

MARKET ADVISOR

by Tim Petry, North Dakota State University Extension Service

Beef Cow Herd Liquidation Will Support Prices

Factors nationwide causing beef cow herd numbers to decrease.

The USDA National Agricultural Statistics Service (NASS) released the annual *Cattle* inventory report Jan. 31, 2022. It is available at <https://usda.library.cornell.edu/concern/publications/h702q636h>.

Given the severe drought in the northern Plains and Western states along with high beef cow slaughter, the big question wasn't if but how much the beef cow herd declined.

U.S. beef cows Jan. 1, 2022, at 30.13 million head, were down 718,500 from 30.84 million Jan. 1, 2021. That was

the fewest beef cows since 2015.

2021 marked the third straight year of U.S. beef cow cyclical liquidation. Numbers peaked Jan. 1, 2019, at 31.7 million head, with the three-year decline at 1.6 million head or 5%.

A number of factors likely led to the decline in beef cows during 2019, even with generally favorable grazing conditions. The rapid expansion from 2014 through 2018 meant many cow-calf operations were near fully stocked. Beef production reached record-high levels in 2019

with the increasing herd. Harsh winter weather conditions and flooding, particularly in some northern Plains states, some reports of more than normal open cows, and narrowing margins likely contributed to increased beef-cow slaughter.

The COVID-19 pandemic in 2020 disrupted cattle slaughter capacity and caused volatility and lower cattle prices. Drought also started the

year in the Four Corners and Pacific Northwest regions, and expanded throughout the year into much of the Western U.S.

Expanding and intensifying drought conditions in 2021 with more than 50% of the beef cow herd in areas with at least some drought certainly contributed to continued beef cow liquidation.

The top 10 beef cow states in order of importance are Texas, Oklahoma, Missouri, Nebraska, South Dakota, Kansas, Montana, Kentucky, North Dakota and Iowa. All of those states except Iowa saw declining beef cow numbers.

South Dakota experienced the largest decline in beef cow numbers at 189,000 head (10.5%). Following were Texas down 160,000 (3%); Missouri losing 94,000 (5%); and Montana close behind, down 90,000 head (6%).

Iowa recorded the largest increase up 65,000 head (8%). Idaho increased 34,000 (7%), and Minnesota followed with a 25,000-head (7.5%) increase.

The northern Plains states of Montana, North and South Dakota and Wyoming experienced severe drought conditions in 2021. About 15% of the U.S. beef cow herd resides in that area, where numbers declined 320,000 head. Some improvement in drought conditions has occurred in southeast North Dakota and

Figure 1: Change in Beef Cows 2021 to 2022 (1,000 Head)

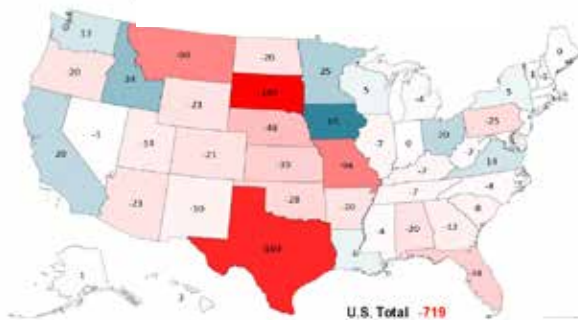
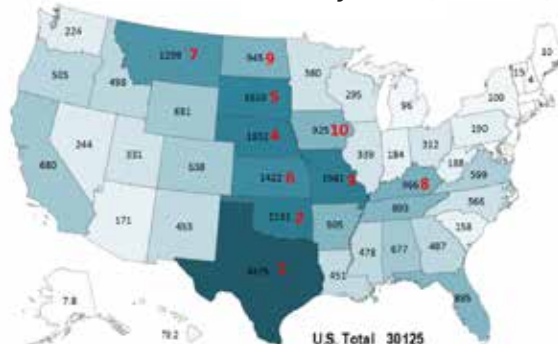


Figure 2: Beef Cows that Calved January 1, 2022 (1,000 Head)



northeast South Dakota, but much of the region remains very dry. Significant moisture will be necessary to prevent further liquidation.

Drought moved into the important southern Plains beef cow states late in 2021, and dry conditions linger there, so that area is also a concern.

The U.S. beef replacement heifer inventory at 5.6 million head declined 191,600 head (3.3%). That was the lowest number since 2014. The number of bred beef heifers expected to calve in 2022 was 3.4 million, down 3% from last year.

Texas lost the most beef replacements with a decline of

110,000 head. Montana also recorded a 13% drop of 50,000, and Missouri was down 25,000 (7.5%).

Kansas and Nebraska each recorded 20,000 head increases.

The 2021 U.S. calf crop (including beef and dairy calves) declined 1% at 35.1 million head, and will decline again in 2022.

The declining beef cow herd and calf crops will mean fewer cattle marketed and declining beef production in 2022 and likely in future years. That will be supportive to cattle prices.

Current cattle prices are above last year near 2015 levels, and are

expected to continue to increase. However, price volatility and risk will likely continue. Drought conditions are at the forefront, the potential size of the 2022 corn crop is unknown with high input costs, COVID-19 pandemic effects linger, inflation is a concern and geopolitical tensions around the world are heating up. **AJ**

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



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SYDGEN INFLUENCED BULL SALE
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6:00 pm
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This sale will be broadcast live on the internet.
DVAuction
Broadcasting Real-Time Auctions
Real time bidding & proxy bidding available.



Lot 40

Syngen KCF x Exar Rita 3405 (Insight x Final Answer)
 DOB: 1-1-2021 | Reg # 20189385
 BW (-.4) WW (+54) YW (+106)



Lot 41

Gavel x Exar Rita 3405 (Insight x Final Answer)
 DOB: 1-5-2021 | Reg #20189386
 BW (+2.4) WW (+85) YW (+148)



Lot 43

Syngen KCF Gavel x CVA Beebe Queen 722 (Rampage x Ten X)
 DOB: 1-18-2021 | Reg # 20189388
 BW (+1.7) WW (+84) YW (+155)