

Data Reflects Challenges of Maintaining Feedlot Inventories

Story by
DONALD STOTTS,
Oklahoma State University

The *January Cattle-on-Feed* report was a bit of a surprise, with fewer animal placements and more marketings than most analysts had projected.

According to the report, Jan. 1 feedlot inventories were 11.2 million head, a decrease of 5.6% from a year ago. December placements were down about 0.5% from year-earlier levels, marking the seventh consecutive month of declining feedlot placements. December marketings decreased 1.7% from the year-ago level. December had one less business day compared to December 2011.

Among the largest cattle-feeding states, placements declined only in Colorado compared to a year ago, while placements increased in Texas, Kansas, Nebraska, Iowa and Oklahoma.

“In these five states, placements were 104% of last year, exactly in line with the pre-report estimates,” said Derrell Peel, Oklahoma State University (OSU) Cooperative Extension livestock marketing specialist. “Reduced placements in Colorado — combined with those in Washington, California, Idaho and South Dakota — accounted for the overall decline.”

Peel said the numbers suggest the squeeze in the feedlot sector is more pronounced around the fringes where feedlots are often geographically disadvantaged with respect to feeder and feed supplies.

“Additionally, the lack of winter pasture and other drought impacts in the center of the country no doubt contributed to a short-run increase in regional feeder supplies,” Peel said. “The situation for small feedlots, those not counted in the monthly survey of feedlots having more than 1,000-head capacity, is particularly important. It is also hard to measure since estimates of all feedlots are only included in the semi-annual cattle inventory reports.”

In the 15 years prior to 2012, the January monthly reported on-feed total represented an average of 81.4% of the January inventory in all feedlots, with 82.6% as the highest number during the period.

“The percent jumped to 84% in January 2012, suggesting more fallout among small feedlots,” Peel said. “The upcoming estimates of all feedlot inventories for January 2013 will be among many factors of particular interest in the report.”

Another factor of interest in the latest *Cattle-on-Feed* report is the weight breakdown of placements. The reduction in December placements was almost entirely caused by reduced placements of cattle weighing less than 600 pounds (lb.), which are down 10% from the year-ago level.

Total feedlot placements have decreased 1.34 million head in the past seven months. Reduced placements of

cattle weighing less than 600 lb. accounted for 61% of the decline.

“This no doubt partially reflects the fact that the economics of cattle feeding favors heavier placement weights and, thus, more demand for larger feeder cattle,” Peel said. “However, it also reflects the

overall shortage of cattle, which means that the challenge of maintaining feedlot inventories will become increasingly acute in the coming months as heavier feeders move through the feedlots faster.”

Cattle and calves represent the No. 1 agricultural commodity produced in

Oklahoma, accounting for 46% of total agricultural cash receipts, according to National Agricultural Statistics Service (NASS) data.



Editor's Note: Donald Stotts is communications specialist with OSU Agricultural Communications Services, which provided this article.

