

## **Cattle on Feed**

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The USDA National Agricultural Statistics Service conducts a monthly survey of feedlots with a one-time holding capacity of 1,000 head or more of cattle to determine the number of cattle and calves on feed, placements into feedlots, marketings out of the feedlots, and other disappearances. The results of these surveys, which are generally released on the third or fourth Friday of the month, are aggregated to provide a national perspective of the feedlot industry. However, the information is much more detailed than just the number of animals in feedlots across the country.

The monthly cattle on feed reports contain information on monthly placements, marketings, and cattle on feed for the twelve largest cattle feeding states. State by state information can sometimes assist in depicting differences across regions as it relates to placements and marketings. Additionally, weight class information is collected to have a better idea of the weight in which animals are entering the feedlot which then can provide an expectation of when those cattle will be marketed.

Starting with a national perspective, cattle on feed numbers have exceeded 11 million head since November 2017 and exceeded 11.7 million head in April. Current cattle on feed (June 1, 2018) numbers are at their highest level since February 2012. Several situations can lead to a large number of cattle on feed including a large cow herd which increases placements, slower marketings, or weather induced placements such as drought.

Most readers know the cattle herd has been growing which should lead to increased placements of steers and heifers. Placements of cattle into feedlots with 1,000 head or more holding capacity from January through May of 2018 totaled 9.625 million head which is a 1.4 percent decline (134,000 head) compared to the same months in 2017. However, 2018 placements the first five months of the year exceed the same months from 2007 through 2016 by 6.0 percent (620,000 head) to 14.4 percent (1.2 million head).

Taking a look at marketings, cattle marketings the first five months of 2018 totaled 9.232 million head which is 3.0 percent (265,000 head) greater than the same five months in 2017. Additionally, 2018 marketings the first five months were the largest marketings for the first five months of the year since 2011 when marketings totaled 9.269 million head from January through May.

Marketings are expected to remain elevated through September as the number of cattle on feed 120 days or more as of June 1, 2018 totaled 4.256 million head which is 19.3 percent (690,000 head) greater than the previous year. Most of these cattle will have been marketed by the time anyone reads this article and the beef will be in the pipeline. Similarly, there was an estimated 1.76 million head of cattle that had been on feed 90 to 120 days as of June 1, 2018 which is 7.4 percent (122,000 head) higher than a year ago. Thus, this should keep marketings in 2018 greater than 2017 marketings through September if cattle feeders continue to be willing sellers.

A couple of factors that could slow cattle marketings are lower feed prices and lower current finished cattle prices with deferred futures prices that show an expectation of higher prices. Lower feed prices and the expectation of higher prices in the coming months often results in cattle feeders keeping cattle on feed a little longer to add weight and capture a higher price. However, this can be a double edged sword because the cattle feeder then has more total feed costs in the animals, and heavier cattle mean more beef which could actually result in lower finished cattle prices than expected.

Some readers may be asking why any of this information matters. This information matters because it provides some indication to expected beef production in the next two to five months which will influence cattle prices at all levels. Cattle on feed numbers can also provide information on cattle herd expansion and contraction. Cattle on feed numbers are generally low during expansion and much higher during the contraction phase. However, using cattle on feed numbers to talk about expansion or

contraction must be taken with a grain of salt because these numbers are influenced by short term weather conditions as well as feeder cattle imports.