



June 2010 CATTLE on FEED Report Forecast By John Ginzel

The June 2010 Cattle on Feed report is expected to show fed cattle placements equal to, or slightly better than, marketings during the month of May. May's Placements are expected to be sharply above last year's reduced levels. As a result, the year-over-year placement comparison appears to be unusually large. I see last year's reduced placements as the aberration, as this year's placements are more typical to historical patterns. As a result, the June Cattle on Feed inventory is forecast to be close to last year's levels at 10,370,000, at 99.6% of the prior year level.

The USDA will release the monthly Cattle of Feed report on June 18, 2010 for feedlots with greater than 1000 head capacity. We expect the report to show:

	5 Yr Avg. :	2009	2010	% Yr/Yr
	-----	thousand head	-----	
May 1 Cattle on Feed	11,091 :	10,822	10,453	96.6 %
Marketings	2,067 :	1,952	1,960 Est.	100.4 % Est.
Placements	1,965 :	1,638	1,980 Est.	120.8 % Est.
Other Disappearance	98 :	101	103 Est.	102.0 % Est.
June 1 Cattle on Feed	10,890 :	10,407	10,370 Est.	99.6 % Est.

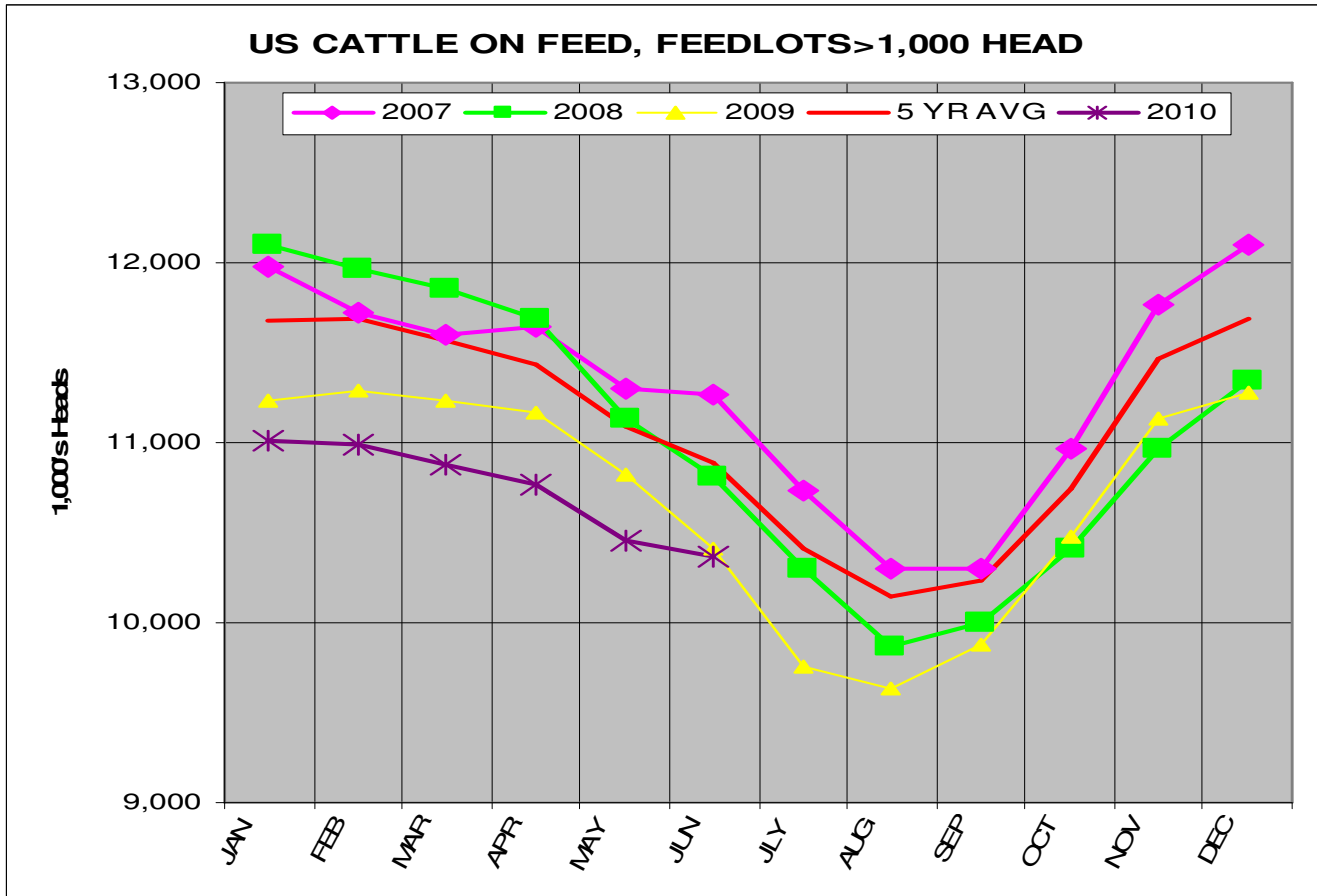
The June Cattle on Feed Inventory is forecast to be 10,370 thousand head, 99.6% of year earlier. This is the smallest Cattle On Feed inventory since 1999 and well below the prior five year average.

Feedlots placements on feed during May are expected to be sharply above the year earlier reduced levels and we estimate placements at 1,980,000 head, 120.8% of a year earlier. Last year's placements on feed during May were seen as unusually restrained. This year's placements are seen as typical compared with the month earlier levels.

Marketings during May are estimated to be 1,960,000 head, 100.4% of last year. This year, May had the same number of non-holiday working week days as last year.

Other Disappearance is estimated to be above a year earlier at 103 thousand head, 102.0% of a year earlier. Typically, Other Disappearance expands during May compared with the prior month as pastures green up and carrying capacity of ranges improves. This year, moisture conditions are seen as above normal and should provide good pasture and range conditions for carrying cattle.

The seasonal tendency for Cattle on Feed inventories is to decline further in coming months, likely reaching the annual low point during July or August. From the annual low point, expanded placements begin to swell feedlot inventories as stockers and feeders move off ranges and pastures during the late summer and fall months. Given the reduced size of the U.S. Cattle herd, we expect the feedlot inventories will continue to be less than the previous year through 2010 and likely beyond. At this time there are few signs that the U.S. cattle herd is beginning the expansion process by reducing cow slaughter and by retaining more heifers for breeding herd expansion.



By John Ginzel