Daily Livestock Report

Vol. 20, No. 74 April 20, 2022

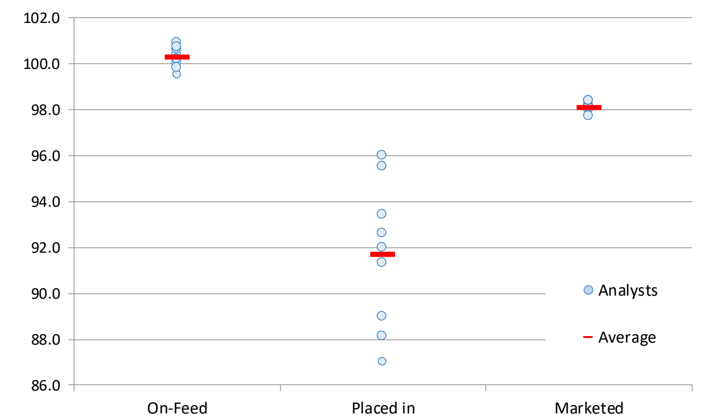
At the end of the week USDA will issue the results of its monthly survey of feedlots with +1000 head capacity and the attached table shows what some analysts expect the report to show. **On average analysts think the inventory of cattle on feed on April 1 will be about 0.3% higher than the previous year**. If correct, this would imply an April 1 inventory of around 11.933 million head, about 230k head smaller than what it was on March 1. Seasonally inventories decline into Q2 as placements slow down while slaughter picks up. You can see that in the attached table of estimates, with placements in March at 1.832 million head (using the average of analysts) and placements at a little over 2 million head. The supply of market ready cattle remains large by historical standards and we do not expect any significant change until later this summer. **If analysts are correct, the inventory of cattle with +120 days on feed as of April 1 was 4.530 million head, only 1% smaller than a year ago and about 4.7% higher than the five year average**. Given the pace of placements earlier this year the supply of market ready cattle should remain adequate vs. current processing capacity. The bigger question is what happens with the inventory by the end of the summer, especially if, as expected, placements start to run well below year ago levels. Pasture conditions and feed costs remain two big wild cards.

Uncertainty about placements is clearly evident in the wide range of analyst estimates. The analysts surveyed think placements in April were down 8.3% compared to a year ago, with three analysts pegging placements down by double digits. The bottom chart puts those declines in context. The average of analyst estimates implies 1.832 million head placed in March. This is a big decline compared to last year but not far off the March average for 1998-2019 (1.885 million). One should note that the supply of cattle outside feedlots on January 1 was 667k head or 2.6% lower than the previous year. This number is not written in stone and may be revised if it is not supported by slaughter numbers. But for now that suggests that smaller calf crops of recent years will limit feeder availability. What is unknown is the timing of placements, a function of feed supplies and hedging opportunities and also how many female calves are going into the feedlot vs. being held back for replacement purposes. The report on Friday will include the quarterly estimates of the number of steers and heifers on feed, offering some insights on the above point. All analysts think placements will be down in March. Those that think the decline will be around 5-6% likely believe that drought and poor wheat pastures accelerated placements in February and March, leaving fewer cattle available for placement in April and May. However others think the reduction in placements was long overdue, especially with +132k head placed in Jan/Feb vs. previous year. What everyone agrees on is that marketings in March were down about 2% from last year, consistent with March steer/heifer slaughter.

April 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 Apr 1	100.3%	11,933	99.5% - 100.9%
Placed on Feed in Mar	91.7%	1,832	87.0% - 96.0%
Marketed in Mar	98.1%	2,002	97.7% - 98.4%

Distribution of Analyst Estimates of April 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 March
Source: USDA-NASS. Analysis by Steiner Consulting