Daily Livestock Report

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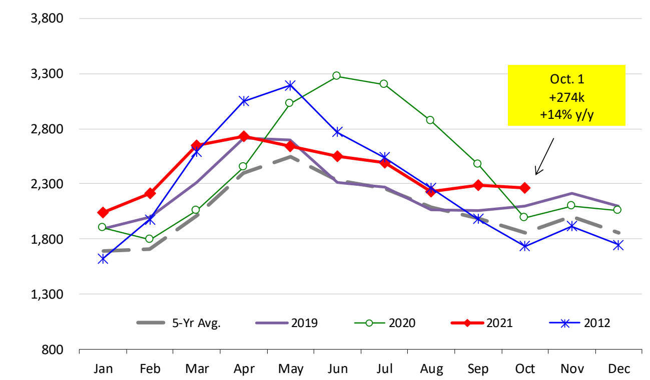
We had two significant reports issued by USDA on Friday. Today we will focus on the results of the monthly ‘Cattle on Feed’ report and tomorrow will cover the highlights and implications of the ‘Cold Storage’ survey.

The inventory of cattle on feed as of October 1 was estimated at 11.550 million head, 167k head lower than the previous year but still as much as 2.3% or 262k head higher than in 2019. As we look at the comparisons to pre-COVID period, what stands out the most is the still heavy inventory of cattle in the Central US, especially Nebraska, Kansas and Colorado. **The inventory of cattle that have been on feed for more than 120 days is estimated at 4.103 million head, 3.2% higher than a year ago and 267k head or 7% higher than the five year ave**rage. The inventory of cattle with +150 days on feed calculated at 2.259 million head, 13.6% higher than year ago and 22% higher than the five year average. When you wonder why fed cattle prices are stuck in place while cutout is at $280/cwt, this number tells you why. Feedlots should slowly get more current as we go into the winter and market also maintains a weather premium but **the pace of processing remains key**.

USDA pegged the number of cattle placed on feed during September at 2.163 million head, 2.9% lower than a year ago. Why lower placements when most analysts were expecting an increase? Placements last year were quite high so we are already comparing to some lofty levels. Also, placements were higher than a year ago in August when forward fed cattle prices spiked and drought pushed a few more cattle into feedlots. In September the dynamic changed, fed cattle prices were lower while feed costs were steady to higher. The other reason is that we have fewer feeder cattle out in the country than a year ago, and eventually that will be reflected in the placement numbers. As of July 1 the supply of feeders outside feedlots was 600k head less than a year ago. The decline in placements of heavy cattle in September follows a big increase in that category the previous month. Nebraska accounted for the bulk of the reduction in placements. USDA reported that Nebraska placements declined 55k head or 9.2% compared to a year ago, while placements in Colorado were down 25k head or 10.2%. As we look at the inventory table to the right, feedlot inventories in Nebraska and Colorado have been quite high as producers likely pushed more feeders into feedlots earlier than normal. **Placements in Texas were about the same as a year ago despite a sharp decline in imports of feeder cattle from Mexico**. This suggests a robust pace of placements for domestic cattle. Feeder cattle imports from Mexico in the four weeks ending October 2 were 53,796 head, down 36.5k head or 40% compared to a year ago. Some of this was offset by higher feeder cattle imports from Canada. During the same four week period, imports of feeder cattle from Canada were 15,418 head, up 10.4k or 206% compared to last year.

INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 150 DAYS OR MORE

Calcuated using the USDA Monthly "Cattle on Feed" Report



Inventory of Cattle on Feed on October 1. By State

	Oct-21	Change from Last Year Head	Change from Last Year %	Change from Oct-19 Head	Change from Oct-19 %
	'000 head			'000 head	
West	1,045	10	101.0%	20	102.0%
Washington	200	-20	90.9%	-25	88.9%
Idaho	305	35	113.0%	30	110.9%
California	540	-5	99.1%	15	102.9%
Central	6,930	-35	99.5%	335	105.1%
Nebraska	2,380	-30	98.8%	110	104.8%
Kansas	2,530	-10	99.6%	150	106.3%
Colorado	1130	20	101.8%	140	114.1%
South Dakota	200	10	105.3%	-10	95.2%
Iowa	600	-10	98.4%	-40	93.8%
Minnesota	90	-15	85.7%	-15	85.7%
South	3,295	-147	95.7%	-63	98.1%
Texas	2,730	-140	95.1%	-60	97.8%
Oklahoma	295	-20	93.7%	-20	93.7%
Arizona	270	13	105.1%	17	106.7%
Other States	280	5	101.8%	-30	90.3%
Total	11,550	-167	98.6%	262	102.3%

Marketings in September were 1.789 million head, down 3.1% vs. year ago. This was not a surprise because fed cattle slaughter was also down 2.7% but the bigger decline points to a problem this market has had for some time, the inability of packers to run full slaughter schedules. Turnover rate (ratio of marketings vs. inventory of +90day cattle) was around 30% compared to 32% last year and 31.5% five year average.

