

**COVID-19 Impacts on Arkansas’ Agricultural and Rural Economies**

**UPDATE: *Cattle on Feed* Report**

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USDA released the April *Cattle on Feed* report on Friday afternoon (April 24, 2020), and the impact of COVID-19 on the cattle industry was plainly evident in the new numbers. The inventory of cattle in feedlots as of April 1 was down a little more than 5 percent from the prior year. This is a significant change from the March 1 inventory figure, which was about even with the prior year. The decline in feedlot inventories is strongly counter-seasonal. Typically, on-feed inventories rise from March to April at feeder cattle coming out of winter grazing programs make their way into feedlots. This year, inventories fell sharply from March to April as aggressive marketing by feedlots during March combined with sharply lower placements of cattle into feedlots.

**Figure 1.** On-Feed Inventory in 1,000+ Head Capacity Feedlots

Data Source: USDA National Agricultural Statistics Service

March fed-cattle marketings were 13 percent higher than the prior year. This was the second highest marketing figure for March since this *COF* series began in 1996. The quick pace of marketings noted in the COF report confirms the fact that meat packers in March were operating at a very high capacity in an effort to match the surge in demand caused by panic buying.

**Figure 2.** Monthly Marketings of Fed Cattle from 1,000+ Head Capacity Feedlots

Data Source: USDA National Agricultural Statistics Service

On the other hand, March placements of cattle into feedlots were down by 23 percent compared to 2019. This is the lowest March placements figure since this *COF* series began in 1996. It appears that many feeder cattle producers (both cow/calf and backgrounding operations) opted to hold onto their calves rather than sell them on the distressed March market. Also, cattle feeders may have decided to keep calves in less intensive backgrounding operations to delay their final marketing as fed cattle until later in the year in hopes of a general recovery in the market.

**Figure 3.** Monthly Placements of Cattle into 1,000+ Head Capacity Feedlots

Data Source: USDA National Agricultural Statistics Service

Looking ahead, the on-feed situation will likely change dramatically over the next month. The surge in marketings that occurred in March is clearly over. Marketings will be much lower in April as a result of plant closings and slowdowns in response to COVID-19. Weekly slaughter data already confirm this change. This week’s federally inspected cattle slaughter is estimated at 469,000 head. This is 173,000 head fewer than were harvested in the same week a year ago (a drop of more than 25 percent). With such a dramatic reduction in throughput, inventories of market-ready cattle will rapidly increase. This will intensify negative pressure on cattle prices at all levels. Negotiated cash fed cattle prices fell below $100 per hundredweight this week for the first time since October 2016. Price recovery will depend on getting processing plants back to normal, consistent operation.

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