

Pondering Herd Size

Demand signals are there, but is drought allowing expansion?

by Troy Smith, field editor

There is considerable concern about the shrunken state of the U.S. cow herd and the need to increase numbers. The situation prompts people to ponder questions about how that may happen and how long it might take. They wonder how it will mesh with the expected transition of many farms and ranches into the next generation's hands. People also wonder how changing the herd size may impact beef demand.

Those questions were discussed during the 2014 International Livestock Congress (ILC-USA 2014) hosted Jan. 14 in Denver, Colo. Sharing their opinions were Oklahoma State University (OSU) Extension Livestock Marketing Specialist Derrell Peel and Montana State University (MSU) Agricultural Economist Gary Brester.



PHOTOS BY KASEY BROWN

►“For the last two years, producers tried to expand by retaining more replacement heifers, but couldn't sustain it because of drought,” said Derrell Peel, OSU Extension livestock marketing specialist.

Peel blamed widespread drought for holding back expansion for the last couple of years, even though market signals favored expansion. He said he is cautiously optimistic that herd expansion will begin in earnest. Actually, it probably has begun already.

“For the last two years, producers tried to expand by retaining more replacement heifers, but couldn't sustain it because of drought,” stated Peel. “Drought has subsided in many areas. More grass and more hay was produced in 2013. We're better now, but we're still vulnerable.”

Peel said he expected the coming USDA inventory report to confirm that serious

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heifer retention started again in the latter part of 2013. He expects that to continue and set a new heifer-retention record, with numbers exceeding 19% of the herd. Peel said it is wrong to think producers have not been retaining some heifers in recent years. He believes many kept back replacements, but culled harder from among their mature cows.

“We probably have the youngest, most productive beef cow herd ever,” opined Peel.

While the industry has not seen an extended period of expansion for a long time, Peel said U.S. cow herd expansion could occur for the remainder of this decade. First, he anticipates a recovery of numbers lost due to drought. That may add 1.85 million breeding females to the current 30.8 million head by 2017. Another 1.7 million head could potentially be added by 2020.

More needed

“We don't have a lot of beef in the world — less than 58 million metric tons — and the price is increasing more and more,” said Brester. “We need more.”

Brester noted how, through increased productivity, the United States was able to sustain the tonnage of beef produced, despite shrinking numbers of cows. Other countries have increased their herd tallies, but still trail the United States in productivity.

Brester said more cows are now needed in the United States, but the questions is, “How many?”

Global demand for beef is growing, but Brester believes many U.S. producers may not be anxious to expand in a big way. Some diversified producers have left the cow business completely. For reasons



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associated with advanced producer age, higher production prices, grazing limitations and less opportunity for risk management, Brester believes some of them may choose not to rebuild their cow herds.

Peel agreed that expansion probably won't be widely embraced by all producers and in all regions of the country. He said cows may not return to areas where forage can't compete with grain production, at least not in their former numbers.

Brester said opportunity does exist for young people wanting to get into the cow business. He cited a tremendous level of interest in figuring out ways to transfer existing businesses and wealth to younger producers.

Peel agreed, saying there is a real need for more creativity in making the transitions.

“Existing producers must be part of the solution,” added Peel.

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Editor's Note: Troy Smith is a freelancer and cattleman from Sargent, Neb. ILC-USA 2014, themed “The Cattle Industry at a Crossroads: How Do We Adapt to Change?” was hosted at the Renaissance Denver Hotel Jan. 14 in conjunction with the National Western Stock Show in Denver, Colo.