

The upcoming USDA 'Cattle on Feed' report is expected to show double digit increases in placements; and inventory numbers are also expected to be notably higher, on a y/y basis.

However, the y/y comparisons are skewed by the odd situation that developed last year. COVID significantly affected both end user demand and harvest rate at packing plants for a number of weeks last March, April and May. Faced with demand uncertainty, feedlots severely limited the number of cattle they placed on feed during March and April of last year. This will tend to skew comparisons not just in the next two months but through the summer and early fall. The chart to the right offers some perspective.

Analysts polled by Urner Barry expect, on average, to see placements 33.8% higher than a year ago. This would imply placements of 2.083 million head, 3.4% higher than in 2019 and 6.8% higher than the 2015-19 average. Placements in February were negatively affected by winter storms that disrupted slaughter and movement of livestock. Some of the cattle that would have been placed in February likely moved into feedlots in March, bolstering placements above 2019 levels. High feed costs remain a challenge for feedlots overall and the wide spread between fed cattle and cutout continues to inject a lot of uncertainty in the market, something we discussed at length yesterday. Removing cattle from wheat pasture normally adds to placements this time of year. Weekly feeder cattle sales in the five weeks ending April 2 were 73% higher than the same period a year ago, with sales of +600 lb. feeders up 94% y/y. However, compared to the same five week period in 2019, feeder cattle sales were down 5.2% and +600lb. feeder cattle sales were down 4.3%. Again, it is a good idea for the next few months to look at comparisons not just to 2020 but 2019 and five year averages. We do not think imports have contributed much to the y/y increase in placements. Imports of feeder cattle from Mexico in the four weeks ending March 27 were 13,220 head or 10% lower than the same four week period last year while imports from Canada during the same time were 10,289 head or 59% lower. This may affect some of the estimates on the higher end of the range.

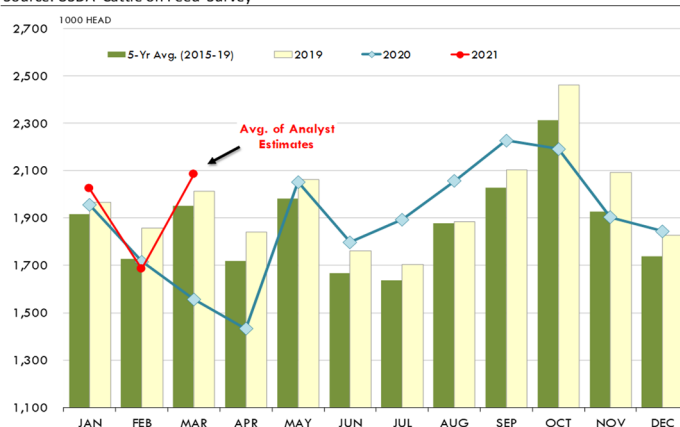
Fed cattle marketings in March are currently expected to be 1.1% higher than a year ago even as March had one extra marketing day. Adjusting for the extra day marketings were down 3.4%. However, last March slaughter was higher than expected as packers accelerated slaughter due to retail panic buying. Fed cattle slaughter in March of this year was still about 4% higher than in March 2019. Front end supplies remain heavy in the near term but feedlots should start to become increasingly more current later this spring. Using analyst estimates, the supply of cattle with +150 days on feed as of April 1 was 292k head or 11.9% higher than a year ago but only slightly higher than in 2019. The supply of cattle with +120 days on feed was 106k head higher than last year but 1% lower than on April 1, 2019.

Apr. 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 Apr 1	106.1%	11,986	105.3% - 107.5%
Placed on Feed in Mar	133.8%	2,083	128.0% - 143.4%
Marketed in Mar	101.1%	2,032	100.5% - 101.6%

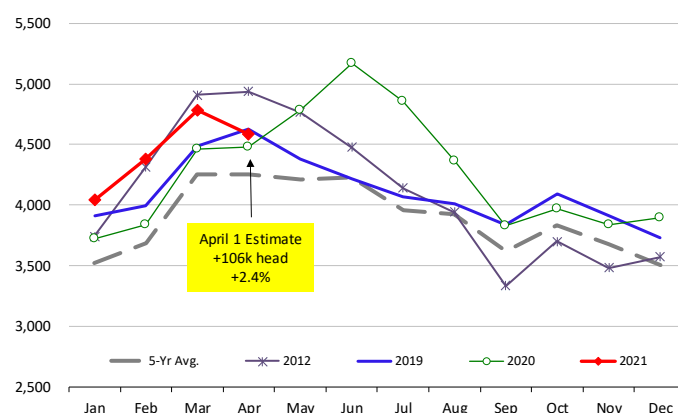
PLACEMENTS OF CATTLE ON FEED, +1000 CAPACITY FEEDLOTS

Source: USDA 'Cattle on Feed' Survey



INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calculated using the USDA Monthly 'Cattle on Feed' Report



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