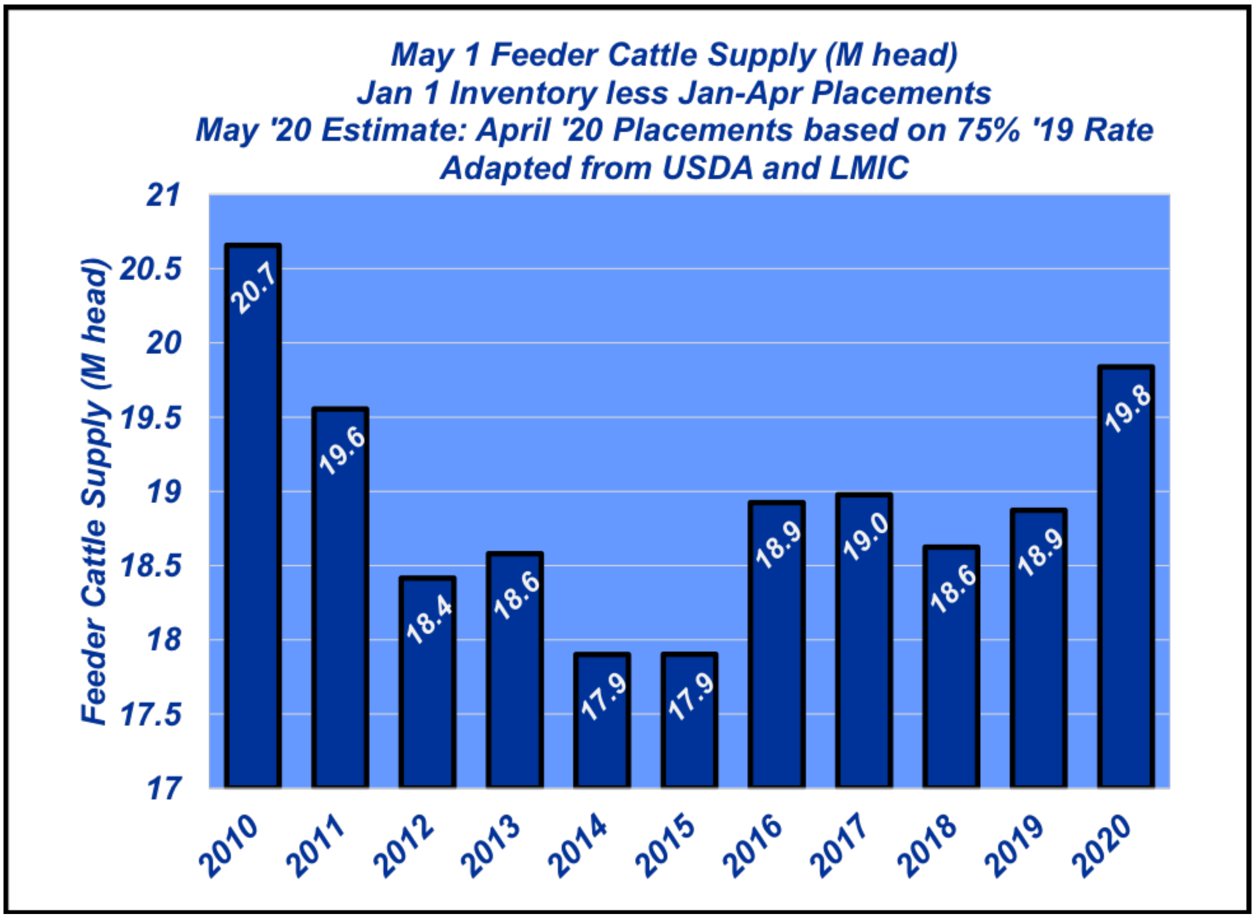
Where are all the Feeder Cattle? Everywhere but feedyards!

Nevil Speer | Apr 30, 2020

There are fewer cattle going to slaughter, that means reduced orders for feeder cattle placements to take their place. To that end, this week's graph illustrates the reality of feeder cattle staying at home. The data represent the January 1 feeder cattle inventory outside of feedyards less placements during January through April. The net result being available feeder/stocker supply on May 1.

The year started with 26.45 million head – right in line with the last four years: the 2016 to 2019 average equals 26.32 million head. However, reduced placements as a result of COVID have dramatically changed the year-over-year comparison. That is, the May 1 inventory in 2020 looks very different compared to the previous four years. This year's total is over 1 million head bigger versus available supply between 2016 and 2019 (18.85 million head).



Once some sense of normalcy returns, it'll be challenging for the industry to absorb those extra cattle in a seamless fashion. And meanwhile, the spring calf crop will also begin pressuring available supply as we transition to the fall marketing season. Bottom line, bigger supply rules the day—there'll be no shortage of feeder cattle going forward. Clearly, that'll have a negative influence on price, not to mention the string of heavy losses in the feedlot sector. That said, value-added management and subsequent marketing is more important than ever.