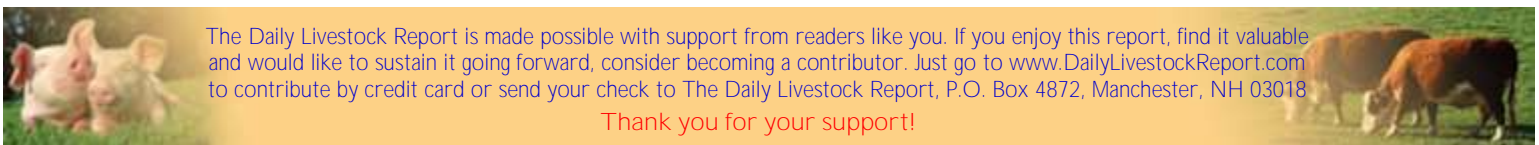


Data Source: USDA-AMS, Compiled by LMIC  
Livestock Marketing Information Center

01/19/21

Although the range in placements was wide, the average of analysts was closer to the higher end of the range at 97.1% of a year ago, with most analysts coming in above the midpoint.

Marketing estimates varied, with a range of 99.2%-101.8% of December of 2019. Daily slaughter levels of steers and heifers was 4/10ths of a percent higher than last year. Slaughter cattle imports from Canada were also lower than a year ago, down 11 thousand head, but that figure includes slaughter cows.



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