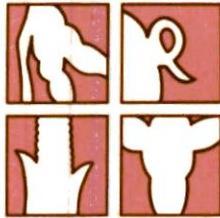




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

April 26, 1989

CATTLE PLACEMENTS UP SHARPLY

The number of cattle placed in feedlots was up 7 percent from last year, during the first quarter of 1989 in the 13 major cattle-feeding states. Placements totaled 6.2 million head, the largest first quarter placements of the past 18 years. The large number of cattle moving into feedlots reflects poor pasture conditions rather than an increase in the number of feeder cattle. The January 1 cattle-inventory report showed 1.4 percent fewer animals available for feeding than on January 1 last year.

The increase in placements was largest in Texas, Kansas, and Colorado. Placements in those states increased by 16 percent, 15 percent, and 13 percent, respectively. The number of cattle placed in Illinois feedlots during the first quarter of the year totaled 170,000, equal to placements of a year ago.

The number of cattle marketed from feedlots in the 13 states during the first quarter of the year totaled 5.6 million head, down 3.9 percent from the same period last year. Marketings were down 2.3 percent from intentions reported in January. The number of cattle marketed during the last three months is surprisingly low given that the inventory of heavy weight cattle in feedlots on January 1 was slightly higher than last year's inventory. High cash prices during the quarter and large discounts in deferred futures prices should have encouraged marketings as well.

As a result of the high rate of placements and the slowdown in marketings, the number of cattle on feed in the 13 major cattle-producing states on April 1 totaled 6.678 million head, up 3.1 percent from a year ago. The largest increases in the number of cattle on feed were in Colorado and Kansas, where the feedlot inventory was up 12 percent. There were 5 percent fewer cattle in Illinois feedlots than on April 1, 1988.

The number of steers and steer calves on feed was up 1.5 percent from a year ago, while the number of heifers and heifer calves was up 6.1 percent. The large number of heifers in feedlots is not consistent with the January 1 cattle-inventory report. That report showed that the number of heifers not being held for herd replacement was down 2.3 percent from January 1, 1988. The rapid placement of heifers into the feedlot suggests that herd rebuilding is not occurring and that liquidation is continuing.

The number of heavy weight cattle on feed on April 1 was up 4.1 percent from last year, while the number of weight cattle was up 1.5 percent. For the period April through June, marketings from the feedlot are expected to total 6.088 million head,

up 3.9 percent from that quarter last year. The increase is consistent with the larger number of heavy weight on feed April 1.

The numbers in the *Cattle on Feed* report were fairly consistent with expectations. The report confirms that fed cattle marketings will continue to exceed early expectation because of dry weather in some western states. This report also suggests that liquidation is continuing and that fed beef supplies for the entire year will be larger than was projected early in the year. Adding to the beef supply will be the continuing trend toward heavier slaughter weights. Those weights are running about 2 percent higher than a year ago.

Cash prices for choice steers averaged \$76.40 per hundredweight in the Texas Panhandle area during the first quarter of the year. That price was up about \$6.25 from the same quarter in 1988. Cash prices briefly exceeded \$80 per hundredweight in late March 1989. It appears that this year's highest prices are behind us. The decline in prices, however, may not be as severe as currently reflected in the futures market. Cattle prices peaked in May last year. Choice steer prices averaged \$73.70 in the Texas Panhandle during the second quarter of 1988. Prices during the second quarter of the 1989 marketing year may average slightly lower.



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