

Cattle on Feed – U.S. and Canada

In the Cattle on Feed report issued February 24, 2006, USDA estimated the February 1 on feed inventory for feedlots with capacity of 1,000 or more head at 12.1 million head, up 7% from last year and 9% above February, 2004. Feeders placed 2.20 million head on feed in January, up 16% from January 2005 and 25% above January 2004. Net placements were 2.12 million. The only weight category that saw smaller placements was 600-699 lb. (at 447,000) down 2% from January, 2005, the remaining weight categories were up. The number of placements weighing less than 600 pounds were 530,000 (up 40%), 700-799 lbs. were 702,000 (up 11%), and 800+ lbs. were 520,000 (up 24%).

We have seen year-over-year increases in placements for the last four months. Multiple factors are contributing the producers' ability to place more cattle on feed this year than at this time in 2005. One factor is the availability of feeder cattle from Canada. Another factor is the poor condition of wheat pasture in the plains. Most of the gross placements were in southern states where wheat pasture availability was limited due to drought. Many feeder cattle have been moved into feedlots prematurely, as noted by the largest increase being in the weight category of less than 600 pounds. The higher placement number is bearish for the fed cattle market for late spring and mid summer prices.

January marketings were at 1.81 million head, up 2% from 2005 and 4% from 2004.

Canadian cattle on feed numbers continue to see increases as well. At 1.067 thousand head estimated in Alberta and Saskatchewan on January 1, the total on feed inventory is 5% higher than in 2005, and 14% above 2004. Canadian placements on feed in January were down 9% as compared to 2005.

Feedyard Capacity

The February 2006 Cattle on Feed report also contained information on the number and size of feedyards. At the end of 2005 there were 86,000 feedyards with less than 1000 head capacity, 855 feedyards with 1000-1999 head capacity, 547 with 2000-3999 head capacity, 350 with 4000-7999 head capacity, and 184 with 8000+ capacity. 16.5% of the on feed inventory was held by the 86,000 feedyards with less than 1000 head capacity. There has been a decrease of 2,000 lots in the less than 1000 head capacity and an increase of 23 lots in the 1000+ categories.

Live Cattle Imports

Currently about 40% of the cattle being imported from Canada are feeder cattle going directly to feedlots. The newly announced tariff on corn imported into Canada from the U.S. will likely result in additional movement of cattle into the U.S. The degree to which the import duty affects feeder verse slaughter cattle likely will depend on Canadian programs to refund the duty on cattle exported to the U.S.

