

Semi-annual Cattle Inventory Summary

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USDA's semi-annual cattle inventory report for July 2011 revealed a continuation in the herd reduction which began in 2006. This was expected given that slaughter of cull cows was 4.8% higher during 2010 than in 2009 and 0.7% higher in the first half of 2011 than in January-June 2010. **This year's calf crop is expected to be the smallest in over 60 years.** Although cattle prices have been strong in recent months, feed prices are high, there is a severe drought in the southern plains, and the weak U.S. economy impacts negatively on cow-calf producers, many of whom rely on off-farm employment.

Revisions. There were two revisions to USDA's previous estimate of the July 2010 cattle inventory. The size of last summer's beef cow herd was revised down by 50,000 head and the dairy cow herd was increased by 50,000 head. The total number of cows was unchanged.

Total Inventory. The total number of cattle and calves in the U.S. on July 1, 2011, was 100.0 million head, down 1.1% from July 2010 and 4.6% lower than at the last cyclical peak in 2006. This is the lowest July cattle inventory since long before USDA started the July inventory series in 1973.

Calf Crop. The 2011 calf crop is estimated to be 35.5 million head, down 0.5% from a year earlier and the smallest calf crop since 1950. This is a smaller decline than implied by USDA's last herd survey which said the number of cows and bred heifers was down 1.3% on January 1, 2011. The size of the calf crop has declined each year since 1995.

Cow Herd. This inventory report indicates the July 1 number of beef cows that have calved (31.4 million) was 1.1% smaller than on the same date last year. The number of dairy cows that have calved (9.2 million head) was up 0.5% from a year ago. The combined cow herd is 0.7% smaller than in July 2010.

Replacement Heifers. There were 4.2 million beef heifers on July 1 being held to add to the cow herd, 4.5% fewer than on July 2010. The number of dairy replacement heifers, also 4.2 million head, was up 3.7% from 12 months earlier. The combined number of replacement heifers is down 0.6% from a year ago.

Feeder Cattle Supply. At the start of July, the number of steers weighing 500 pounds and over was down 1.4%; the number of 500 pound plus heifers not being held for cow replacements was down 1.9%; and the number of calves weighing less than 500 pounds was down 1.1% from a year ago. In total, the inventory of feeder cattle was 1.3% smaller than 12 months earlier.

Cattle Slaughter Forecast. For all of 2011, I expect fed cattle slaughter to be 0.4% lower than a year ago. During the first half of 2011, steer and heifer slaughter was up 0.7%. The number of cattle on feed July 1 was up 2.5% in total, with the number on feed in feedlots with one-time capacity of 1,000 head or more up 3.8%. There is one fewer slaughter day in the fourth quarter this year. Slaughter of cull dairy cows is likely to be up 2.9% compared to 2010. A 2.3% decline in 2011 beef cow slaughter is forecast.

Summary. Inventory numbers imply the January 2012 cattle herd will be roughly 1% smaller than the year-earlier number. The combined number of cows and replacement heifers is 0.7% smaller than on July 1, 2010, implying a smaller calf crop in 2012 for the 17th consecutive year. Lower inventories should mean stronger prices. It appears that 2011 fed cattle prices will average over \$110/cwt with 2012 prices higher still. High corn prices should hold 2012 feeder cattle prices close to this year's level. Through May, beef exports were 27% above year-ago levels. As expected during a worldwide recession, meat demand was soft in 2009 and early 2010. If the economy grows, then beef demand should improve. Demand for slaughter steers and heifers was up over 10% during the first half of 2011 compared to a year earlier. The strengthening income picture for cow-calf operations should slow beef cow slaughter and eventually lead to herd expansion.

The data from USDA's July 2011 cattle inventory report is in the table below.

Inventory of Cattle and Calves, July 1, 2009-2011				11 as %
	2009	2010	2011	of 2010
	-----	1,000 head	-----	
Cattle & Calves	102,000	101,100.0	100,000.0	98.9
Cows & Heifers that Have Calved	41,400	40,900.0	40,600.0	99.3
Beef Cows	32,200	31,750.0	31,400.0	98.9
Milk Cows	9,200	9,150.0	9,200.0	100.5
Heifers 500 Lbs. & Over	16,200	16,200.0	16,000.0	98.8
For Beef Cow Replacement	4,500	4,400.0	4,200.0	95.5
For Milk Cow Replacement	3,950	4,050.0	4,200.0	103.7
Other Heifers	7,750	7,750.0	7,600.0	98.1
Steers 500 Lbs. & Over	14,400	14,400.0	14,200.0	98.6
Bulls 500 Lbs. & Over	2,100	2,100.0	2,000.0	95.2
Calves Under 500 Lbs.	27,900	27,500.0	27,200.0	98.9
Calf Crop	35,939	35,684.8	35,500.0	99.5
Cattle on Feed	11,600	11,900.0	12,200.0	102.5

Actual federally inspected cattle slaughter and prices for 2008, 2009 and 2010 along with our forecasts of slaughter levels and prices in 2011 and 2012 are given in the table below.

Quarter	Federally Inspected Slaughter			Nebraska --Oklahoma City--		
	Steers& Heifers	Beef Cows	Dairy Cows	Slaughter Steers	750-800# --Feeder Steers--	500-550#
	-----thousand head-----			-----dollars/cwt-----		
Q1 08	6514.0	817.7	665.1	89.59	99.88	121.75
Q2 08	7265.7	901.8	594.7	92.83	106.60	122.19
Q3 08	6982.6	908.8	658.2	98.45	110.81	122.85
Q4 08	6277.5	940.9	673.3	88.22	94.62	105.22
2008	27040.0	3569.3	2591.2	92.27	102.98	118.00
Q1 09	6159.7	781.9	762.5	80.98	92.83	110.03
Q2 09	6866.5	770.2	682.8	84.53	98.63	116.09
Q3 09	6704.4	818.6	703.2	82.78	99.40	107.87
Q4 09	6324.1	954.3	667.0	82.43	93.67	109.31

2009	26054.8	3325.0	2815.3	82.68	96.13	110.83
Q1 10	6329.5	847.6	711.0	87.93	98.73	118.01
Q2 10	6812.1	910.3	658.1	96.59	112.65	130.93
Q3 10	6886.9	871.1	700.0	95.59	112.29	124.04
Q4 10	6614.7	1000.9	737.5	100.01	111.15	125.16
2010	26643.2	3629.9	2807.1	95.03	108.71	124.54
Q1 11	6445.0	815.0	781.0	110.48	127.20	147.12
Q2 11	6794.0	896.0	677.0	114.07	131.08	146.61
Q3 11*	6840.0	865.0	710.0	110-113	130-136	135-145
Q4 11*	6460.0	970.0	730.0	113-118	128-135	130-140
2011*	26539.0	3546.0	2898.0	111-115	128-132	140-145
Q1 12*	6350.0	810.0	740.0	116-121	127-132	145-155
Q2 12*	6690.0	885.0	685.0	118-123	130-135	145-155
Q3 12*	6650.0	845.0	710.0	113-118	130-140	135-145
Q4 12*	6430.0	965.0	740.0	118-123	130-140	130-140
2012*	26120.0	3505.0	2875.0	116-120	129-135	139-149

* forecast