

Following up with Friday's Cattle on Feed Inventory: Winter weather was expected to have a significant impact on placements in February. As [yesterday's DLR noted](#), placements were down 1.9% year-over-year.

The Southern Plains were primarily effected by adverse weather and the placement breakdown of Oklahoma, Kansas and Texas helped tell the story. Total placements were down 3.1% in Texas, 3.9% in Kansas, and 5.5% in Oklahoma. Weight breakdowns for Kansas indicated the lightweight categories declined the most down more than 7% each. Texas was similar—under 600 pounds and 600-699 were down significantly.

The weather disruption was large enough that it very likely displaced one whole week's worth of placements, and delayed those cattle from coming into feedlots until March. The total placed last February in these three states was 764,000 head. If we assume roughly 25% (1 in 4 weeks) were delayed, we come up with about 187,000 head that could potentially have shifted to March placements. Other states may have been effected as well, but not to the extent of Texas, Oklahoma, and Kansas.

March is also the month cattle will come off of dual purpose wheat pasture and are placed into feedlots. The Cattle inventory report released in January estimated an additional 120,000 head were on small grains pasture in Kansas, Oklahoma, and Texas than in 2020.

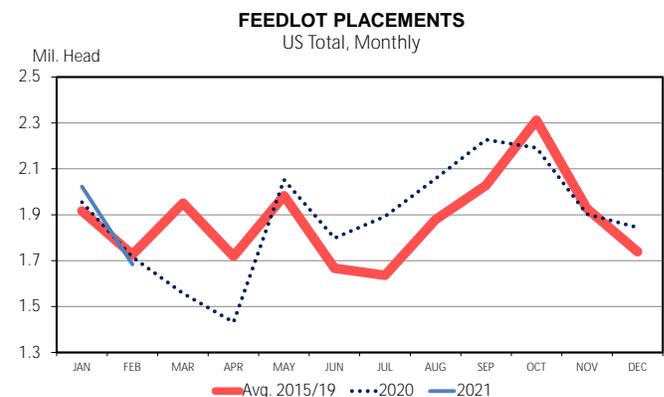
Bottom line: Even though February placements were below a year ago, March placements are going to be large and are easily going to be up double digits from last year. March 2021 will also be compared to a low placement month in 2020, when the pandemic was just starting to hit the U.S. and cause major disruptions and concerns. March 2020 was the lowest March on record, by more than 150,000 head. The available cattle ready to be placed compared to a year ago is also distinguishably larger.

Early feeder cattle auction data in the first three weeks of March show enormous volumes compared to a year ago. The first week (weekending 03/05/2021) increased 39% over last year and the second week of March was up 77%, and last week was 168% increase across all marketing channels. In these three weeks 414,000 more head have moved through auctions, direct sales, and video auctions, confirming to some degree that there are plenty of cattle available for placement this year.

With last year's placement figure at 1.557 million head a 10-

20% increase over a year ago would be 155,700 thousand to 311,400 head window for greater placements. LMIC's initial thoughts are that this number is likely between 15-20% over a year ago, but there is still more data to be released regarding the second half of March.

Keep in mind: placements 20% over last year would still be below the five year average for March. The next several cattle on feed reports will have odd-looking numbers compared to a year ago given the dramatic shifts in placements last year. Both March and April were significantly down from the five year average.



Data Source: USDA-NASS
Livestock Marketing Information Center

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There are many moving pieces this year, and adding to the number of questions is feed costs. March planting intentions are scheduled for release at the end of this week, although the effects of those acres will not be felt until the new marketing year. Cattle feeders are likely to contend with high feed costs for the next few months, and that too is factoring into placement decisions. Generally, higher feed costs would incentivize feeders to place heavier weights. If that is the case, there may be more cattle fed against the summer months. "Grass fever" has already started in southern states and is supporting prices for lightweight cattle. Good forage conditions could provide flexibility to the cattle sector in the face of higher feed costs this summer.



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