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Daily Livestock Report

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Fed cattle prices have held up much better in recent weeks than they did at this time last year. A year ago, during the third week of August, fed cattle were in the high $180s, about 4% lower than in early July. This year, fed cattle values are hovering around $242/cwt compared to $230/cwt in early July, a 5% increase. With uncertainty growing about fed cattle availability this fall, feedlot inventory survey results will be closely watched. **What do analysts and the trade expect the report to show?**

Seasonally, August feedlot inventories are the lowest of the year, as marketings typically outpace placements in late spring and summer. Marketings exceeded placements by 178,000 head in June and are expected to outpace them by 217,000 head in July. This explains the lower inventory figure, currently estimated at 10.9 million head, 4.9% lower than two months ago and 1.9% below last year. If analysts are correct, this would be the **smallest August inventory since 2017**.

July placements are expected to decline by near 9% y/y, reflecting a smaller calf crop last year, more heifers retained, and the suspension of feeder cattle imports from Mexico. The impact from closure of the border Mexico cannot be overstated. Placements in Texas feedlots during Q2 (Apr–Jun) were 170,000 head, or 14%, lower than last year, and July placements may be down another 70,000 head. Between December 2023 and July 2024, the U.S. imported 990,000 feeder cattle from Mexico. Over the same period this year, imports totaled just 228,000 head, a 77% decline. This has not only reduced placements over the last seven months but also the number of cattle in backgrounding operations. And the border does not appear likely to reopen anytime in the near future. Seasonally, a larger share of cattle is placed on feed between August and October. But a smaller pipeline supply and heifer retention are likely to result in some of the smallest fall placements in years, similar to the shortfalls seen in 2014–15.

Heifer retention has been widely discussed, although it is difficult to measure in real time. Four times a year, the feedlot survey asks operators for steer and heifer counts. The July survey showed that heifers on feed were 240,000 head (-5.4%) lower than a year ago. However, the decline in heifer imports from Mexico likely skewed this figure. During Jan–Jun 2024, about 265,000 heifers entered the U.S. from Mexico, nearly double the prior year. These went into feedlots or backgrounding (remember they are spayed so could not be bred). This year, imports for the same period totaled only about 78,000 head. Heifer sales in five July weeks were 35.8% of total sales compared to 37.2% last year so there is evidence fewer heifers are getting traded and likely going into feedlots. The October survey should tell us more about this.

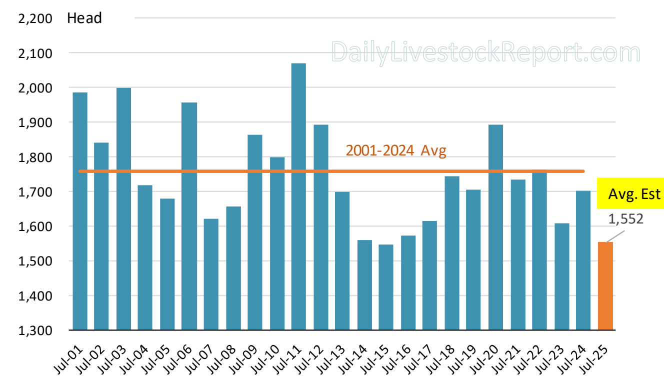
Marketings in July are expected to be 6% lower than last year, consistent with the decline in fed cattle slaughter during the month. Packers were profitable in late June and early July, but slaughter slowed meaningfully later in the month. August slaughter is on pace to be down 14% year over year.

August 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 Aug 1	98.1%	10,884	97.4% - 98.6%
Placed on Feed in Jul	91.2%	1,552	87.0% - 94.0%
Marketed in Jul	94.1%	1,746	93.9% - 94.4%

Placements of Cattle on Feed in July

Source: USDA-NASS. Analysis by Steiner Consulting



Monthly Inventory in Feedlots with +1000 Head Capacity

Data source: USDA-NASS. Analysis by Steiner Consulting