

October 20, 2008

Short No. 810

2008 October Cattle on Feed Down 5% Nationally and 14% in Iowa

The October cattle on feed report was released on October 17, and indicated that feedlot inventories are down the anticipated 5 percent from last year, and at the first of the month were estimated to be 10.4 million head. September cattle placements were down 5.5 percent from the year before, a trend very similar to summer cattle placements. What is of interest is the change in the weight of those cattle that were placed in feedlots. Table 1 compares the change in weight class placement from those of a year ago. Placements of light feeder cattle were down almost a third while heavy feeder placements were up almost 20%. The increased volume of cattle sent to pasture as stockers during the summer are finally being placed in feedlots, as pasture and range conditions were favorable and held the cattle for the duration of the grazing season.

Table 1. Change in September Cattle Placements According to Weight

Weight class	<600 lbs.	600-699 lbs.	700-799 lbs.	800 + lbs.	All Weights
% change	-27.0%	-17.8%	-4.2%	+19.7%	-5.5%

Iowa's cattle on feed inventories have also changed from a year ago. Iowa feedlot inventories are down over 14% and are currently at 664,000 head. Small feedlot inventories are down almost 29% from last year, but large feedlots are down only 7%. Table 2 summarizes and compares the Iowa and national reports. September placements in the state were down more than 18%.

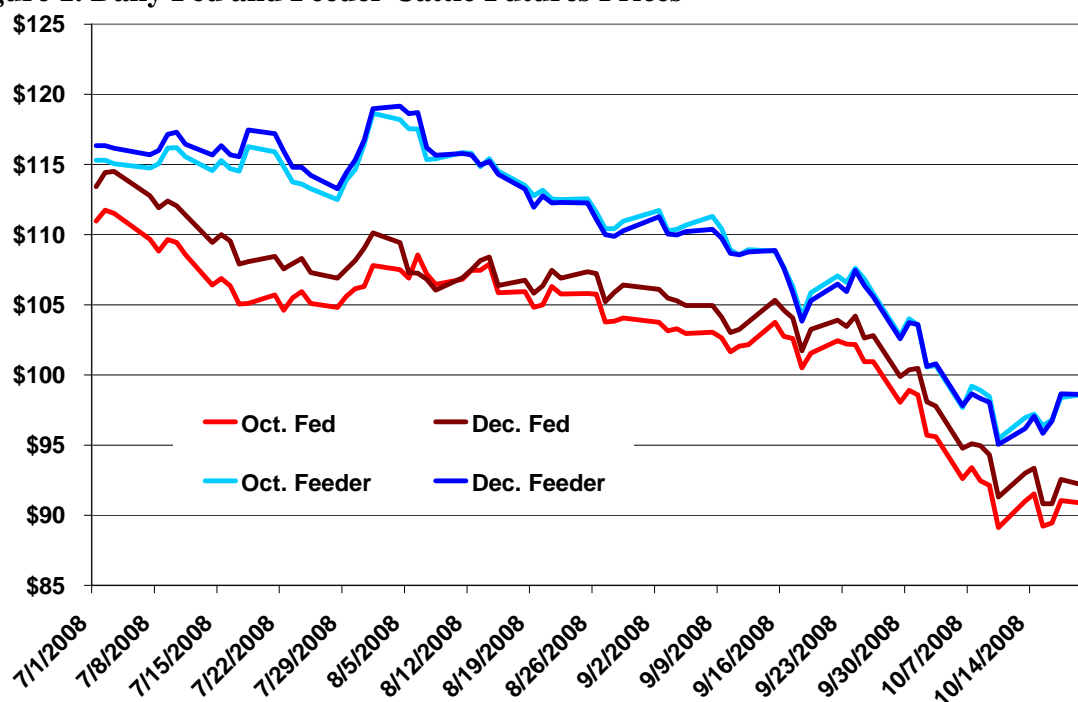
Table 2. Summary of US and Iowa Cattle on Feed Reports

	US	Iowa		
Lot capacity	1000 +	1000 +	<1000	Total
September Placements	-5.5%	-19.0%	-16.7%	-18.4%
September Marketings	+6.8%	-5.1%	+3.4%	-2.8%
Oct. 1 Cattle on Feed	-5.0%	-6.9%	-28.7%	-14.3%

Market Situation

The cattle futures prices have sustained a substantial drop since the middle of the summer. There has been about a \$23 dollar drop in December live fed cattle, and a \$16 drop in feeder cattle prices. The price spread between fed and feeder cattle narrowed with the general drop in cattle prices during September until corn prices started to decline in early October. That cattle price spread has since widen on the hopes of cheaper corn.

Figure 1. Daily Fed and Feeder Cattle Futures Prices



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