

CATTLE OUTLOOK

**James Mintert, Professor of Agricultural Economics &
Director, Center for Commercial Agriculture**

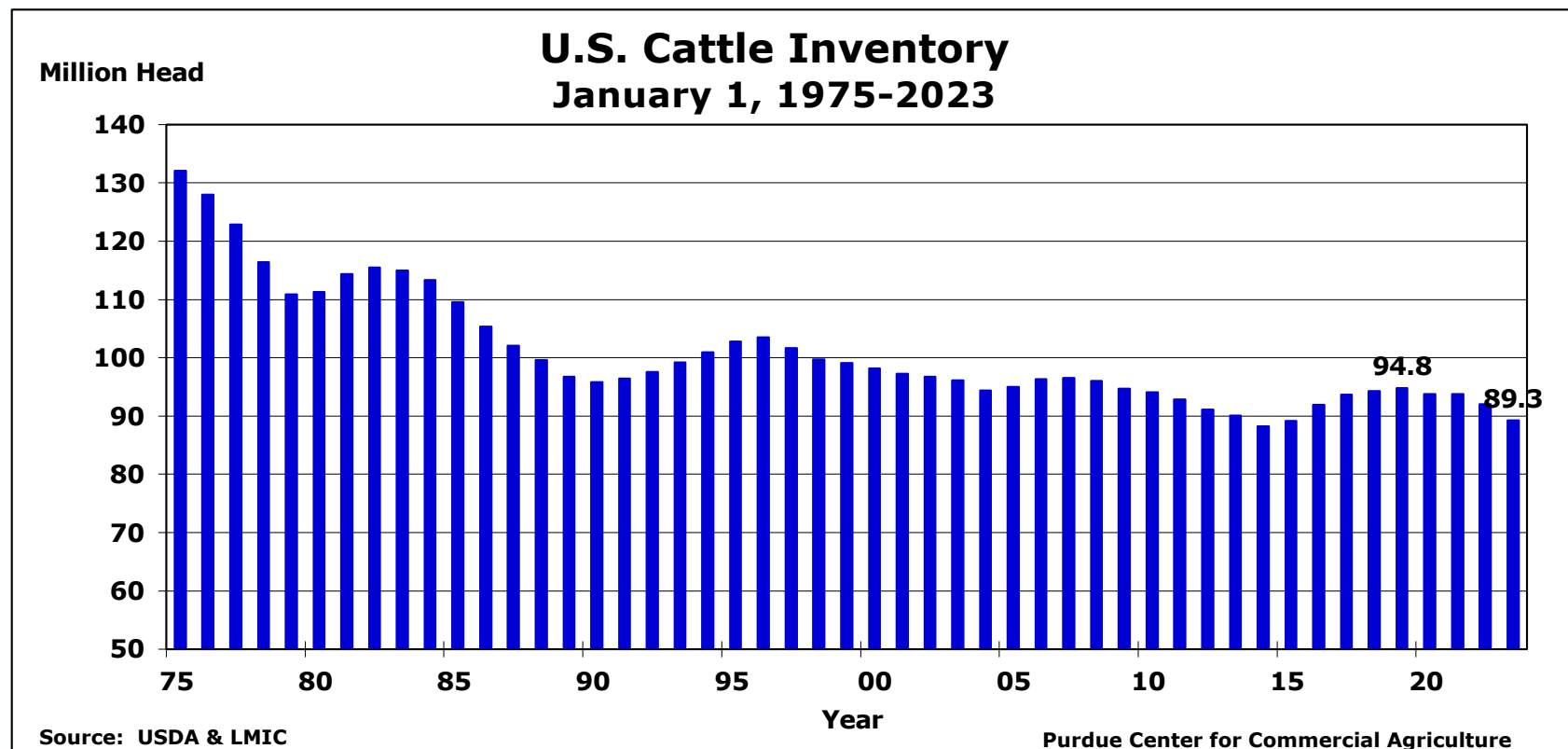
October 25, 2023



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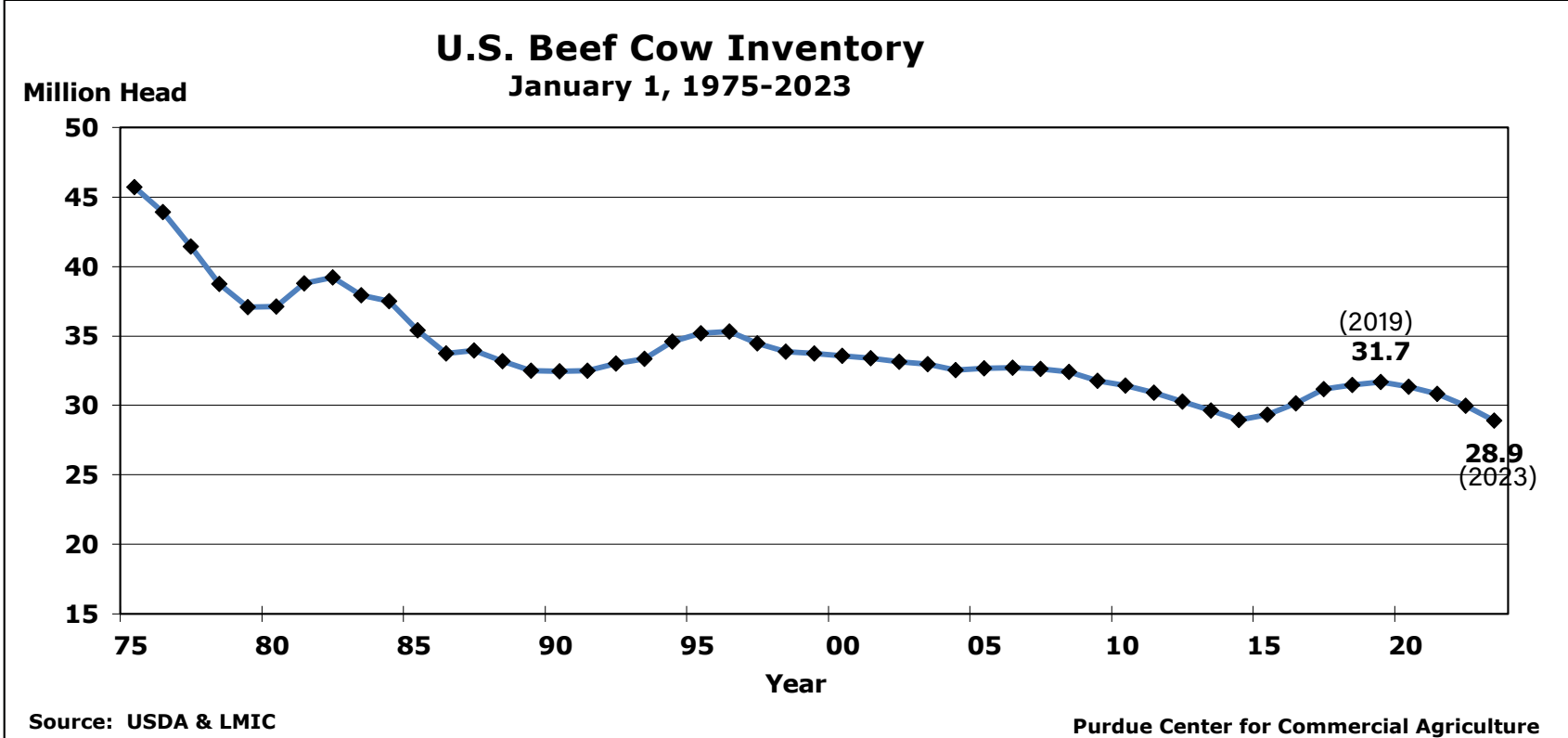
Purdue.edu/commercialag

