Cattle Feeding Industry

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Industry Trends

- Increased geographic concentration in the plains states

Leading Cattle Feeding States, 1972

Changes in Fed Cattle Marketings, 1972 - 2001
Leading Cattle Feeding States, 2001

- Arizona: 348
- California: 606
- Washington: 587
- Idaho: 760
- Kansas: 2,495
- Colorado: 2,495
- Nebraska: 2,105
- Oklahoma: 832
- Texas: 6,030
- South Dakota: 620
- Iowa: 1,406
- New Mexico: 175

1,000 Head
12 State Total = 24.092 Million head

Industry Trends

- Increased geographic concentration in the plains states
- Increased importance of commercial feedyards

Number of Feedlots by Size Group (one-time capacity), 2001

- > 1,000 Head: 2,202 (2.2%)
- < 1,000 Head: 91,908 (97.8%)

Total = 94,110 Feedlots

Fed Cattle Marketings by Size Group (one-time capacity), 2001

- > 1,000 Head: 22,861,000 (87.0%)
- < 1,000 Head: 4,040,000 (13.0%)

Total = 26.901 Million Head
Average Fed Cattle Marketings (number of head) per Feedlot, 2001

- Arizona: 49,714
- California: 25,250
- Washington: 36,688
- Idaho: 15,200
- Kansas: 15,121
- Colorado: 18,121
- Nebraska: 3,533
- New Mexico: 17,200
- Oklahoma: 18,696
- Texas: 43,696
- South Dakota: 186
- Nebraska: 956
- Iowa: 124
- New Mexico: 17,500

Number of Larger Feedlots by Size Group (one-time capacity)

- Marketings from Larger Feedlots by Size Group (one-time capacity)

- Industry Trends
  - Increased geographic concentration in the plains states
  - Increased importance of commercial feedyards
  - Increased consolidation of cattle feedlots and firms
**Largest Cattle Feeding Firms, 2002**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Firm</th>
<th>Number of Lots</th>
<th>One-Time Capacity (1,000 hd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cactus Feeders, Inc.</td>
<td>9</td>
<td>460,000</td>
</tr>
<tr>
<td>2</td>
<td>Swift &amp; Co.</td>
<td>5</td>
<td>440,000</td>
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<td></td>
<td>Total</td>
<td>56</td>
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**Industry Trends**

- Increased geographic concentration in the plains states
- Increased importance of commercial feedyards
- Increased consolidation of cattle feedlots and firms
- Sharp change in pricing methods

**Percent of Weighted Average Marketings by Pricing Method**

- **Live Weight**
- **Carcass Weight**
- **Grid**

**Alternative Base Prices in Grids**

- **Tied to Cash Market**
- **Tied to Boxed Beef**
- **Tied to Futures Market**
- **Negotiated**
Motives for Using Grid Pricing

- Most important -
  - Access to carcass premiums
  - Access to carcass data
  - Obtain higher base prices

Highest-Rated Motives for Grid Pricing

(9=Strongly agree)

Obtain carcass premiums
Access carcass data
Obtain higher base prices
Guaranteed buyer

Rating

Industry Trends

- Increased geographic concentration in the plains states
- Increased importance of commercial feedyards
- Increased consolidation of cattle feedlots and firms
- Sharp change in pricing methods
- Marked shift in marketing methods

Percent of Weighted Average Marketings by Marketing Method

- Non-alliance agreement
- Alliance agreement
- No agreement
### Estimated Packer-Feedlot Ties
*(Tyson Excel Swift & Co. Farmland National)*

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### Motives for Supply Contracts or Marketing Agreements

- Most important -
  - Access to carcass premiums
  - Access to detailed carcass data
  - Guaranteed buyer for cattle
  - Increased marketing efficiency

### Highest-Rated Motives for Using Agreements of Varying Types
*(9=Strongly agree)*

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<tr>
<td>Access carcass data</td>
<td>9</td>
</tr>
<tr>
<td>Guaranteed buyer</td>
<td>9</td>
</tr>
<tr>
<td>Reduced marketing time/costs</td>
<td>9</td>
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