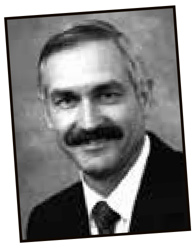


Market Advisor

by **TIM PETRY,** *North Dakota State University Extension Service*

How much will the beef herd increase?

Beef herd rebuilding has started in the United States. The number of beef cows on Jan. 1, 2015, at 29.7 million head, was up 2.1% from 29.1 million head in 2014. The number of beef replacement heifers, at 5.8 million, increased more than 4% from 2014. Furthermore, the number of heifers expected to calve in 2015, at 3.5 million head, is up more than 7% from the 3.3 million in 2014.

Change in herd

It will be important to consider how much rebuilding is necessary, especially in light of the record-high and continuing-to-increase carcass weights of fed cattle. So, let's address how much herd rebuilding may be required. There is not an easy answer because of the dynamic nature of the U.S. livestock meat sector and the fact that the beef industry now operates in a global market.

The popular press has possibly overemphasized the fact that we currently have a cow herd about the same size as in 1950. In 1950, there were 40.6 million cows in the United States compared to 39 million in 2015. The makeup of the cow herd is much different than it was in 1950 when there were 16.7 million beef cows and 23.9 million milk cows. In 2015, there are 29.7 million beef cows and only 9.3 million milk cows.

The beef cow herd continued to increase from 1950 to 1975, but since then has generally declined. Peak cow numbers in 1975 consisted of 56.9 million total cows, with 45.7 million beef cows and 11.2 million milk cows.

However, it is not the number of cows that is important in determining prices for cattle and beef; it is the amount of beef produced by those cows that is important.

Beef production

U.S. beef production in 2014 was about 24.25 billion pounds (lb.), compared to just 9.2 billion lb. produced in 1950. Peak production occurred in 2002 at 27 billion lb. So the beef industry produces much more beef with about the same number of cows that existed in the 1950s.

There are many reasons the increased beef production per cow has occurred. The greater proportion of beef cows to milk cows is partly responsible. The commercial feedlot industry with grain-fed cattle was just beginning in the 1950s. Prior to that, many cattle were grass-fed. Improved technology in raising and feeding cattle has been important. Of course, Angus producers have been at the forefront in improving genetics in cattle. Beef cows are much larger than they were in the 1950s, and carcass weights of fed cattle are at all-time highs.

Pasture and range conditions in much of the United States are the best they have been in many years. The far western states, where drought conditions still exist, are the exception. So, beef herd rebuilding that began last year is continuing. As I write this column mid-year, beef cow slaughter is down 18% from last year's lower numbers.

Even though the cow herd increased, beef production is expected to decline in 2015 as heifers are retained for breeding and fewer cows are slaughtered. USDA is currently estimating 2015 beef production at 24 billion lb., down 1% from last year. An increase in beef production from 1.5% to 3% may occur in 2016.

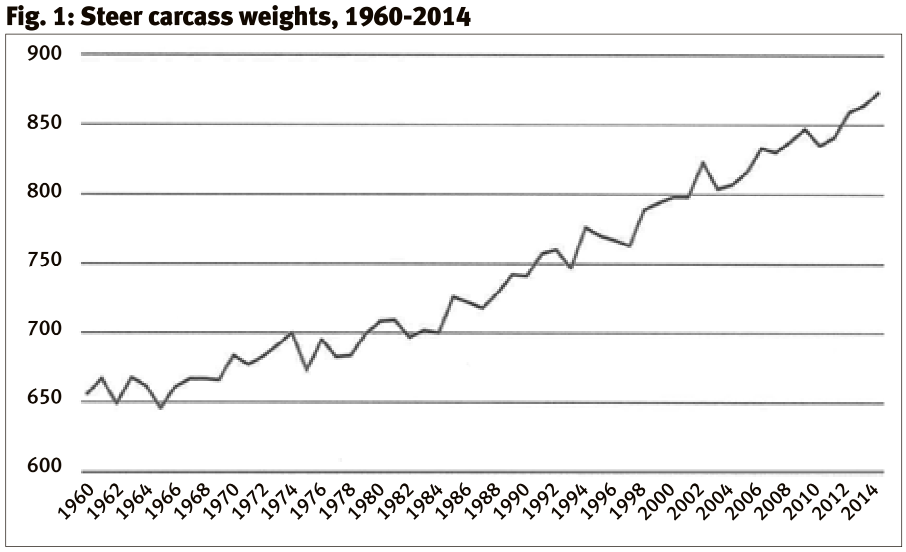
Both pork and poultry production that declined with the record-high corn prices have ramped up. USDA is forecasting record pork production at 24.5 billion lb. in 2015. If the beef and pork production forecasts materialize, it will be the first time since 1952 that pork production exceeds beef production. Broiler production is also expected to be record-high in 2015. USDA is projecting record total meat production in 2015 and 2016.

If beef herd rebuilding continues at its current pace, record beef production is also possible in just a few years. Of course, many factors will influence the production and demand for all meats.

I will conclude by saying that a robust domestic and export market will be necessary to utilize the increased meat production likely to occur in the next few years.

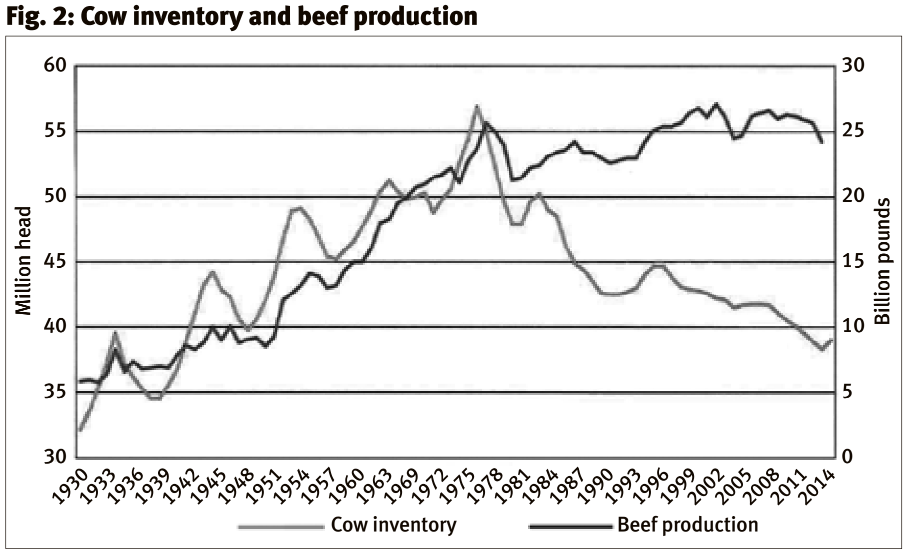
Editor's Note: *Tim Petry is a livestock marketing economist with the North Dakota State University Extension Service.*

Fig. 1: Steer carcass weights, 1960-2014



Source: USDA. Compiled by LMIC.

Fig. 2: Cow inventory and beef production



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