

At the end of the week USDA will release the results of its monthly survey of feedlots with +1000 head capacity and there seems to be a general consensus (see cluster of estimates) **that the inventory of cattle on feed remains above year ago levels**. On average the analysts polled ahead of the report expect the total inventory to be up 1.1% from the previous month. If correct, this would be the highest March 1 feedlot inventory on record, surpassing the previous high established last March at 12 million head. How can the inventory of cattle on feed continue to run above year ago levels even as the calf crop has been consistently lower in the last three years and there were fewer cattle overall on January 1? It is important to recognize that the feedlot inventory only tracks those cattle in the finishing phase. Also, if more female cattle are sent to market rather than held back for herd replacement then it will, in the short term, bolster the number of cattle on feed. Inventory on February 1 was higher than the previous year and the increase in placements vs. year ago means more cattle on feed as of March 1. However, feedlots should be a bit more current than last year, although not by much. Using the analyst estimates to the right, we calculate that the number with more than 120 days on feed is about 2.8% lower than the previous year but still about 7% higher than the five year average.

As is usually the case there is some **debate about the level of placements in February although analysts are in agreement that placements were higher**. Weather was a major factor for placements last year, significantly limiting placements during a few days when ice storms hit the Southern Plains. This year producers have not had to content with ice but drought, which tends to accelerate placements. Facing short grass supplies, producers have few options but push more cattle onto feedlots. The estimated placements for March are higher not just compared to last year but also on the high end of the range for the month of February for the last 20 years. In the Southern Plains estimates are for placements to be up by double digits compared to a year ago. Cattle movement in the country supports the view that placements picked up last month. USDA reports that feeder and stocker sales receipts in the four weeks ending February 25 were 32.8% higher than the previous year. Sales were higher across all channels, with direct sales showing big improvement, likely reflecting the waning COVID impact. Sales of feeder cattle over 600 pounds during this period were 34.7% higher. While the change in sales does not correspond to the y/y change in placements, directionally it is a reliable indicator.

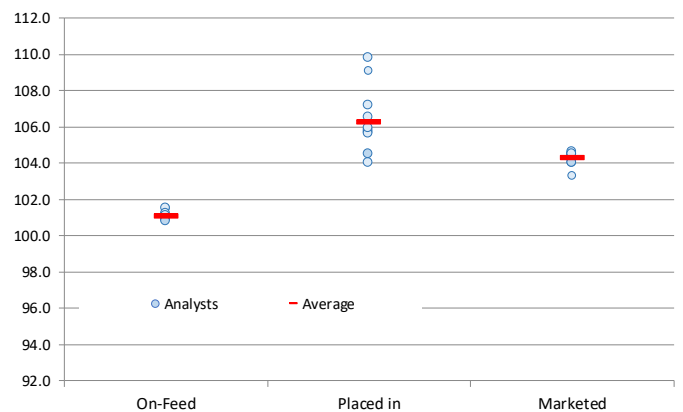
There is also little disagreement with regard to marketings as analysts **on average expect them to show a 4.3% increase compared to a year ago**. Daily estimates put fed cattle slaughter in February up 4.6% compared to a year ago. With the same number of marketing days as a year ago, the comparison is straightforward. Slaughter in February was also 2.1% higher than February 2020, suggesting processing pace has now returned to pre-COVID levels.

March COF Pre-Report Estimates. Urner Barry Survey percent of year ago volumes. 10 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Mar 1	101.1%	12,132	100.8% - 101.5%
Placed on Feed in Feb	106.3%	1,798	104.0% - 109.8%
Marketed in Feb	104.3%	1,814	103.3% - 104.6%

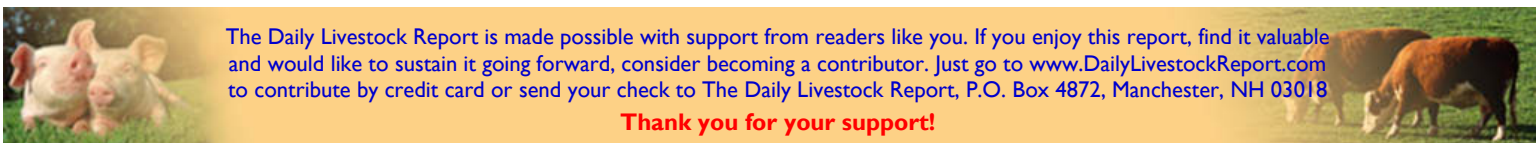
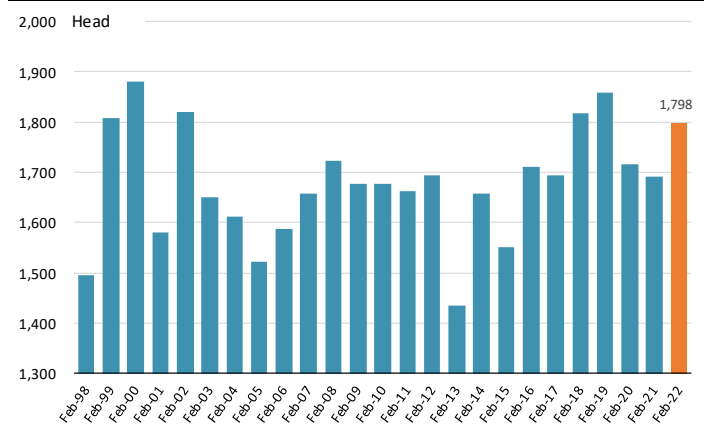
Distribution of Analyst Estimates of March USDA Cattle on Feed Report

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



Placements of Cattle on Feed in the Month of February

Source: USDA-NASS. Analysis by Steiner Consulting



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