Jan. 1, 2023 U.S. Cattle Inventory Was Down 5.5 Million Head From It's Most Recent Peak in 2019



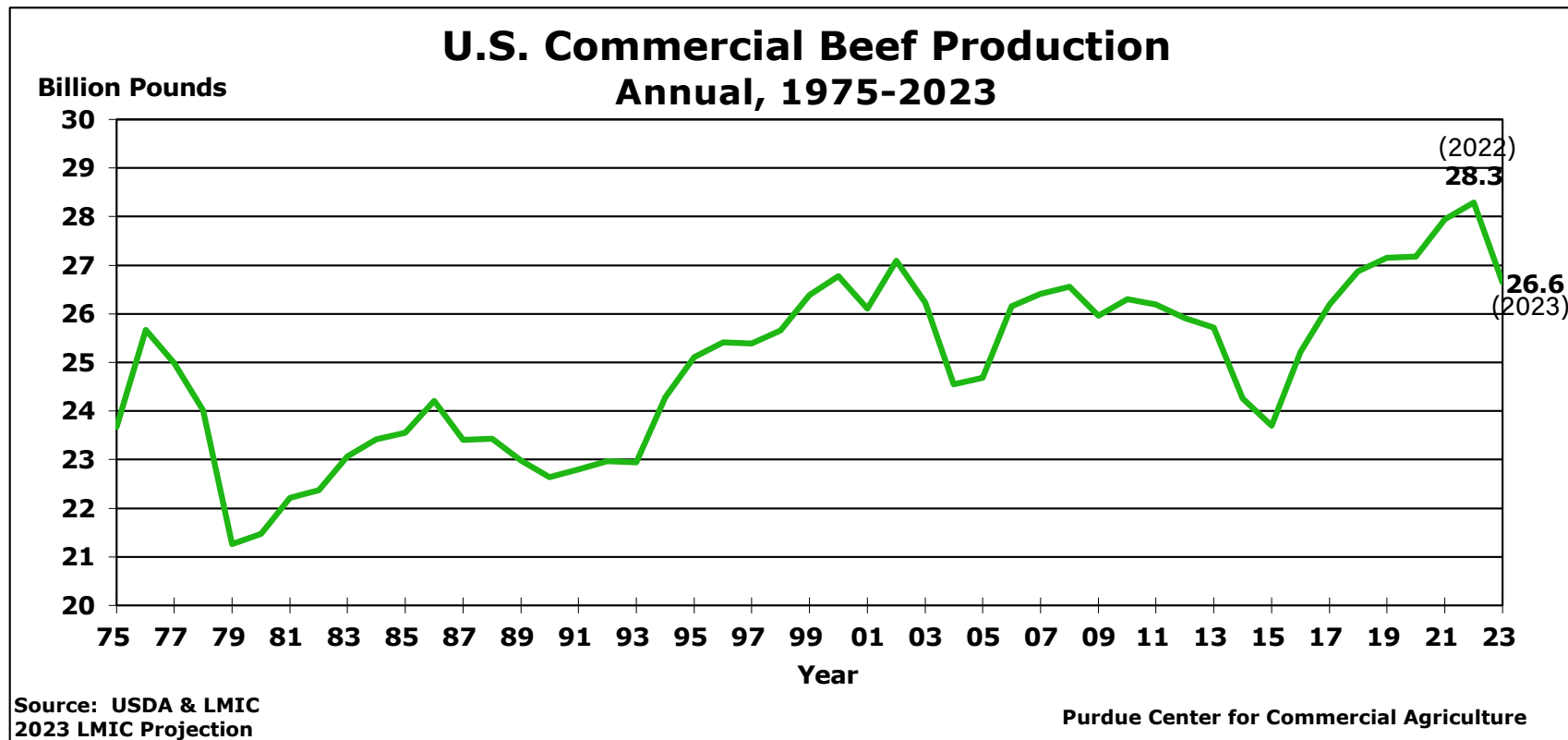
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And the Jan. 1 Beef Cow Inventory Was Down Almost 3 Million Head Since Peaking in 2019

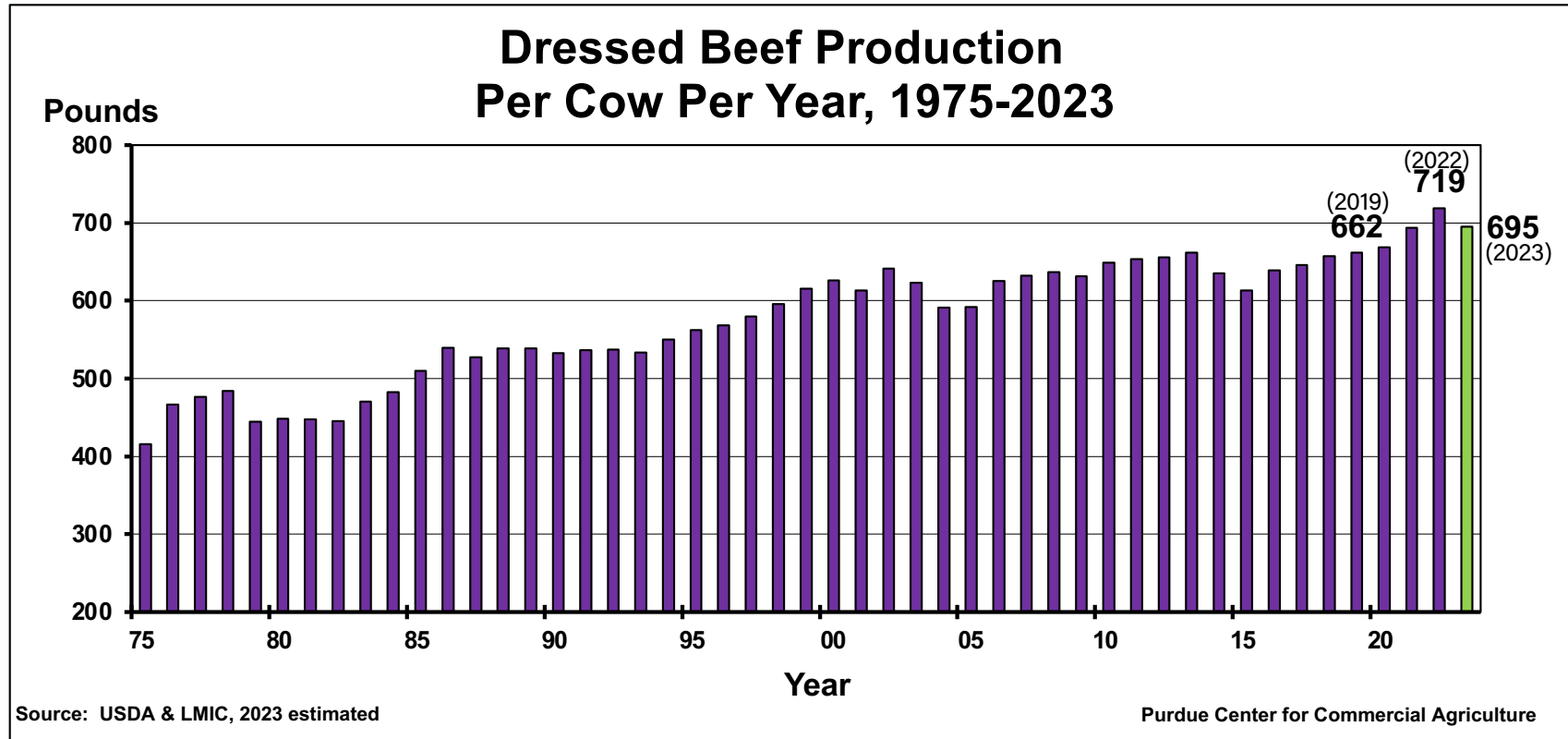


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But Annual Beef Production Remained Above the Prior Year Until 2023

