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## In The Cattle Markets

David P. Anderson, Professor and Extension Economist  
Texas A&M AgriLife Extension Service

### Highlights From An Interesting Cattle Report

USDA released its much anticipated Cattle inventory report on January 31<sup>st</sup>. The report revealed an expected decline of 1.9 percent in the total number of cattle in the US on January 1, 2024. The 87.2 million head was the fewest since 82 million in 1951.

While the total number of cattle gets a lot of headlines, some of the other categories are more meaningful for the direction of cattle markets in coming years. The report indicated that there were 28.2 million beef cows in the US on January 1. That is the fewest number of beef cows since 27.3 million head in 1961. The 2.5 percent decline was pretty much in line with pre-report expectations. The beef cow inventory was even smaller than following the drought of 2010-2013. Cow numbers hit their previous low of 28.96 million on January 1, 2014. While the national beef cow numbers were fewer than those following the drought that was not the case in Texas. Texas' cowherd did decline by 4.3 percent, a larger percent decline than the national herd, to 4.115 million head the herd remains larger than following the drought.

The number of heifers held for beef cow replacement declined again, down 1.4 percent. As a percent of the cow herd, it does not appear to be a large enough number to suggest herd expansion. There were some significant revisions to heifer replacements in the previous year's report but, the revisions don't change the overall picture of herd numbers.

The report includes an estimate of the number of stocker cattle out on small grain pastures, like wheat pasture. The data includes the states on Kansas, Oklahoma, and Texas. It indicated that there were 1.59 million head on small grain pastures. That was the fewest since 1.5 million in 2018. The number of stockers on wheat pasture over the last decade has totaled 1.73 million, so this year's figure is smaller than average. This number certainly fits with more cattle on feed than a year ago as cattle were likely placed earlier rather than put on pastures. Fewer stockers on winter grain pastures combined with data on calves still on farms and ranches gives an estimate of the number of feeder cattle outside feedlots, adding to our information on available feeder cattle supplies. Feeder cattle supplies outside of feedlots was calculated to be 24.2 million head, 4.2 percent fewer than last year and the fewest in decades.

This report can be thought of as longer term in nature. The number of cows gives a better estimate of calves to be born and future beef production. The small number of feeder cattle outside of feedlots indicates tighter supplies ahead and even higher prices once expansion starts.

### The Markets

Local auction markets report sharply higher calf prices. Prospects have certainly been helped by abundant rain in local areas. Markets appear to be getting past the winter storm turbulence

with higher fed cattle prices and some pressure on the cutout. Much higher primal brisket prices over the last couple of months has put some pressure on bbq restaurants.

Data Source: USDA-AMS Market News

		Week of 2/2/24	Week of 1/26/24	Week of 2/3/23
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$177.80	\$175.44	\$158.17
	all grades, dressed weight, \$/cwt	\$279.53	\$276.87	\$249.88
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$295.61	\$299.81	\$265.82
	Choice-Select Spread, \$/cwt	\$10.26	\$11.97	\$13.32
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$245.26	\$247.13	\$187.00
	Nebraska 7-market, \$/cwt	\$256.08	\$250.00	\$186.91
	Oklahoma 8-market, \$/cwt	\$241.12	\$232.26	\$179.95
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$319.96	\$316.88	\$219.37
	Nebraska 7-market, \$/cwt	\$318.30	\$316.13	\$227.03
	Oklahoma 8-market, \$/cwt	\$303.13	\$286.17	\$210.30
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.58	\$4.65	\$7.11
	DDGS, Nebraska, \$/ton	\$218.33	\$218.33	\$297.00