IOWA STATE UNIVERSITY
University Extension

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February Cattle on Feed Report Summary

The USDA has released their February cattle on feed report. This report is unique from the usual monthly reports because it reports more specific inventories according to the size of the feedlot and information about smaller feedlots with a capacity of less than 1000 head. Currently national cattle on feed numbers are up 2 percent from a year ago, but are down a percent from a month ago. As of February 1 there are 11.97 million head of cattle on feed in the US of which 4.8 percent or 570,000 head are in Iowa. Although inventories are up from a year ago they are still down slightly from 2006. Table 1 contains a summary of national and Iowa inventories from the February reports of this year and last year.

Table 1. Cattle on Feed Report Summary

	Feb. 1 Inventories	Jan. Placements	Jan. Marketings	Jan. Other disappearance
US	*1,000 hd*	*1,000 hd*	*1,000 hd*	*1,000 hd*
2007	11,726	1,690	1,841	97
2008	**11,966**	**1,787**	**1,858**	**60**
% chg	2.0%	5.7%	0.9%	-38.1%
Iowa				
2007	530	76	64	2
2008	**570**	**72**	**69**	**3**
% chg	7.5%	-5.3%	7.8%	50.0%

Figure 1. Monthly US Cattle on Feed *Source: USDA*

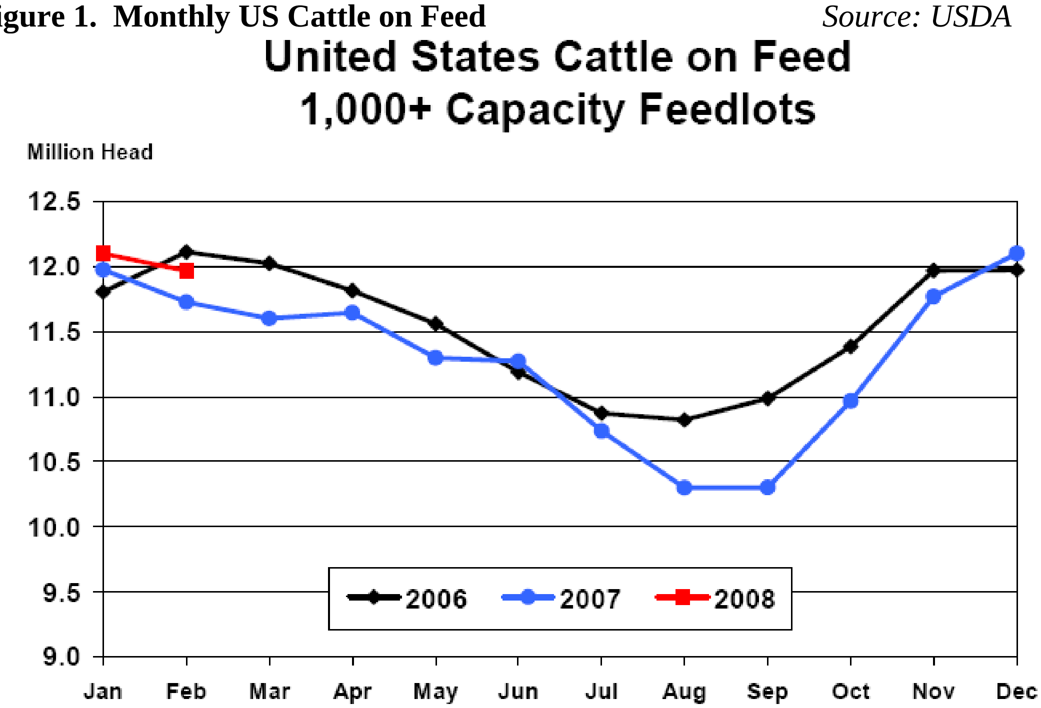

Figure 1 is taken directly from the USDA Cattle on Feed report and shows the cycle that cattle inventories take through the year. We can expect 2008 to track similarly to 2007 if there are not weather events that interrupt typical grazing, weaning and marketing plans. Placements were higher in the summer months of 2006 because of drought conditions in the southern plains states, but 2007 was more typical on the whole despite the drought in the southeastern states.

On the whole there were 26.2 million head of cattle marketed from US feedlots last year, up 0.1% from the 26.1 million head of 2006 and 1.4 % higher than the 25.8 million head marketed in 2005. With the decline in beef cow numbers the number for feedlot placements and marketing in 2008 will be steady to slightly lower than those of last year. Although there will be more dairy bred cattle entering the beef market, it will make a very small impact on total supplies. Although the cost of feed is significantly higher and in some cases more than double the cost of a year and a half ago, feeder cattle procurement will continue. However, the higher costs of feeding will continue to drive down the price that feedlots can pay for calves and yearlings. Feedlots will also become more specific about what price they will pay for each weight class of cattle as they try to work in some profitability in the face of tight margins.

Smaller Feedlots Continue to Decline in Iowa

Nationally the number of small feedlots (less than 1,000 head capacity) has been on a long steady decline. Nationally there are roughly 1,000 fewer small feedlots now than a year ago, and small feedlot inventories are down 75,000 head. In Iowa there are about 900 fewer small feedlots and 62,000 fewer head. This rapid change in the number of small feedlots has been spurred more by governmental regulation than market competition. Many of the smaller feedlots that were need a thousand head capacity expanded in order to justify the cost of the improvements need to comply with environmental regulations. Other feedlots simply exited the business or were consolidated with another operation. As a result the number of large feedlots in the state has increased, but our statewide feeding inventory is down about 10,000 head from a year ago. Table 2compares how feedlot numbers and inventories have changed in Iowa in the past three years.

Table2. Iowa Feedlot Numbers and Inventories Classified by Capacity

	Feedlot Capacity					
	less than 1000 hd		**1000-3999 hd**		**4000-15,999 hd**	
	number	1000 hd inventory	number	1000 hd inventory	number	1000 hd inventory
2005	8600	410	310	385	30	125
2006	8400	352	300	355	35	165
2007	7500	290	303	375	42	195

Shane Ellis