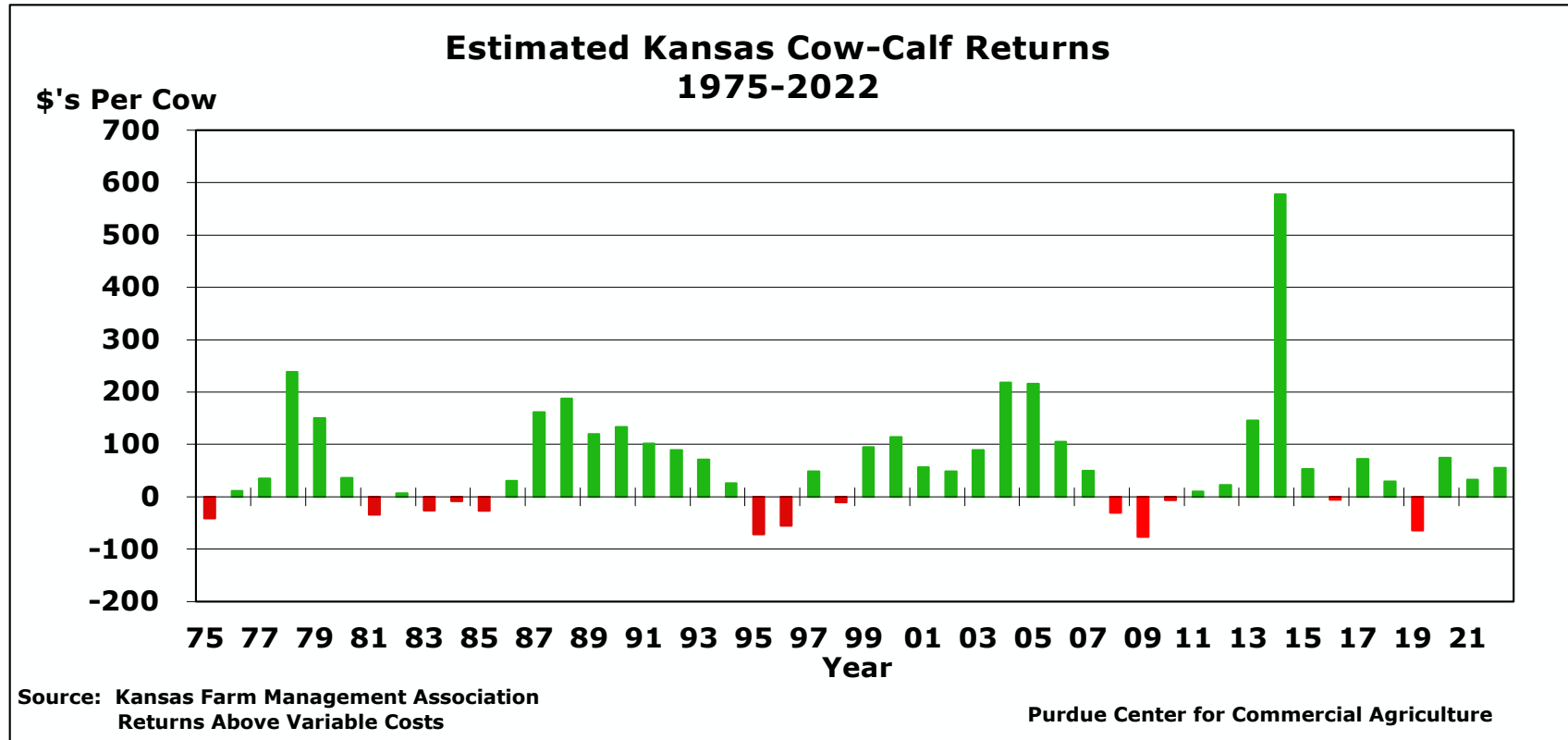


Improving Productivity Helped Offset Slaughter Declines ...Productivity Up 9% from 2019 to 2022



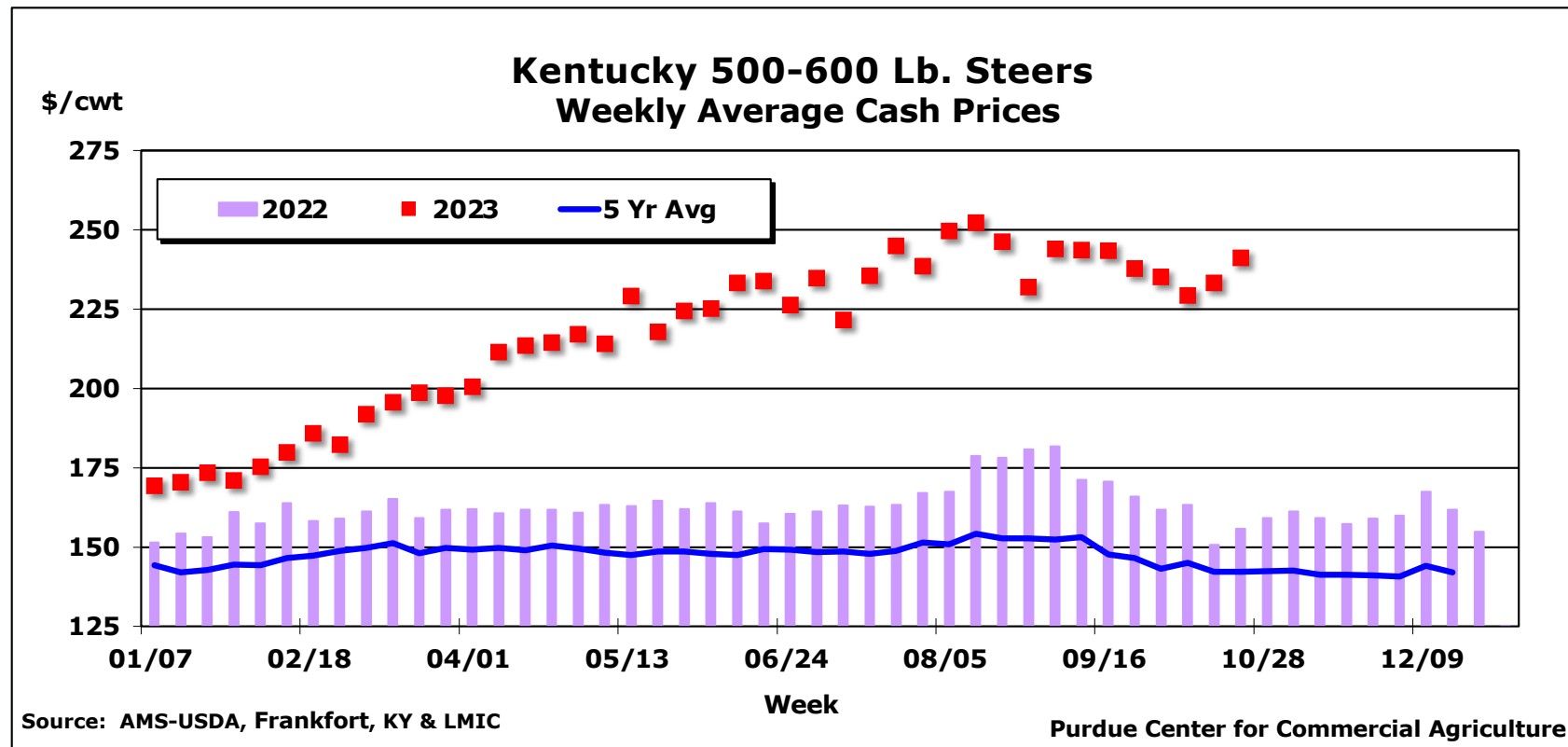
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Cow-Calf Returns Have Improved Since 2019...But 2023 Will Be the 1st Year of a Return to Very Positive Returns



