



IN THE CATTLE MARKETS



September 16, 2024

[Click here to subscribe](#)



UW

College of Agriculture
and Natural Resources
Extension

Rob Ziegler

Extension Specialist

College of Agriculture, Life Science and Natural Resources

University of Wyoming

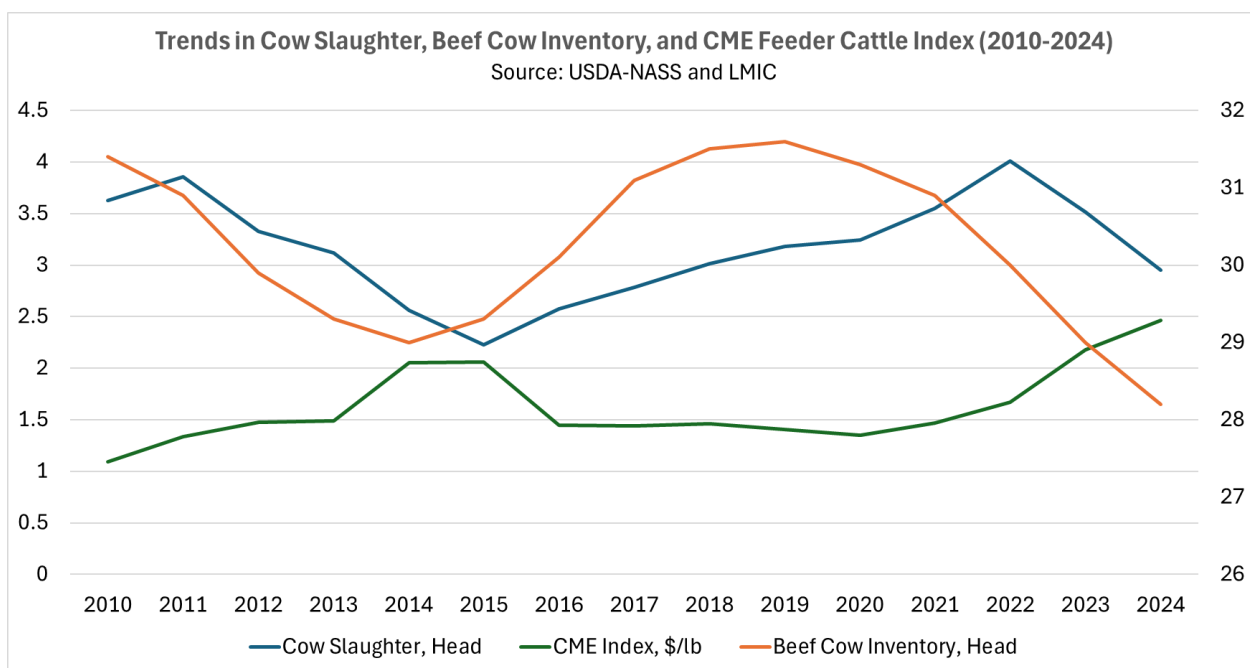
Are We Nearing Expansion? A Look at Cow Slaughter and the Inventory Cycle

The U.S. beef cow herd inventory has received significant attention recently, due to historically low levels driven by market prices and drought conditions that have incentivized producers to sell. Droughts impacted much of the U.S. in 2011-2014 and again in 2021-2023, coinciding with the contraction phase of the cow cycle. A closer look at cow slaughter during these contraction phases and drought periods could shed light on producers' current intentions to rebuild and the potential trajectory of market prices.

Beef cow slaughter peaked in 2011 at 3.9 million head, roughly midway through the last contraction phase, which ended in 2014 when expansion began. Slaughter bottomed out in 2015 at 2.2 million head and started increasing again in 2016. Another peak in

cow slaughter was observed in 2022 at nearly 4 million head. In 2023, cow slaughter declined by 12% compared to 2022. From January through August 2023, 2.2 million head of beef cows were slaughtered, compared to 1.9 million head during the same period in 2024. It appears that total cow slaughter in 2024 will be lower than that of 2023. Historically 35% of cow slaughter occurs between September and December, which could bring total slaughter for 2024 to around 2.9 million head. While the final figure for 2024 is yet to be determined, if the decline continues, 2024 could mark the second consecutive year of lower beef cow slaughter volumes.

