

At the end of this week USDA will issue the results of its monthly survey of feedlots with a capacity of more than 1000 head. Market participants keep close tabs on these numbers in order to get a better sense of the overall supply on the ground but also the potential distribution of marketings in the next few months. Ahead of this report, we normally show what analysts expect to see in the report and the results of an informal survey of analysts is attached. Below is a brief discussion of the main points:

How many cattle were placed on feed in February? While analysts on average expect placements to be down 1.7% from a year ago, there is a wide range of opinions on this topic. Much of the Central US was impacted by freezing temperatures in mid February and this may have negatively affected the movement of animals into feedlots. For the week ending February 19, feeder and stocker sales receipts were down almost 70% from a year ago. During the entire four week period in February, receipts were down 15% from last year. However, sales of feeders above 600 pounds, were down only 5.5% during that period. The decline in cattle sales in the country would suggest a slowdown in placement activity although this is more helpful directionally rather than tell you the magnitude. High feed costs remains a key concern for feedlots and a drag for feeder cattle values. March feeders were trading in the low 140s to upper 130s in February but have come under some pressure recently. Feeders hold a significant premium out front, in part reflecting the impact from lower calf crops in recent years but also the incentive to add more pounds outside feedlots. While that may be the incentive for the spring and summer, however, in the near term many producers simply don't have that option. High wheat prices may also impact decisions on cattle that normally grace on wheat pastures before the head for the feedlot. US cattle imports were also lower in February, impacting placements. We calculate that imports from Mexico and Canada during the four February weeks were down almost 17,000 head or 13.6% lower than a year ago.

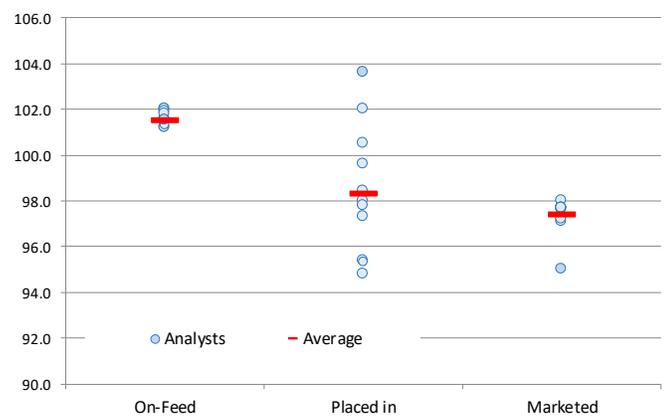
How many cattle were marketed in February? Extreme cold temperatures negatively affected harvest during mid February. Regular weekday slaughter in February was well below year ago levels but packers were able to make up some of that by running harder on Saturday. For the week ending February 20 fed cattle slaughter was down almost 50k head or 10%. Some of this was made up in the following days but not all of it. For the entire month of February, we calculate fed cattle slaughter down 2.4%, which is in line with what most analysts are also expecting.

What's the supply on feed and how is it distributed? Analysts polled are largely in agreement that on March 1 there were around 1.5% more cattle on feed than a year ago. Feedlot supplies remain front loaded, i.e. there are significantly more market ready cattle than a year ago. We calculate that on March 1, the supply of cattle with more than 150 days on feed is almost 600k head or 29% above a year ago. This helps explain in part why nearby cattle prices remain stagnant and April is trading at a discount to June

Mar. 2021 COF Pre-Report Estimates. Reuters Survey
percent of year ago volumes. 12 analysts surveyed

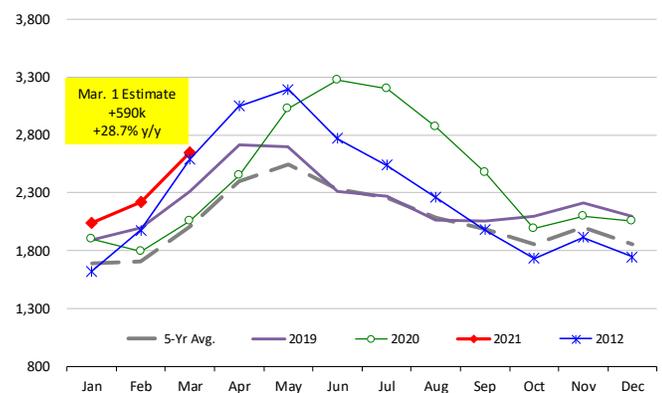
	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Mar 1	101.5%	11,988	101.0% - 102.0%
Placed on Feed in Feb	98.3%	1,687	94.8% - 103.6%
Marketed in Feb	97.4%	1,729	95.0% - 98.0%

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



INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 150 DAYS OR MORE

Calculated using the USDA Monthly "Cattle on Feed" Report



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