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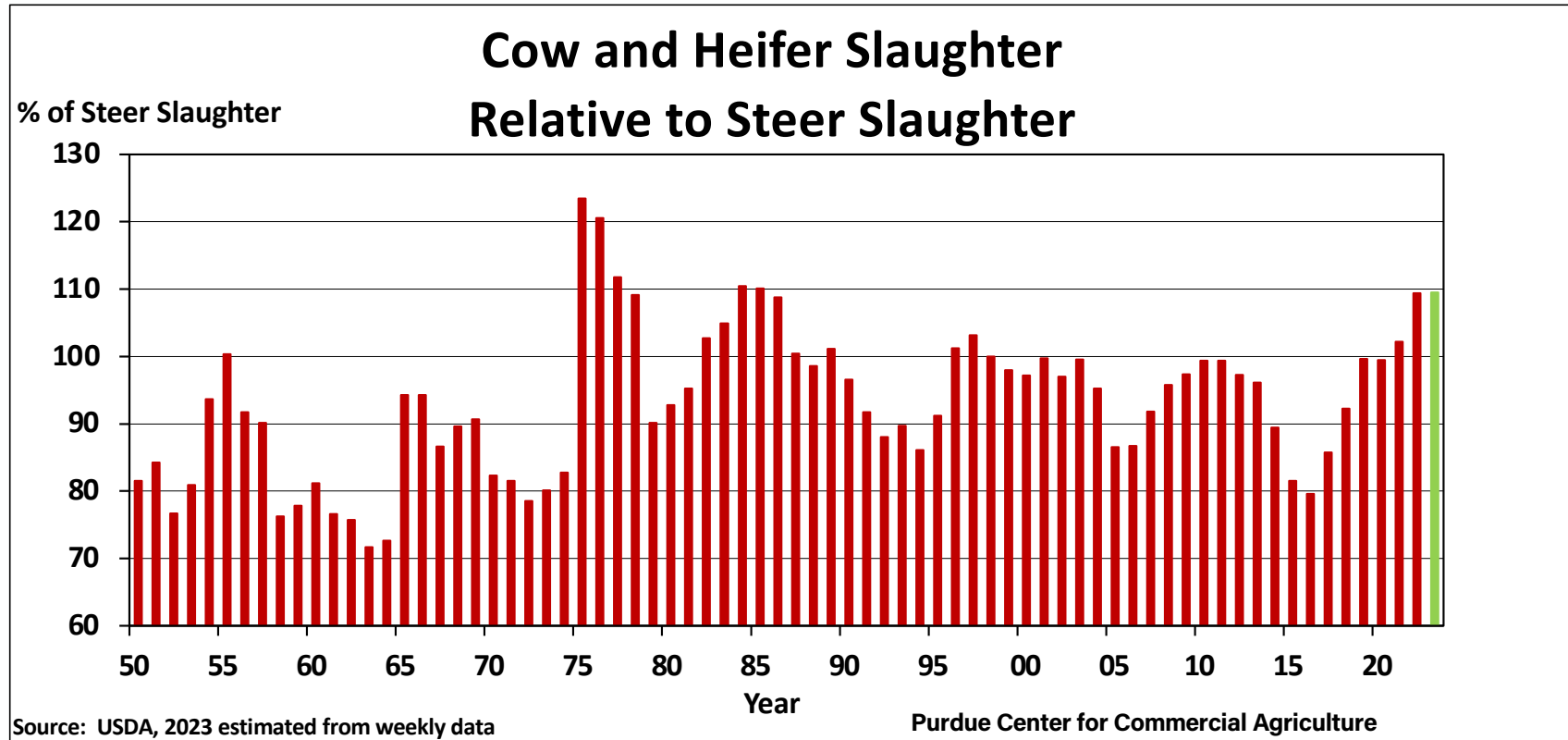
Cow-Calf Profitability Picture Changed Dramatically in 2023...Calf Prices So Far This Fall Averaging 50% Above One Year Earlier



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How Quickly Will Producers Respond to Changing Profitability Picture?

Slaughter Data Indicates Producers Have Not Started to Expand Their Herds Yet... Total Female Slaughter as a % of Steer Slaughter Remains High

