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In The Cattle Markets

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Cattle on Feed

Following the shutdown, fundamental information is slowly returning to normal. The February *Cattle on Feed* report was released last Friday, with the March report scheduled for its normal date of March 22. The February report gives the January activity and February 1 totals. Also, the report contains the monthly and quarterly summaries of prior-year activity and includes an annual breakdown by feedlot size. Thus, it is a good reference report.

The trade expectations were for lower placements and higher marketings compared to a year earlier, which would have resulted in slightly higher on-feed totals. The actual numbers had placements at 95% and marketings at 103% of last year's levels, both at the upper end of expectations. The resulting on-feed total of 11.7 million head was up slightly compared to last year. Texas stands out a bit, having an on-feed total 104% of a year ago. In the weight breakdown, placements of 700-799 pound animals stood out as being sharply lower than during January of 2018. The marketings suggested a bullish report, but the initial price response in the futures was negative.

In the breakdown by feedlot size, there was a decline in the number of feedlots as of January 1, 2019 to 28,160 from a year earlier. The decline occurred in lots with capacity between 1,000 and 8,000 head. In lots with capacity of 50,000 head and over, there was an additional lot, bringing the total to 74. Feedlots in that capacity range had 4.6 million head on feed on January 1, 2019, or 32 percent of total inventory on feed. Those feedlots also marketed 8.8 million head during 2018, or 34 percent of total marketings across all feedlots. The number of feedlots with a capacity of less than 1,000 head remained steady at 26,000 lots. Their inventory on January 1, 2019, at 2.7 million head on feed was 19 percent of total inventory. Their marketings during 2018 were 3.3 million head, or 13 percent of total marketings. Total capacity across all feedlots was 17.1 million head on January 1, 2019, marking the second year of decline since the record capacity of 17.3 million head in 2017.

Repeated from the *Cattle* report is the all cattle on feed inventory, which provides some evidence as to the location of cattle in smaller feedlots. Subtracting the inventory in 1,000+ capacity lots (reported for 12 states) from total inventory on feed, leaves the inventory in lots with less than 1,000 head capacity. Iowa, for example, had inventory in small feedlots of 620,000 head on January 1, 2019, which was 47 percent of its total on feed inventory. Minnesota had 250,000 head in smaller feedlots or 61 percent of its total on feed. South Dakota had 175,000 head in smaller feedlots or 41 percent of its total on feed. Kansas and Nebraska had 140,000 head in smaller feedlots, while Texas had 110,000. The cold and snow in the upper Midwest has likely affected these smaller feedlots.

The Markets

In the cash market, fed cattle and feeder cattle traded at steady prices for the week. Corn was lower for the week. On the futures side, most contracts finished the week higher after a lower start. The WASDE released last Friday was fairly positive for beef prices, as lighter weights led to a revised lower beef production estimate for 2019.

Data Source: USDA-AMS Market News		**Week of 3/8/19**	**Week of 3/1/19**	**Week of 3/9/18**
5-Area Fed Steer	all grades, live weight, $/cwt	$128.15	$128.22	$126.79
	all grades, dressed weight, $/cwt	$205.07	$205.07	$203.88
Boxed Beef	Choice Price, 600-900 lb., $/cwt	$224.94	$219.98	$223.63
	Choice-Select Spread, $/cwt	$6.80	$5.35	$7.78
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	--	$147.65	$149.54
	Nebraska 7-market, $/cwt	$153.25	$149.01	$156.69
	Oklahoma 8-market, $/cwt	$141.75	$142.24	$148.13
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	--	$174.43	$187.20
	Nebraska 7-market, $/cwt	$183.65	$183.71	$190.60
	Oklahoma 8-market, $/cwt	$172.63	$172.51	$181.37
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$3.55	$3.58	$3.68
	DDGS, Nebraska, $/ton	$144.50	$143.60	$150.50