

MARKET ADVISOR

by Tim Petry, North Dakota State University Extension Service

Beef Cow Herd Declines, but COVID-19 Uncertainty Continues

The pandemic's effect on the beef cattle herd is yet to be determined, but a decline can be seen in herd numbers from last year.

On July 24, the USDA National Agricultural Statistics Service (NASS) released both the semi-annual July *Cattle* inventory report and the July *Cattle on Feed* report. The current and past reports are available online at: <https://usda.library.cornell.edu/concern/publications/h702q636h> for *Cattle* and <https://usda.library.cornell.edu/concern/publications/m326m174z> for *Cattle on Feed*.

The July cattle inventory report is important because it gives a mid-year indication of possible changes to look forward to in cattle numbers, beef production and potential market price impact. The July report is less detailed and only provides total U.S. cattle inventory numbers.

Most beef cattle market observers expected the July *Cattle* report to show slightly lower beef cow numbers compared to last year, and that was the case. NASS reported the July 1, 2020, U.S. beef cow herd at 32.05 million head, down almost 1% from last year's 32.3 million.

The Jan. 1, 2020, beef cow inventory was 31.3 million head. July's larger number is not a signal of herd rebuilding, as the July beef cow herd tends to be larger than the previous January's. Bred heifers are

not counted as beef cows until they calve, and many bred beef heifers calve Jan. 1-July 1. Subsequently, a seasonal increase in beef cow culling typically occurs in the fall.

There are indications the beef cow herd may stabilize at near-current levels the next couple years. The number of heifers weighing more than 500 pounds (lb.) kept for beef cow replacement was identical to last year at 4.4 million head.


Weather-related forage and grazing conditions are always a wild card. At the end of July, the USDA reported U.S. pasture and range conditions at 34% in the poor to very poor category compared to 9% last year. The USDA estimates 29% of the U.S. cattle inventory is located in areas experiencing some level of drought compared to the 1% in 2019.

The number of steers weighing 500 lb. or more, at 15 million head, was 2% above the 14.7 million last year. Heifers over 500 lb. not kept for replacement totaled 8 million, up 1% from the 7.9 million a year ago. The number of cattle on feed for more than 120 days increased 791,000 head from last year to 4.858 million. The estimated supply of feeder cattle outside feedyards

July 1, at 37.4 million head, was up 300,000 head from the 37.1 million last year. All were signs cattle have been backlogged due to supply chain issues surrounding the pandemic.

The July *Cattle* report also gives the first estimate by NASS of the 2020 calf crop. The 2020 calf crop (including beef and dairy calves) in the United States is expected to be 35.8 million head, down about 1% from last year. The decline was due to a declining beef cow herd, as the number of milk cows on July 1 was up about 1% at 9.35 million head.

The bottom line for cattle prices from a supply standpoint is the higher number of heavyweight cattle in feedyards and the larger number of feeder cattle outside feedyards will continue to pressure prices in the near term. Longer term into 2021 the smaller beef cow herd and calf crop will be supportive to prices.

From a beef demand standpoint, much uncertainty continues as unknowns about the length and severity of COVID-19 will continue to cause volatile cattle prices. 

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