Daily Livestock Report

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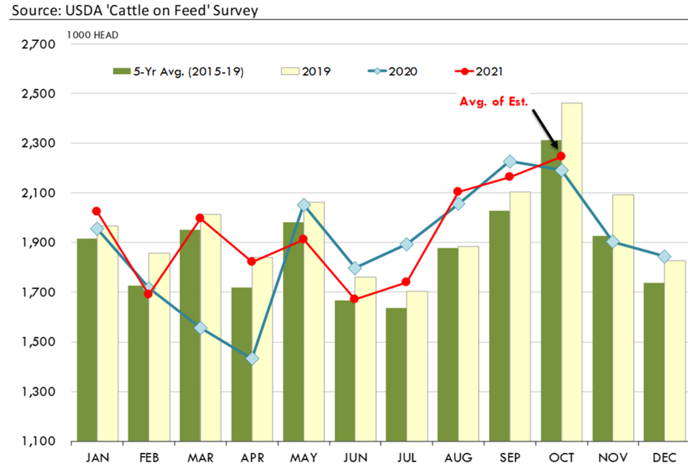
At the end of this week USDA will release the results of its monthly survey of feedlots with +1000 head capacity and today we will review what some analysts polled ahead of the survey expect to see in it. Keeping with tradition, and the fact that there is some guesswork involved, **there is a wide range of opinions with regard to October placements**. On average analysts think feedlots placed 2.5% more cattle on feed than a year ago, although the range is 6.4 points (high vs. low). Why would analysts think that placements will increase when all along we have been saying that the lower calf crop in the last two years will limit cattle slaughter? It has largely to do with what happened last year, as well as what took place in the previous two months. The middle chart to the right puts analyst estimates in perspective. COVID caused a sharp decline in placements during March and April 2020, which was then followed by higher placements during the summer and fall of 2020. Normally October sees the largest number of cattle placed on feed as producers pull calves from grazing and send them to be finished in a feedlot. Good spring demand is another factor for starting to finish more cattle in feedlots during fall months. Last year October placements were counter seasonally lower, down 1.6% from September. Since 2000, there has been only one other October with lower placements. On average October placements since 2000 have increased 11.6%. The average of analyst estimates this year is 3.9%. While October placements are expected to be modestly higher than in 2020, they are still 215k head or 8.7% lower than in October 2019 and 46k head or 2% lower than the five year average. Feeder cattle sales in the country also would suggest more cattle moving into feedlots in October compared to 2020 but less than in 2019. Feeder cattle sales in the four weeks ending October 29 were 10% higher than the same four week period in 2020 but 11% lower than the four week period in 2019. While feeder cattle sales do not provide a perfect correlation with the movement into feedlots, directionally they are helpful in understanding the pace of placements. Feeder cattle imports were lower in October. In the four weeks ending October 30, imports of feeder cattle from Mexico were down 36k head or 31.6%. Imports from Canada during this four week period were 5.5k head or 51% higher than the previous year, resulting in a net 30.5k head import decline.

**Marketings in October were lower than a year ago, in part because there was one less marketing day**. Analysts on average think marketings were down 4% y/y. This is consistent with steer/heifer daily slaughter, which was down 4.3% compared to 2020. Mon-Fri slaughter this year averaged 92,649 head/day, up 0.7% from last year while Saturday slaughter averaged just 46,238 head/day, down 8% from last year. The lower slaughter rate on Saturday largely offset the modest gains made during the regular weekdays. The total number of cattle on feed on November 1 is estimated slightly under last year's levels. However, the supply of cattle that had been on feed for +120 days on November 1 was still about 2.2% higher than last year and 6.6% higher than the five year average. This helps explain why packers have had little trouble getting cattle bought. **High cost of gain and backlog of market ready cattle have significantly eroded feedlot bargaining power this year**.

November 2021 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 Nov 1 | 99.7% | 11,937 | 98.9% - 100.4% |
| Placed on Feed in Oct | 102.5% | 2,247 | 98.5% - 104.9% |
| Marketed in Oct | 96.0% | 1,798 | 95.7% - 97.8% |

PLACEMENTS OF CATTLE ON FEED, +1000 CAPACITY FEEDLOTS
Source: USDA 'Cattle on Feed' Survey




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