

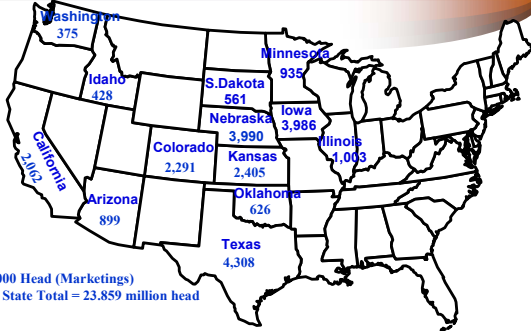
Cattle Feeding Industry

Clement Ward
 Department of Agricultural Economics
 Oklahoma State University

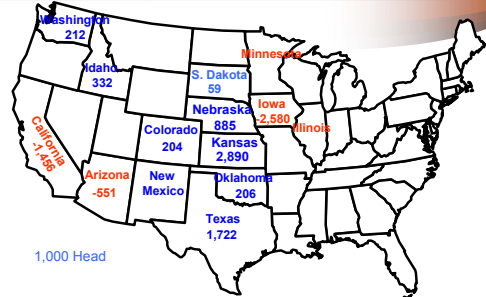
Industry Trends

- Increased geographic concentration in the plains states

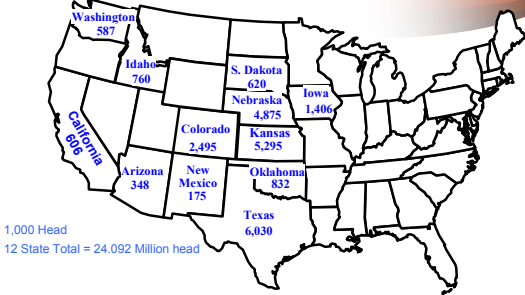
Leading Cattle Feeding States, 1972



Changes in Fed Cattle Marketings, 1972 - 2001



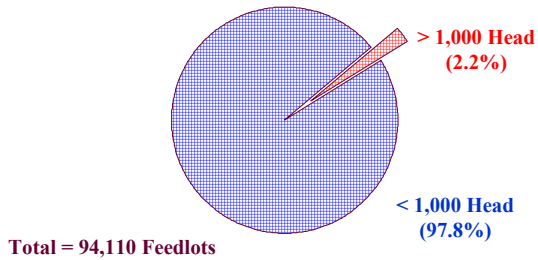
Leading Cattle Feeding States, 2001



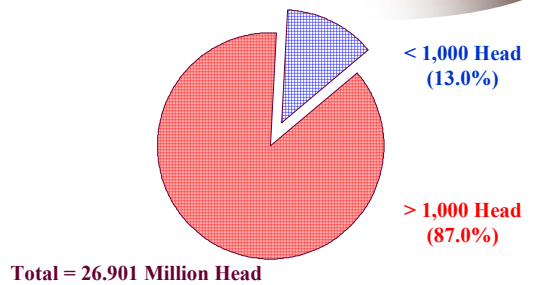
Industry Trends

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

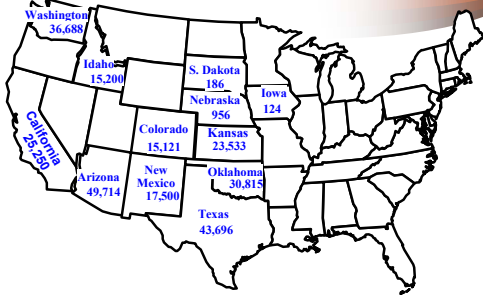
Number of Feedlots by Size Group (one-time capacity), 2001



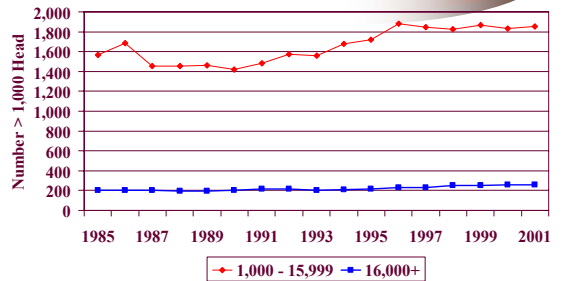
Fed Cattle Marketings by Size Group (one-time capacity), 2001