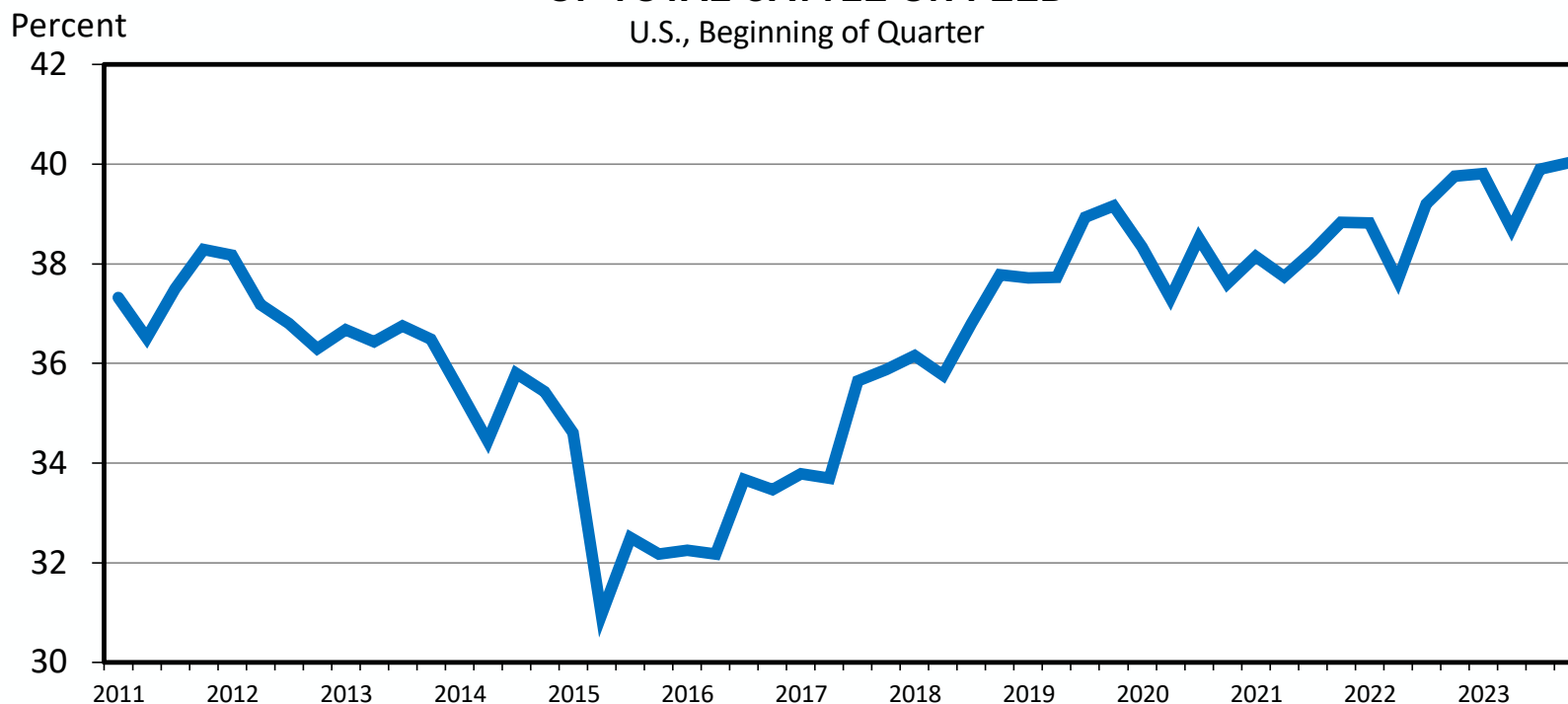


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And the October Cattle On Feed Report Provided Additional Confirmation That Herd Expansion Has Not Started Yet

HEIFERS ON FEED AS A PERCENT OF TOTAL CATTLE ON FEED

U.S., Beginning of Quarter



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Data Source: USDA-NASS & LMIC

Herd Expansion Decisions Will Be Made By Cow-Calf Operators

**Top 5 States Account for
40% of Beef Cow Inventory**

**Top 10 States Account for
Nearly 60% of U.S. Inventory**

Rank	State	2023 Beef Cow Inventory (1,000 Head)	% of U.S. Inventory
1	TX	4,300	15%
2	OK	1,981	7%
3	MO	1,945	7%
4	NE	1,703	6%
5	SD	1,533	5%
6	KS	1,315	5%
7	MT	1,270	4%
8	KY	895	3%
9	FL	888	3%
10	ND	876	3%
11	AR	866	3%
12	IA	860	3%
13	TN	844	3%
14	AL	678	2%
15	WY	671	2%



Source: USDA, *Cattle*, January, 2023

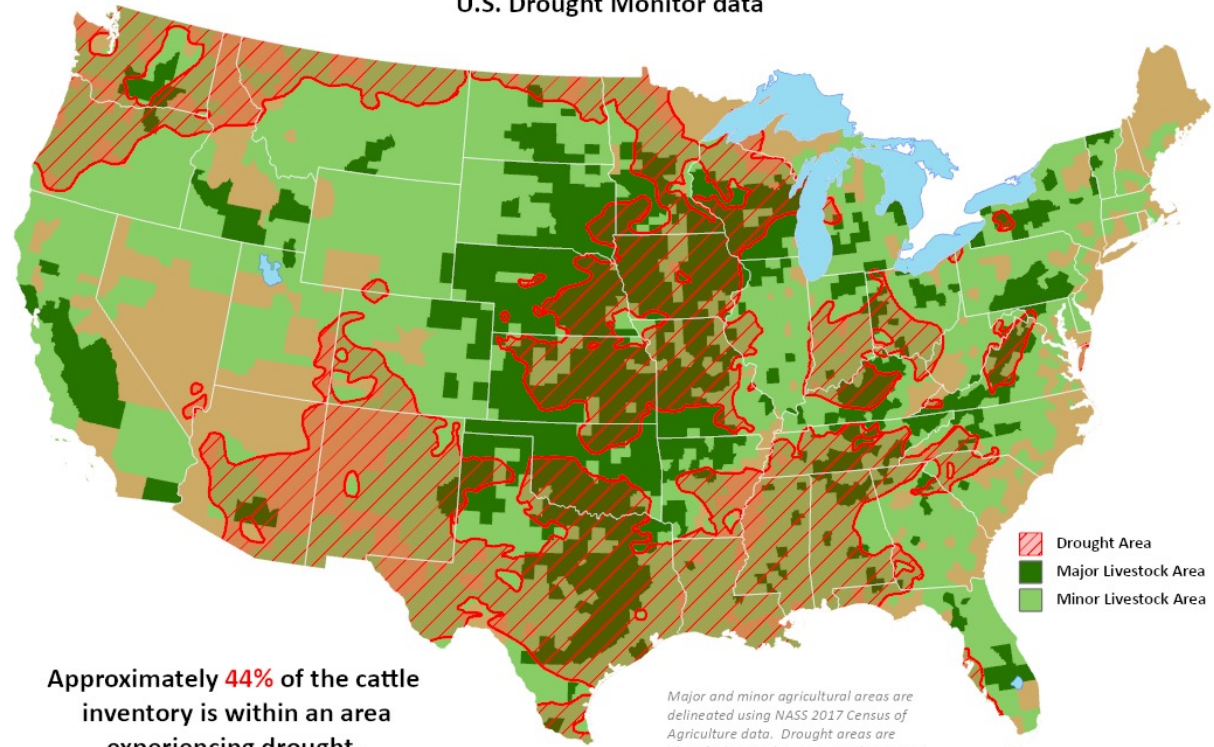
Drought Is Still Holding Back Expansion Interest in Key Cow-Calf States



This product was prepared by the
USDA Office of the Chief Economist (OCE)
World Agricultural Outlook Board (WAOB)

