

Market Advisor In the cattle markets

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Many areas in the Northern Plains cattle-producing region suffered drought issues during much of the past decade, forcing liquidation of beef cow herds. Although normal moisture conditions returned to most of the Northern Plains in 2009, beef cow liquidation was still

higher than the national average.

The USDA cattle inventory report indicated the U.S. beef cow inventory Jan. 1 was down 1.5% from the previous year. But beef cow numbers were reported to be down 2% in Montana, 3% in North Dakota and Wyoming, and 4% in Nebraska with

South Dakota declining only slightly. Beef replacement heifers were also down more than the U.S. average of 1.7%. Replacements declined more than 3% in Nebraska and Wyoming, with 8% and 11.7% declines reported in North Dakota and Montana.

There are likely several reasons why additional liquidation in the Northern Plains occurred. Many farms and ranches produce both crops and cattle, and the higher crop prices compared to cattle prices generated more interest in producing crops. A number of producers have relatively small beef cow herds and were at the age when they decided to reduce their workload. The return to more normal precipitation brought a much harsher winter to the Northern Plains in 2008-2009, with some forced liquidation of herds due to blocked roads, inability to access feed supplies, and even collapsed barns. And early spring blizzards and record flooding in some areas caused above normal calf and cow mortality, and cases where cattle feedyards were inundated with floodwater.

In contrast, both the number of feeder cattle outside feedlots and cattle on feed in the Northern Plains were generally above average U.S. levels on Jan. 1. Steers over 500 lb. were up about 6% in North Dakota and Wyoming, and up by almost 12% in South Dakota, compared to a decline of 2% in the U.S.

Heifers over 500 lb. were up 2% in North Dakota, over 10% in South Dakota, and 21% in Montana compared to a less than 1% increase in the U.S.

Cattle-on-feed numbers were about the same as last year in Nebraska, but up 2.6% in South Dakota and up 29% in North Dakota compared to a 1% decline in the U.S.

The increased number of feeder cattle still in the Northern Plains was due to the reduced sales volume that occurred throughout the fall marketing season. Mild weather and good forage conditions resulted in many calves being weaned a month later than last year, when winter set in early and drought in the western part of the region limited forage availability. Cattle operations that graze cows on cornstalks after weaning the calves had to wait to wean because corn harvest was late. By January, only 73% of the corn had been harvested in North Dakota. Ample forage supplies, a large feed barley crop, lots of high-moisture corn and low calf prices encouraged cattle backgrounding and cattle feeding.

With corn prices moderating somewhat, good moisture conditions in the Northern Plains, and a chance for higher cattle prices when the economy improves, there may be interest in retaining more beef heifers in 2010. Replacement-quality heifers are commanding premium prices at many Northern Plains cattle auction markets.