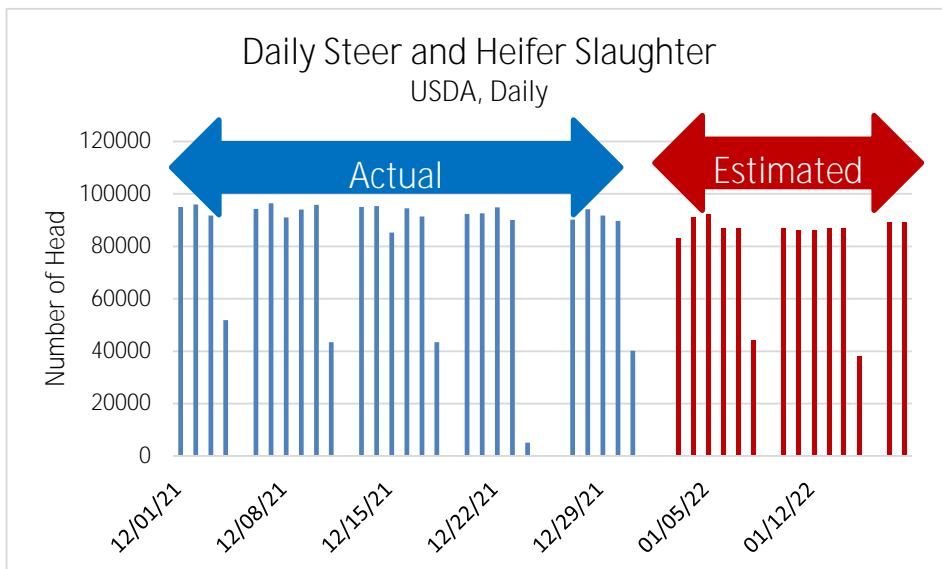


For those of you following the discussions regarding the fed cattle market negotiated trade, there are now summaries available on the research done by several livestock economists across the U.S. on the topic of cattle markets, and price discovery. These summary papers are condensed fact sheets of the larger book compiled by the Agricultural and Food Policy Center (AFPC) at Texas A&M. This series of papers were presented in June of 2021 at a workshop jointly sponsored by USDA Office of the Chief Economist and the AFPC.

There are 10 fact sheets available, including a history on how the market arrived here, a primer on price discovery, and how markets evolve and react to new information. Cattle market risks and how that has shaped the way the industry does business, the incentives for cattle feedlots and packers, and examining them impacts of black swan events such as COVID-19 are all included in the topic list. Further, there is an examination of the proposed trade targets that were being discussed last year. There is substantial research behind each of these fact sheets as well as the book itself, which is all publically available. The summary papers and a link to the full publication book can be found on the Livestock Marketing Information Center's website: [Cattle Markets, Price Discovery, and Emerging Issues](#).

Cattle on Feed Pre-report Estimates: Analysts previewed the Cattle on Feed report that is due out Friday by USDA NASS. Pre-reports for the Cattle Inventory (scheduled release 1/31/2022) are not expected until next week.

Analysts were in agreement that December placements are very likely to be above a year ago. However, the range of estimates varied considerably from even with last year to up 5%. The average expectation is up 2.5% over December2020. The marketings average analyst expectation is 100.8% of a year ago. The range was 100.2-102.1%, with some debate regarding how many fed steers and heifers are being shipped to Mexico for slaughter. Cattle exports to Mexico have increased three fold in 2021, but the trade data for December will not be released until the first week of February.

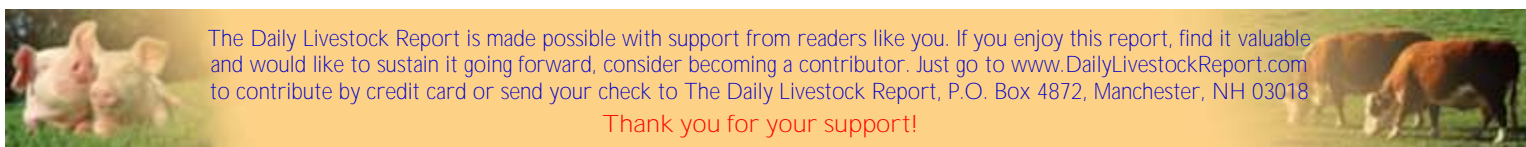


Analysts estimated the Jan 1 Cattle on Feed report to show the number of cattle on feed will be very close to Jan 1 of 2021, and about a half a percent spread on those estimates.

Labor at the Plants: Daily estimated slaughter this week indicates cattle slaughter levels are still running slightly under capacity. Tuesday showed total estimated cattle slaughter was 117,000 head and Monday's steer and heifer levels were 89,000 head. Monday was a federal holiday, but showed a level that indicated plants were running normal shifts. Wednesday's levels showed 115,000 head slaughtered and 89,000 steers and heifers. Estimated January average daily steer and heifer slaughter is about 3,500 head under December's actual daily average. The rest of January should help increase the daily average with no more holidays expected.

On the hog side, average daily slaughter numbers in January are about 17,000 head behind December's daily average. Tuesday of this week, estimated slaughter increased to 468,000 and Wednesday's was 457,000. Tuesday's level was the highest in 16 days where kills were reported.

Actual slaughter data and the weights will help fill in the picture of absenteeism at plants in the coming weeks.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.