Cattle Areas in Drought

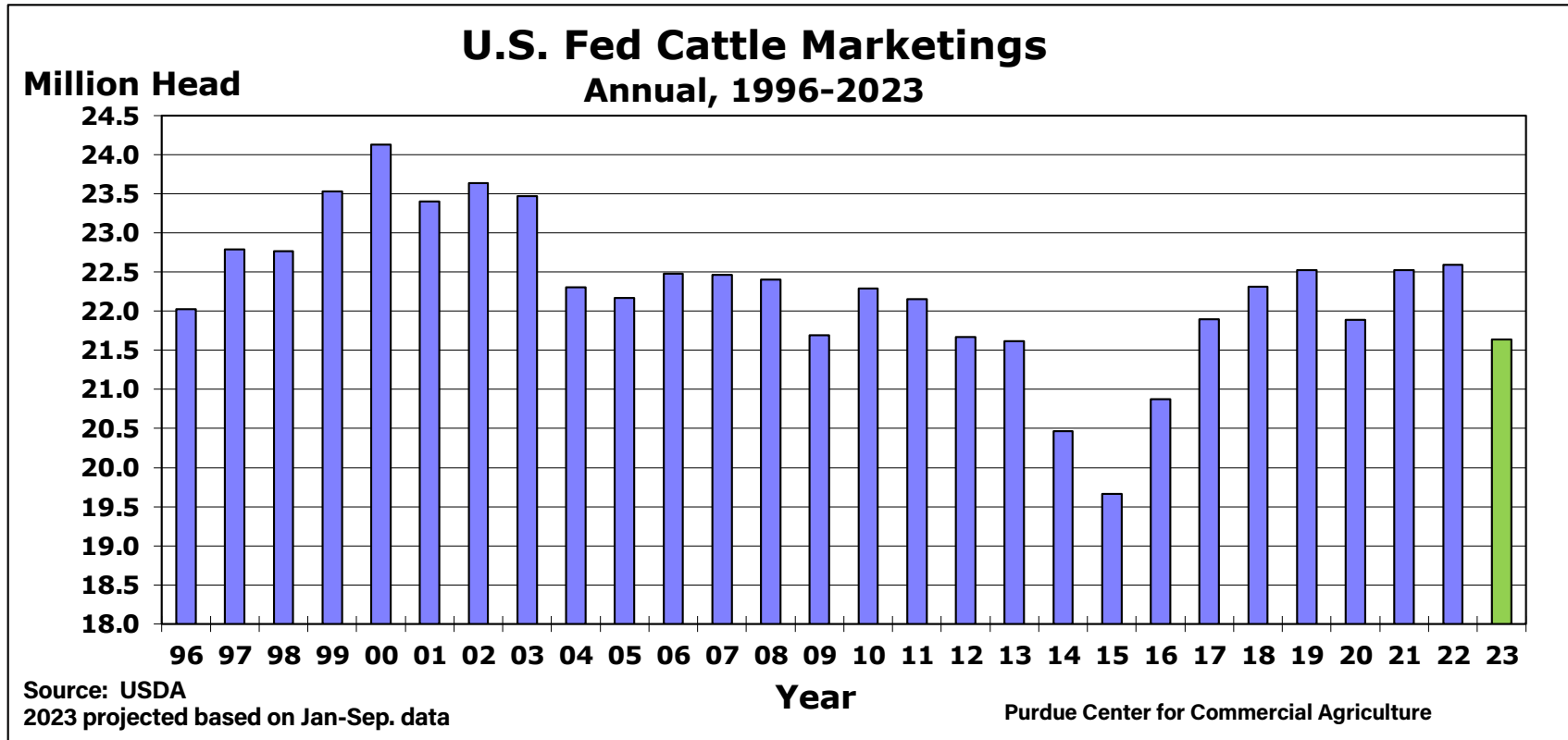
Reflects **October 17, 2023**
U.S. Drought Monitor data



Approximately **44%** of the cattle inventory is within an area experiencing drought.

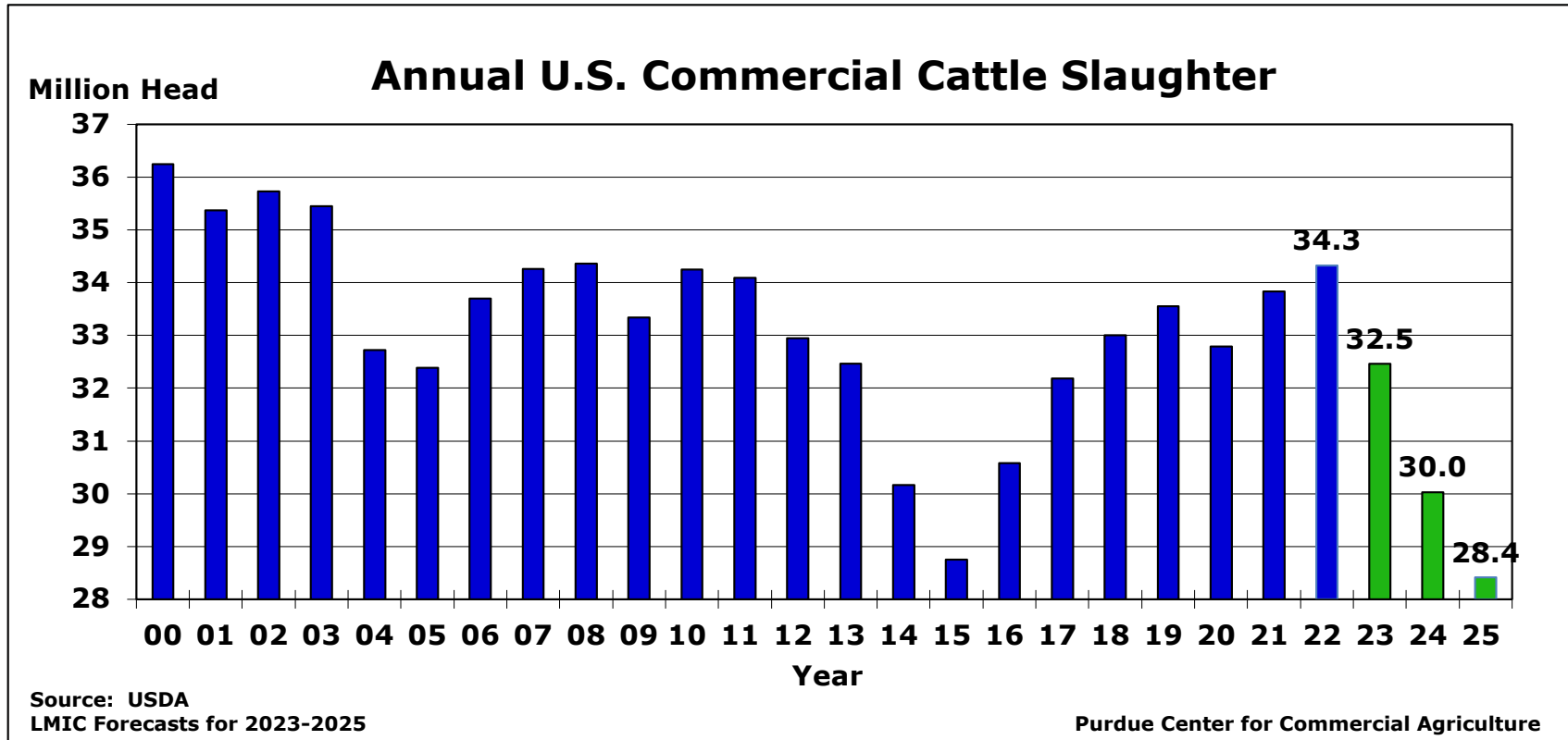
Major and minor agricultural areas are delineated using NASS 2017 Census of Agriculture data. Drought areas are identified using the U.S. Drought Monitor product.

