

This afternoon (3PM ET) USDA will publish the results of its monthly survey of feedlots with +1000 head capacity. **Expectations are for the total supply of cattle on feed on February 1 to be almost 1% higher than the previous year.** This may come as a bit of a surprise given the decline in the inventory of all cattle and calves on January 1, but a reminder that feedlot inventory reflects where things stand at a point in the supply chain. The slowdown in marketings during January also affected the flow of cattle out of feedlots. But even as on feed inventory on February 1 was higher than a year ago, we think feedlots were more current than the previous year. Using the average of analyst estimates, we calculate that **on February 1 the inventory of cattle with over 120 days on feed was 4.254 million head, 130k head or 3% less than the previous year.** These numbers are still heavy from a historical perspective, 6.5% higher than in 2019 (pre-COVID) and 11.9% higher than the five year average. The inventory of cattle with +150 days on feed is estimated at 2.149 million head, about 66k head or 3% less than a year ago. The slowdown in slaughter in January clearly impacted this segment and contributed to the lack of price movement that we saw last month and early in February. In the last three weeks fed cattle slaughter has shown notable improvement and we expect to see this reflected in the supply of market ready cattle on March 1.

**Placements:** While most analysts expect that placements in January were lower than the previous year, there is not complete consensus. One could make the argument that a combination of drought conditions in some areas, and the rally in fed cattle values during the second half of January, were enough of a catalyst to drive placements. While this is reasonable, most analysts, including us, think it was not enough. Placements may have been a bit higher than expected in the Southern Plains but one needs to keep in mind that feedlots already placed significant volumes in Q4. Feeder cattle sales in the country were also lower in January, which helps support the position that placements indeed declined last month. USDA data shows that sales of feeder cattle over 600 pounds in January were 10.9% lower than the previous year. Sales of +600 lb. feeder at auction were about the same as a year ago but direct sales were extremely light. Feeder cattle values at auction have been very strong in some areas, suggesting supplies have started to tighten up already. Feeder cattle imports from Mexico during four January weeks were down 21,177 head or 24%. But feeder imports from Canada were up. Net imports were down 11,426 head or 12.4% from a year ago, another reason to expect a modest decline in placements.

**Marketings:** There is general agreement that marketings in January were down about 3% from a year ago. Fed cattle slaughter for the month was estimated 2.8% below year ago levels, with the same number of marketing days. There was one less marketing day compared to January 2020 and fed cattle slaughter in January 2022 was down 8.3% compared to two years ago. Feedlot turnover rate at 29.4% was about the same as last year but still well below the 32.4% in 2019 and 32.9% for the five year average.

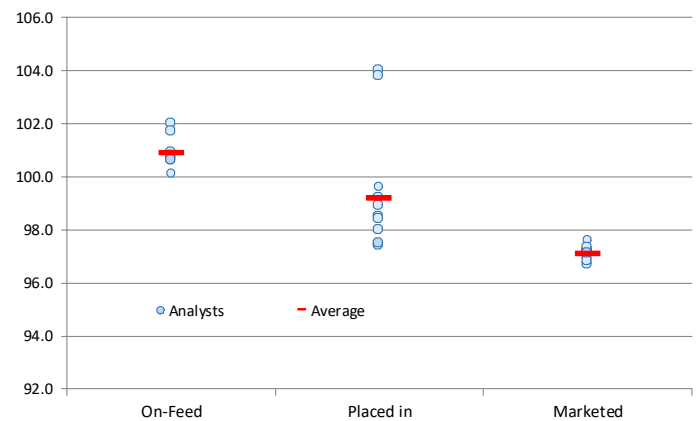
## February 2022 COF Pre-Report Estimates. Urner Barry Survey

percent of year ago volumes. 9 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Feb 1	100.9%	12,215	100.1% - 102.0%
Placed on Feed in Jan	99.2%	2,007	97.4% - 104.0%
Marketed in Jan	97.1%	1,775	96.7% - 97.6%

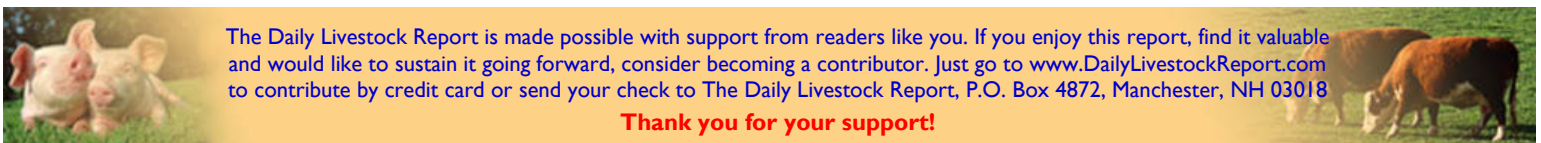
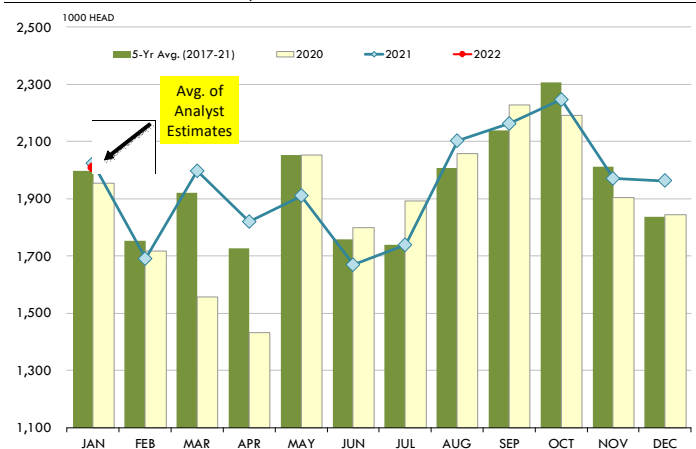
## Distribution of Analyst Estimates of February USDA Cattle on Feed Report

Based on Analyst Survey from Urner Barry. Prepared by: Steiner Consulting



## PLACEMENTS OF CATTLE ON FEED, +1000 CAPACITY FEEDLOTS

Source: USDA 'Cattle on Feed' Survey



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