

MARKET ADVISOR



by Tim Petry, North Dakota State University Extension Service

Cyclical expansion moderates

The USDA National Agricultural Statistics Service (NASS) released the annual Cattle inventory report Jan. 31, 2018. It is available at <http://usda.mannlib.cornell.edu/usda/current/Catt/Catt-01-31-2018.pdf>. As expected, beef cow herd expansion continued during 2017, but the rate of expansion moderated from the last two years.

U.S. beef cows on Jan. 1, 2018, at 31.72 million head, were up 510,000 from the 31.21 million on Jan. 1, 2017. That followed increases of 1,047,000; 864,000; and 217,000 in the previous three years. The total four-year increase in beef cows since the last cyclical low recorded on Jan. 1, 2014, was 2,638,000 head.

The United States had the largest number of beef cows Jan. 1, 2018, since 2009.

Continued aggressive beef herd rebuilding occurred in several Southern Plains states as expected. They continued to restock after the severe multiyear drought prior to 2014 forced beef cow liquidation.

Texas, with the largest number of beef cows in the United States, was forced to liquidate 1.2 million beef cows during the drought. Texas had 5.14 million beef cows on Jan. 1, 2010, but declined

to 3.9 million by Jan. 1, 2014. That state posted the second-largest state increase — 125,000 head — during 2017.

However, the total 4.585 million head of beef cows on Jan. 1, 2018, was still 55,500 head below the pre-drought 2010 number.

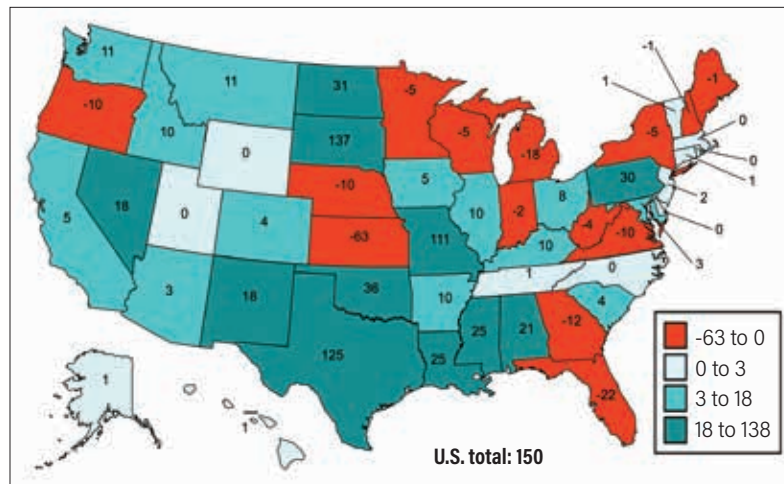
Missouri moved up to the second-largest beef cow state. With the third-largest increase in the United States of 111,000 cows, the beef cow inventory jumped to 2.166 million by Jan. 1, 2018. Oklahoma fell to the third-largest beef cow state, but still

added 36,000 beef cows for a total of 2.131 million head by Jan. 1, 2018. Both states have recovered to pre-drought beef cow numbers. Missouri had the same number of beef cows as in 2006, and Oklahoma had the most since 1983.

Possibly surprising to some may have been the beef cow increases in the Northern Plains during 2017. Parts of North Dakota, South Dakota and Montana suffered severe drought conditions. Southwest North Dakota, northwest South Dakota, and eastern Montana were especially hard hit.

South Dakota, the fifth-largest beef cow state, added more beef cows than any other state. The beef cow herd increased 137,000 head to 1.801 million, which was the highest number since 2002. North Dakota, the ninth-largest beef cow state, recorded an increase of 30,500 cows to total 984,000 and also

Fig. 1: Change in beef cows 2017 to 2018 (1,000 head)



Source: Livestock Information Marketing Center, USDA NASS.

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the highest since 2002. Neighboring Montana, the seventh-largest beef cow state, saw an increase of 11,000 cows for a total inventory of 1.497 million.

At least part of the reason for the increase in beef cows in the drought-stricken Northern Plains was that a year ago (Jan. 1, 2017) South Dakota, North Dakota and Montana each had near record-high numbers of beef replacement heifers. The early movement of cows to market during the dry summer may have been many cows that would have been culled before

Jan. 1 anyway. Producers seemed intent on keeping the large number of replacement heifers that calved during 2017.

A sign that herd expansion may continue to moderate was the decline in U.S. beef cow replacement heifers. The 6.131 million head on Jan. 1, 2018, was down 237,000 head from 2017. The only top 10 beef cow state with an increase in beef cow replacements was South Dakota, which surprisingly had a record-high number. Even though U.S. replacements declined, the 2018 number was still the third-largest

only behind 2017 and 2016 since 1996.

Weather will be the big wild card for how much, or even if, beef cow herd expansion occurs in 2018. Currently much of the U.S. beef cow region is experiencing abnormally dry conditions. **A**



Editor's Note: Tim Petry is a livestock marketing economist with the North Dakota State University Extension Service.