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PRODUCTION & WKLY AVG. PRICE SUMMARY

Week Ending 10/23/2021

Source: Various USDA Agricultural Marketing Service reports. Some data are preliminary. *Weekly Avg. Prices*

	Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
			23-Oct-21	16-Oct-21		24-Oct-20			
	Total Beef, Pork, Chicken, Turkey	**mil lbs., cwe**	**2,023**	**2,040**	-0.82%	**2,057**	-1.67%	**81,582**	-0.3%
	FI Slaughter	Thou. Head	661	646	2.32%	644	2.69%	26,938	3.1%
C	FI Cow Slaughter **	Thou. Head	132	130	1.08%	123	7.04%	5,193	5.8%
T	Avg. Dressed Weight	Lbs.	832	830	0.24%	844	-1.42%	827	-0.4%
T	Beef Production	Million Lbs.	548.9	535.1	2.58%	543.3	1.03%	22,271	2.8%
L	Live Fed Steer Price	$ per cwt	124.32	123.84	0.39%	105.07	18.32%		
E	Dressed Fed Steer Price	$ per cwt	195.83	195.70	0.07%	163.95	19.44%		
	Oklahoma Steer (600-700 lbs)	$ per cwt	158.39	154.33	2.63%	133.99	18.21%		
&	Choice Beef Cutout	$ per cwt	280.70	280.55	0.05%	209.03	34.29%		
	Hide/Offal	$ per cwt, live wt	16.33	16.32	0.06%	8.27	97.46%		
B	Rib Primal, Choice	$ per cwt	476.46	472.25	0.89%	385.61	23.56%		
E	Round Primal, Choice	$ per cwt	251.69	250.68	0.40%	166.47	51.19%		
E	Chuck Primal, Choice	$ per cwt	228.91	229.67	-0.33%	170.60	34.18%		
F	Trimmings, 50%	$ per cwt	100.58	99.31	1.28%	43.59	130.74%		
	Trimmings, 90%	$ per cwt	277.16	276.00	0.42%	195.33	41.89%		
	FI Slaughter	Thou. Head	2,606	2,625	-0.72%	2,676	-2.63%	103,633	-1.9%
	FI Sow Slaughter **	Thou. Head	59.8	60.6	-1.32%	61.8	-3.29%	2,474	-5.4%
H	Avg. Dressed Weight	Lbs.	212.0	211.0	0.47%	217.0	-2.30%	214	-0.1%
O	Pork Production	Million Lbs.	553.1	554.5	-0.25%	580.4	-4.70%	22,196	-2.0%
G	Iowa-S. Minn. Base	Wtd. Avg.	66.65	68.34	-2.47%	61.67	8.08%		
S	Natl. Base Carcass Price	Wtd. Avg.	82.70	86.54	-4.44%	74.86	10.47%		
	Natl. Net Carcass Price	Wtd. Avg.	84.56	88.37	-4.31%	76.64	10.33%		
	Natl. Early Wean Feeder	Wtd. Avg.	50.25	48.94	2.68%	37.75	33.11%		
	Pork Cutout	205 Lbs.	98.69	104.52	-5.58%	97.05	1.69%		
	Ham Primal	$ per cwt	66.71	65.62	1.66%	88.28	-24.43%		
	Loin Primal	$ per cwt	99.13	104.42	-5.07%	84.24	17.68%		
	Belly Primal	$ per cwt	177.65	203.47	-12.69%	171.24	3.74%		
	Trimmings, 72%, Fresh	$ per cwt	78.56	77.68	1.13%	86.01	-8.66%		
	Hog By-Product Value	$ per cwt, live wt	5.16	5.19	-0.58%	4.33	19.17%		
C	Young Chicken Slaughter *	Million Head	168.1	169.4	-0.78%	168.4	-0.20%	6,825	-1.3%
H	Avg. Weight (RTC)	Lbs.	4.89	4.96	-1.23%	4.90	-0.15%	6.37	0.9%
I	Young Chicken Production (RTC)	Million Lbs.	822.8	839.5	-1.99%	825.6	-0.35%	33,033	-0.4%
C	Eggs Set (19-state)	Million	230.4	230.3	0.02%	223.4	3.13%	9,959	2.3%
K	Chicks Placed (19-state)	Million Head	177.4	179.4	-1.12%	177.3	0.03%	7,814	0.2%
E	National Composite Whole Bird	Composite	102.40	103.88	-1.42%	68.75	48.95%		
	Northeast Breast, B/S	$/cwt	181.47	185.42	-2.13%	91.76	97.77%		
	Northeast Leg Quarters	$/cwt	39.76	39.86	-0.25%	24.65	61.30%		
T	Total Turkey Slaughter *	Million Head	3.910	4.328	-9.66%	4.63	-15.55%	158.099	-6.0%
U	Avg. Weight (RTC)	Lbs.	25.14	25.56	-1.66%	23.33	7.74%	32.15	0.2%
R	Turkey Production (RTC)	Million Lbs.	98.3	110.6	-11.15%	108.0	-9.02%	4,083	-5.8%
K	National Hen (8-12 lb)	8-16 Lbs.	141.31	135.00	4.67%	115.91	21.91%		
G	Corn, Omaha	$ per Bushel	5.23	5.14	1.75%	3.98	31.41%		
R	Soybeans, Cntrl IL	$ per Bushel	12.26	12.08	1.49%	10.75	14.05%		
A	Soybn Meal 48%, Cntrl IL	$ per Bushel	327.10	317.50	3.02%	381.40	-14.24%		
I	Distillers Grain, IL	$ per Bushel	190.00	197.50	-3.80%	172.50	10.14%		

* Chicken & turkey slaughter. Production, egg sets are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago due to reporting lag.

*** Please note that the number of business days is different from one year to the next, which affects the YTD calculation