Figure 1. Trends in Cow Slaughter, Beef Cow Inventory, and the CME Feeder Cattle Index, 2010-2024



Examining the CME Feeder Cattle Index over this period provides insight into the price impacts resulting from supply and demand dynamics. The index peaked in 2014 and 2015 at just over \$200/cwt, when cow herd inventory and slaughter volumes reached their lowest points at the end of the contraction. From 2016 to 2020, the index trended mostly sideways, with a slight downward drift around the \$150/cwt mark, as cow herd numbers increased and peaked in 2019. When feeder cattle supplies peaked in 2020, prices hit their low, but in 2021, the Feeder Cattle Index rose again as cow numbers declined and slaughter volumes increased. Currently, the index hovers around \$242/cwt. Given the projected increase in slaughter volumes for 2024, it appears the cow herd is contracting at a faster pace. If this trend continues, feeder supplies will likely tighten during this contraction period, supporting prices.

If history repeats itself, as it did in 2011, we may have another 1-2 years of contraction before moving into the expansion phase. However, despite strong feeder prices,

elevated interest rates and higher input costs in recent years have negatively impacted income per cow. The question remains whether these margins will be sufficient to encourage expansion within that timeframe. While the drought in 2024 has been more regional, some heifer retention may be correlated with these areas. That said, heifers retained this year will not contribute to the feeder cattle supply for approximately two more years. These factors suggest that the expansion phase may unfold more slowly than it did in 2014.

The Markets

Last week, the feeder cash market trended mostly downward, with increasing concerns about drought across parts of the nation. Locally, in Wyoming and surrounding areas, drought and wildfires remain a concern. On the positive side, last year's abundant hay crop in the region will provide some relief to affected ranches. The cash market was higher for fed cattle and lower for boxed beef last week. Cash corn prices dropped last week, while new crop corn futures started the week down before gaining some traction by Friday.

| | | Week of 9/13/24 | Week of 9/6/24 | Week of 9/15/23 |
|-------------------------------------|------------------------------------|--------------------|-------------------|--------------------|
| 5-Area Fed Steer | all grades, live weight, \$/cwt | \$182.11 | \$181.18 | \$184.04 |
| | all grades, dressed weight, \$/cwt | \$290.93 | \$287.54 | \$291.84 |
| Boxed Beef | Choice Value, 600-900 lb., \$/cwt | \$307.24 | \$310.80 | \$307.55 |
| | Choice-Select Spread, \$/cwt | \$11.30 | \$12.70 | \$22.28 |
| 700-800 lb. Feeder Steer | Montana 3-market, \$/cwt | \$252.46 | \$257.07 | \$262.39 |
| | Nebraska 7-market, \$/cwt | \$265.88 | \$265.85 | \$277.60 |
| | Oklahoma 8-market, \$/cwt | \$246.26 | \$248.00 | \$258.27 |
| 500-600 lb. Feeder Steer | Montana 3-market, \$/cwt | \$275.00 | -- | -- |
| | Nebraska 7-market, \$/cwt | \$294.72 | \$296.37 | \$302.58 |
| | Oklahoma 8-market, \$/cwt | \$277.70 | \$293.07 | \$282.61 |
| Feed Grains | Corn, Omaha, NE, \$/bu (Thursday) | \$3.94 | \$4.06 | \$4.75 |
| | DDGS, Nebraska, \$/ton | \$149.86 | \$148.71 | \$201.88 |

Data Source: USDA-AMS Market News as compiled by LMIC

[Click here to subscribe](#)

Contributing Universities



Disclaimer: The information provided in this newsletter is intended for educational purposes only. LMIC will not be held liable for any decisions made based on the information contained in this publication.