

USDA will issue this afternoon the results of its **monthly survey of feedlots with +1000 head capacity**. The attached table shows analyst expectations ahead of this report and the chart below shows how analyst estimates are distributed relative to the average. As usual there is a wide range of opinions with regard to the placement rate during August. Last year placements increased sharply during the summer and early fall. This is an important consideration when we look at the y/y change in placements this year. In August 2020 feedlots placed 2.057 million head of cattle on feed, 9.2% more than in 2019. COVID outbreak in March and April of 2020 resulted in a significant backlog of feeder cattle in the country, and a higher placement rate in the following months. It is interesting that **analysts think that placements in August of this year will be only 0.7% lower than the historically high placements a year ago**. Feeder cattle sales during August were consistently lower than last year and some regional surveys also suggest notably lower placements in feedlots. **Feeder and stocker receipts during the four weeks ending August 27 were 3.2% lower than the previous year but 11.6% higher than in 2019**. Receipts of feeder cattle over 600 pounds during the four August weeks were 2.7% lower than last year but up in double digits compared to 2019. One factor that may have contributed to a more aggressive placement rate during August is the sharp rally in fed cattle futures during that period. December fed cattle futures were as high as \$138/cwt in August while corn futures were steady during the month. **The trend in both input and output prices would support analyst ideas that placements in August were very strong relative to pre-COVID levels**.

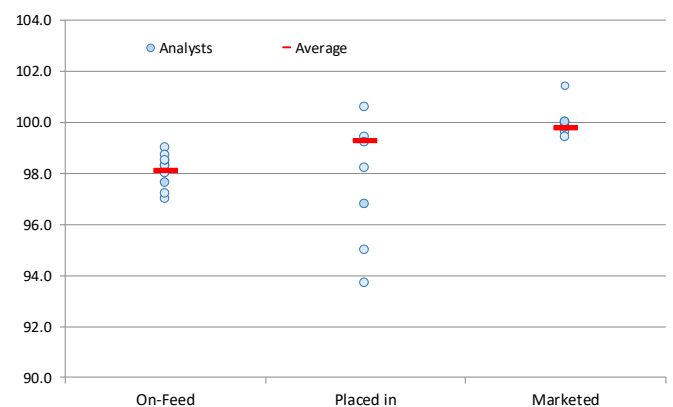
There is **not a lot of debate about feedlot marketings in August given the pace of fed cattle slaughter last month**. According to USDA daily slaughter statistics, fed cattle slaughter in August was 0.2% lower than in 2020 and 3.6% lower than in 2019. This is consistent with the average of analyst estimates. Weekday slaughter in August averaged 91,728 head/day, 1.3% lower than in 2020 and 1.5% lower than in 2019. Saturday slaughter in August averaged 50,799 head/day, down 6.8% compared to last year and 0.6% lower than in 2019. Using analyst estimates, the feedlot turnover rate (ratio of marketings vs. the 90day inventory) was 31.8% compared to 33% last year and 34.9% in 2019. Fed cattle prices have struggled to get up and go and it appears that packing plant bottlenecks and slow marketing pace remain a major challenge.

The total supply of cattle on feed as of September 1 is estimated down 1.9% compared to a year ago. But the supply of market ready cattle remains plentiful and that is a major reason for fed cattle prices going nowhere fast. If analyst estimates are correct, the supply of cattle that on September 1 had been on feed for 120 days or more was 4.050 million head, up 216k head or 5.6% from a year ago and 429k head or 11.8% higher than the five year average.

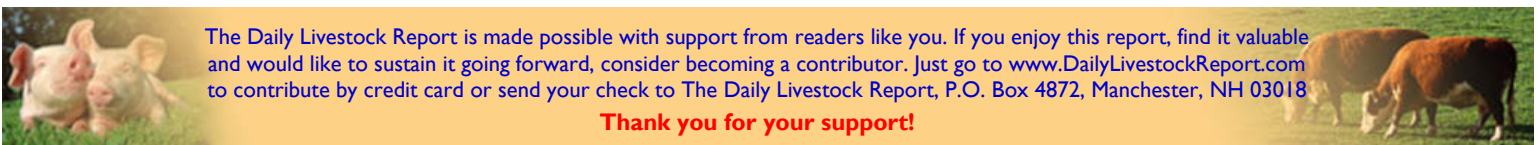
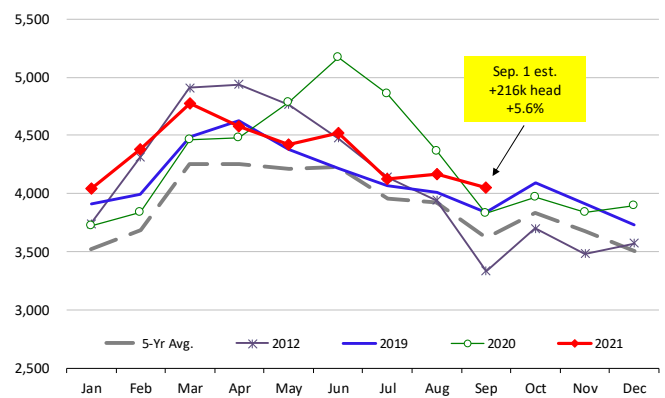
September 2021 COF Pre-Report Estimates. Urner Barry Survey percent of year ago volumes. 10 analysts surveyed

	Average of Estimates	Implied Cattle #	Range of Estimates
On Feed Sep 1	98.1%	11,178	97.0% - 99.0%
Placed on Feed in Aug	99.3%	2,043	93.7% - 103.0%
Marketed in Aug	99.8%	1,888	99.4% - 101.4%

Distribution of Analyst Estimates of September USDA Cattle on Feed Report Based on Analyst Survey from Urner Barry. Prepared by: Steiner Consulting



INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE Calculated using the USDA Monthly "Cattle on Feed" Report



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