

Cattle on Feed pre-report estimates were released this week. Analysts are largely forecasting tighter supplies ahead in the April-May timeframe. The average analyst estimate indicated placements are down in November, with the average coming in about 170 thousand head below a year ago. Weight groups above 700 pounds will be the categories to watch for cattle available before June. October placements were also below a year ago, compounding 2nd quarter market-ready cattle supplies.

The second quarter of 2020 though was also when slaughterer disruptions reached their peak. Cattle marketed in 2021 will be compared against the figures in 2020 that were 25% or more below 2019 in April and May. The number of cattle marketed in April and May of 2021 will likely be higher than in 2020, but the number of cattle on feed ready to be slaughtered may be below the 2020 numbers. Recall, cattle that were unable to be slaughtered in the spring of 2020 were backed up on feed, and not marketed in a conventional timeframe.

Those supplies should push live cattle prices higher during that April and May. The April Live Cattle Futures Contract closed yesterday just under \$117 per cwt. For comparison, the monthly weighted average in the 5 area for live steers in April 2020 was \$102 per cwt. The futures market already appears to be pricing in smaller volumes of cattle against what could be a better demand profile.

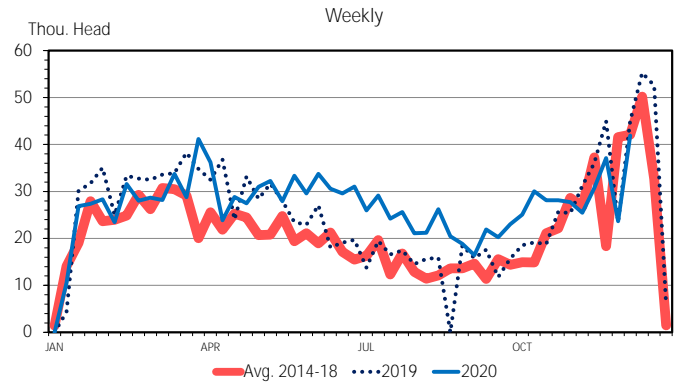
Turning back to the current Cattle on Feed report, marketings are expected to decline relative to last year. November had the same number of slaughter days, but marketed animals are expected to be just 97.9% of a year ago. Daily average marketings last year were over 90 thousand head per day. The average pre-report estimates expects daily average marketings to fall to 76 thousand head per day.

Driving factors for feedlots placing less cattle include lower feeder imports from Mexico. Canada's feeder imports did increase but not enough to offset declines from Mexico. Weekly feeder cattle auction receipts also showed declines in November. Volumes eased about 80 thousand head from last year. Early December volumes indicate feeder cattle sales activity has picked up across all channels.

In aggregate analyst expectations are that cattle on feed have worked back down to even with a year ago, after spending most of the fall at high levels above 2019. This would imply feedlots are mostly current. Dressed weights peaked over the last couple of weeks, offering confirmation. However, good cattle feeding performance has helped them remain elevated over a year ago. Steer dressed weights came in last week at 921 pounds, 10 pounds higher than last year.

Cattle on Feed Industry Pre-Report Estimates		
	Pre-Report Average	Pre-Report Range
On-Feed December 1	100.0	99.1 - 100.8
Placed in November	91.8	85.5 - 95.2
Marketed in November	97.9	97.6 - 102.3
Pre-Report Source: Umer Barry (used with permission)		

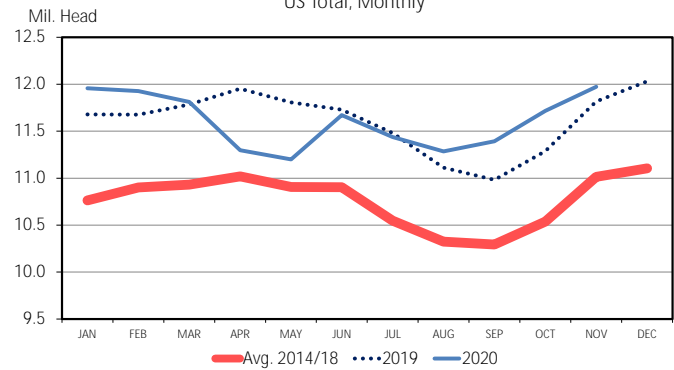
### FEEDER CATTLE IMPORTS FROM MEXICO



Data Source: USDA-AMS & USDA-APHIS Livestock Marketing Information Center

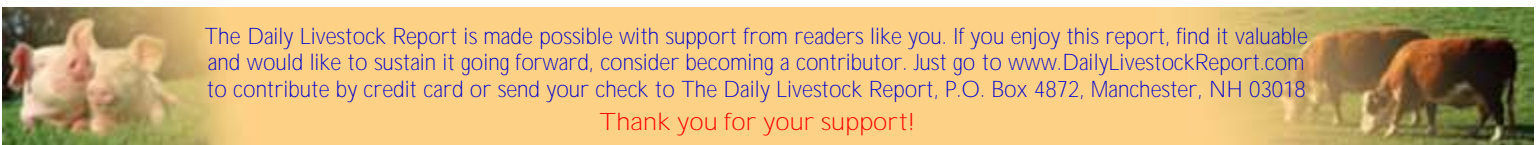
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### CATTLE ON FEED US Total, Monthly



Data Source: USDA-NASS Livestock Marketing Information Center

CA-10 11/20/20



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