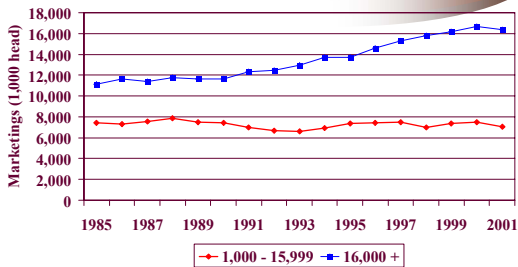
Average Fed Cattle Marketings (number of head) per Feedlot, 2001



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

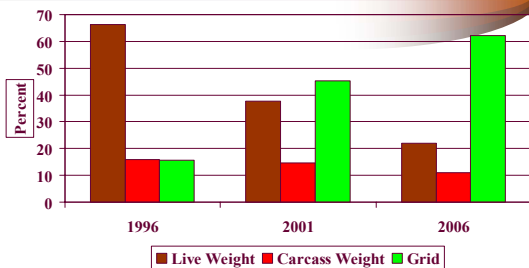
Largest Cattle Feeding Firms, 2002

Rank	Firm	Number of Lots	One-Time Capacity (1,000 hd)
1	Cactus Feeders, Inc.	9	460,000
2	Swift & Co.	5	440,000
3	ContiBeef LLC	6	440,000
4	Caprock Industries	4	290,000
5	J.R. Simplot Co.	3	270,000
6	Four States Feedyards	9	255,000
7	Friona Industries LP	5	235,000
8	AzTx Cattle Co.	5	232,000
9	Cattleco, Inc.	4	210,000
10	Agri Beef Company	6	180,000
	Total	56	3,012,000

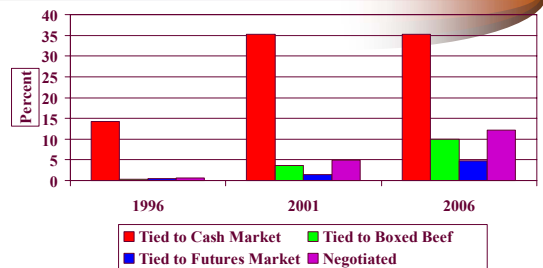
Industry Trends

- 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



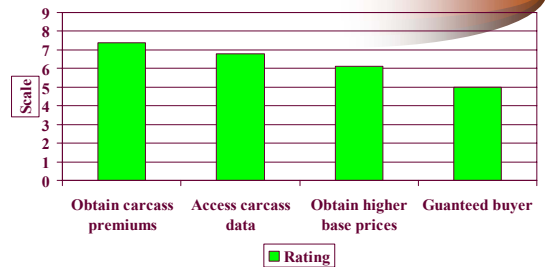
Alternative Base Prices in Grids (Percent of weighted average marketings)



Motives for Using Grid Pricing

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

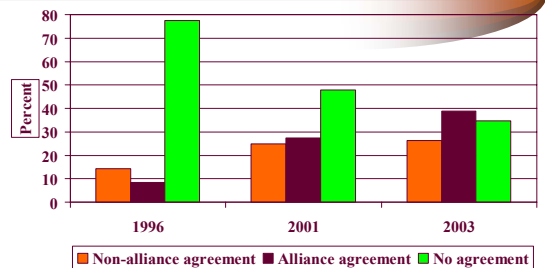
Highest-Rated Motives for Grid Pricing (9=Strongly agree)



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



Estimated Packer-Feedlot Ties

(Tyson Excel Swift & Co. Farmland National)

Rank	Firm	Number of Lots	One-Time Capacity (1,000 hd)
1	Cactus Feeders, Inc.	9	460,000
2	Swift & Co.	5	440,000
3	ContiBeef LLC	6	440,000
4	Caprock Industries	4	290,000
5	J.R. Simplot Co.	3	270,000
6	Four States Feedyards	9	255,000
7	Friona Industries LP	5	235,000
8	AzTx Cattle Co.	5	232,000
9	Cattleco, Inc.	4	210,000
10	Agri Beef Company	6	180,000

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)