*Fed Cattle Marketings On Track to Fall Below Year Ago in 2023
Look for Further Fed Cattle Marketing Declines in 2024 & 2025*

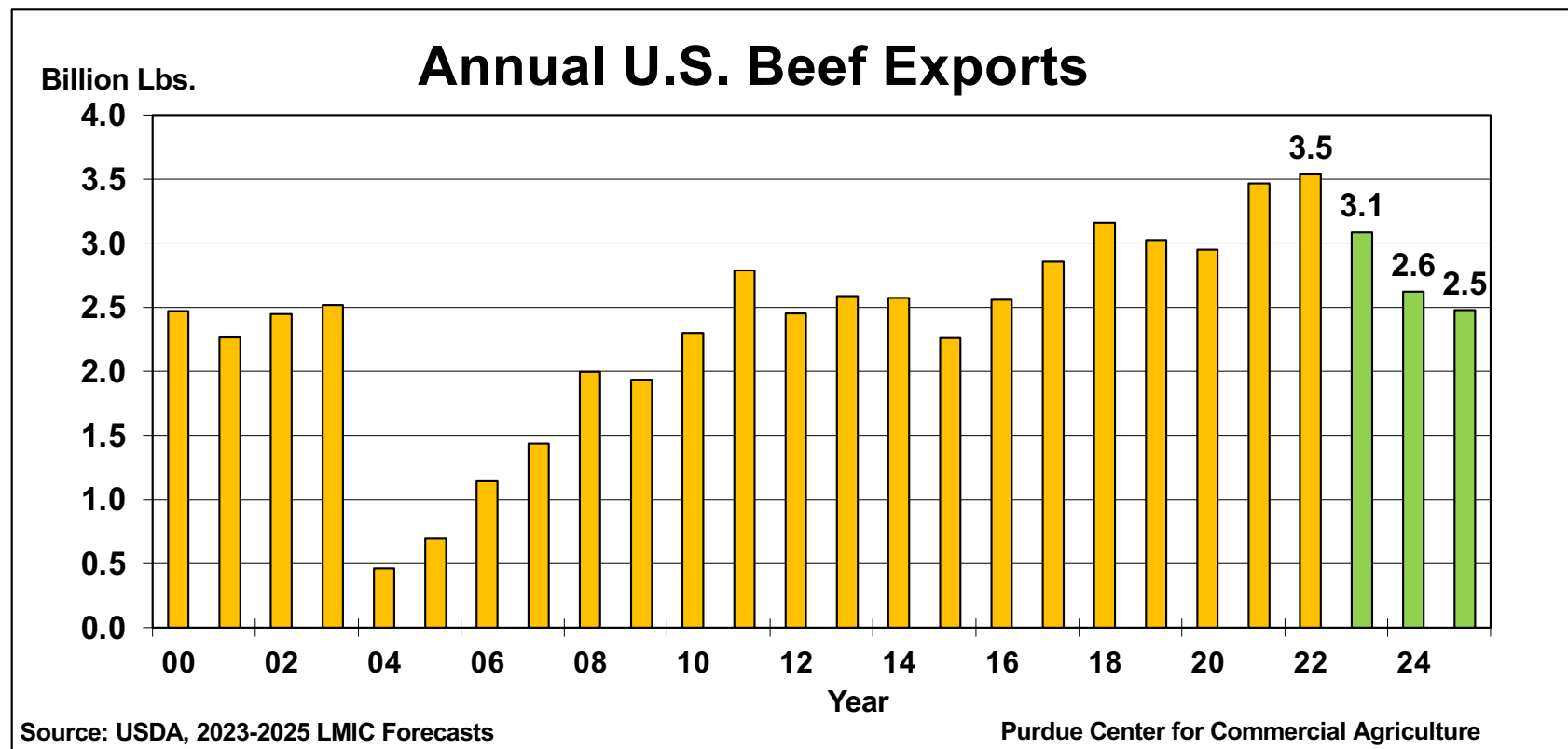


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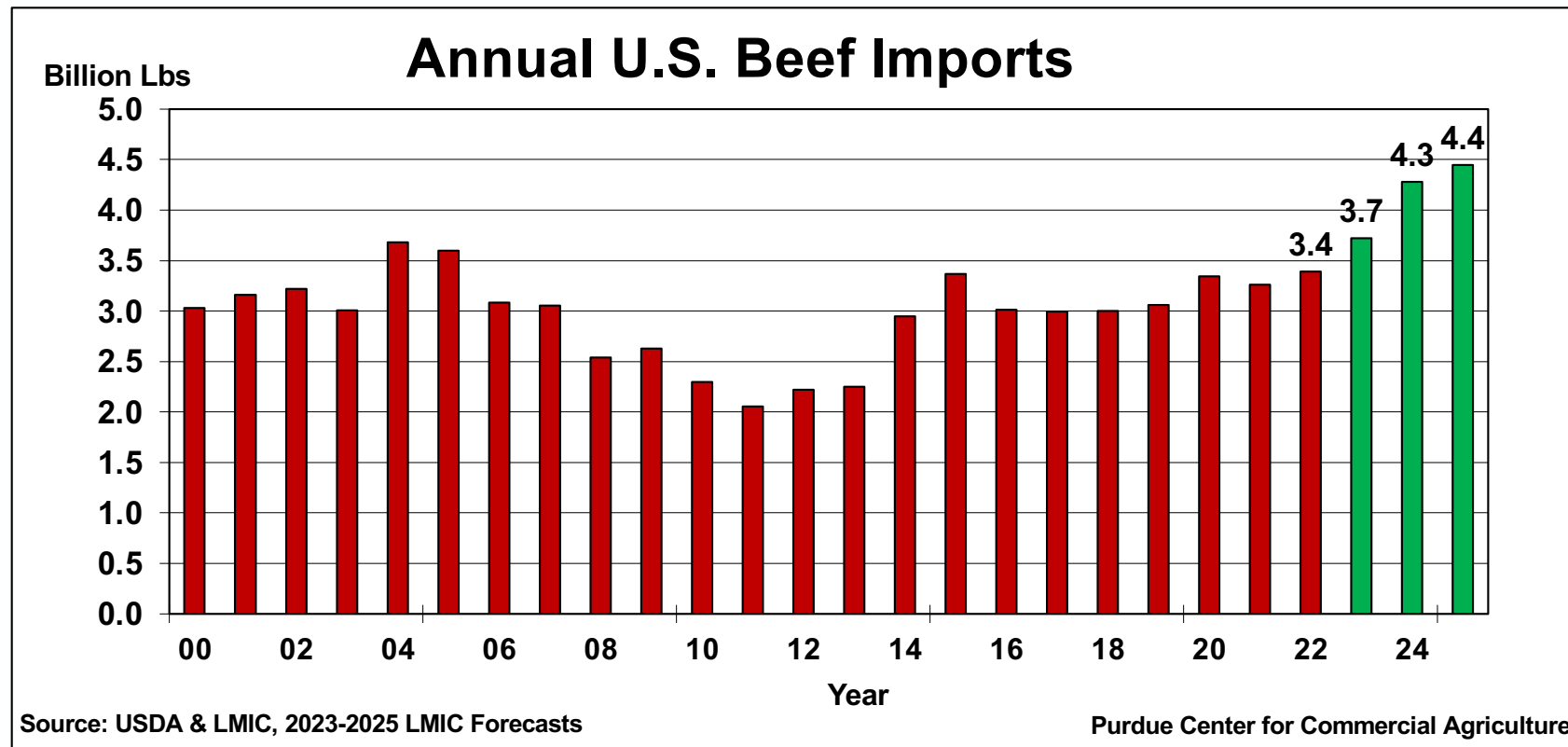
*Weather Conditions Could Be Key for Herd Rebuilding in 2024
If Herd Expansion Gets Underway in Earnest in 2024, Slaughter Cattle Supplies Will Decline Sharply*



Beef Exports Peaked in 2022 But Are Headed Lower As U.S. Supplies Tighten & U.S. Prices Rise

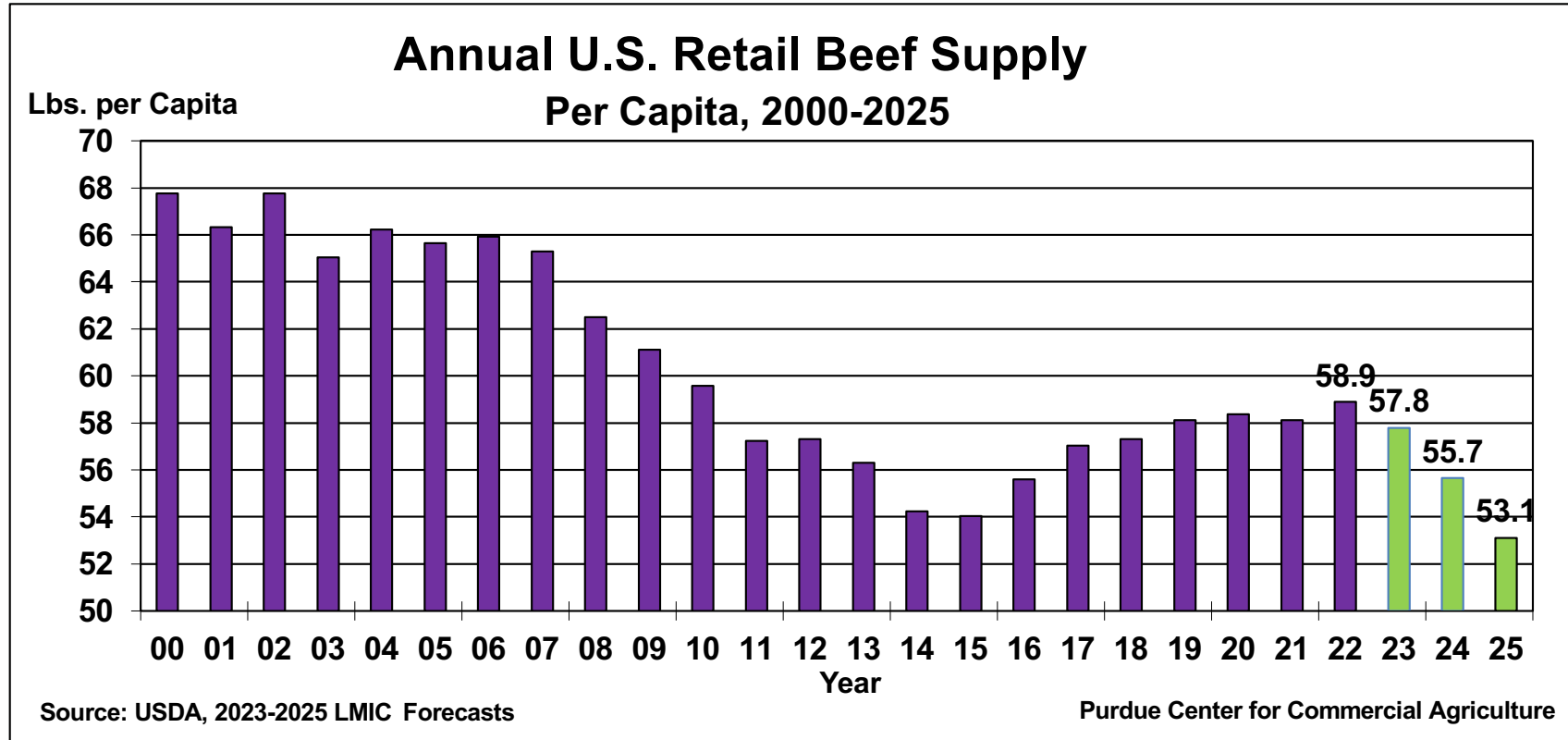


Strength in U.S. Prices Will Encourage Beef Import Increases to Supplement Domestic Supplies



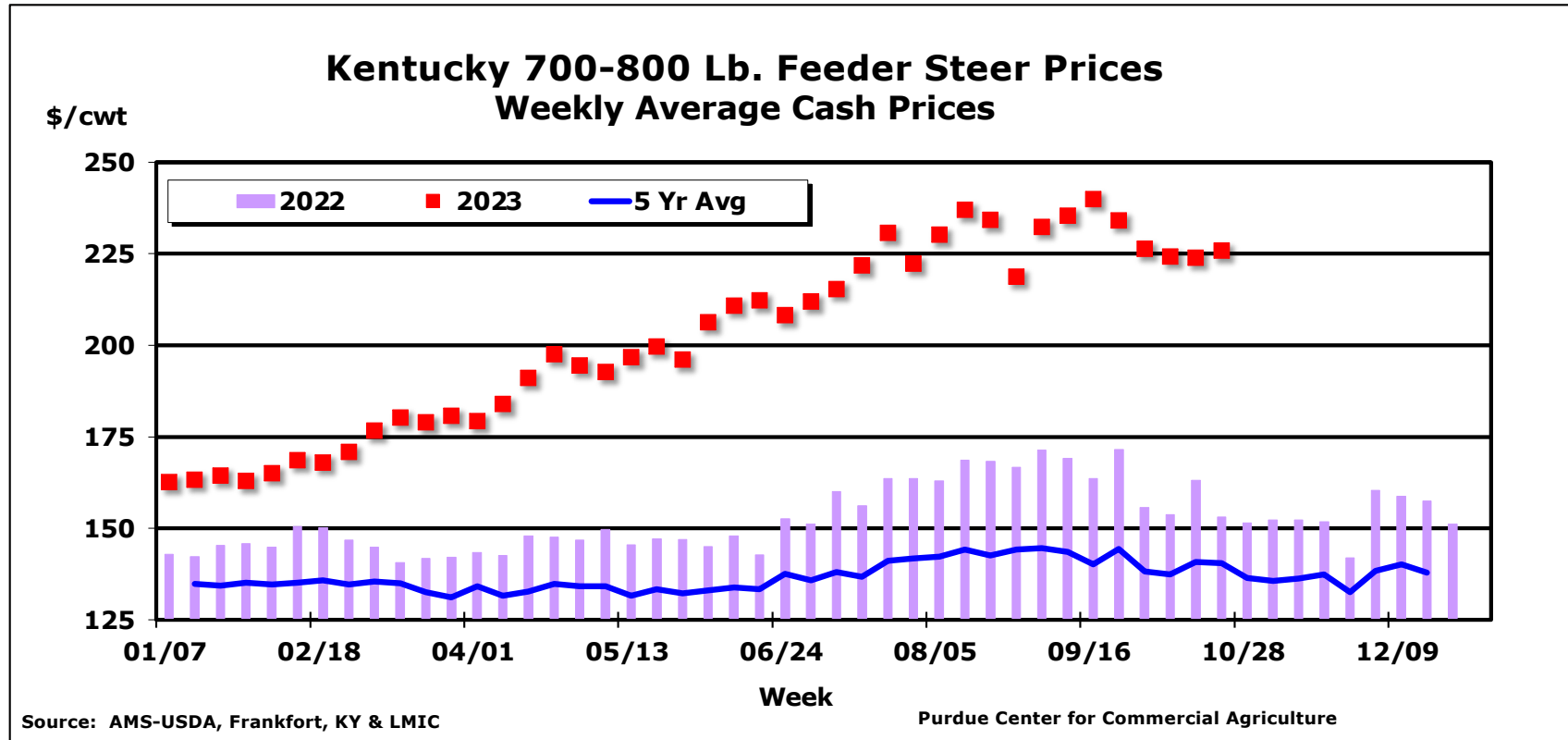
Per Capita Beef Supplies Will Shrink in 2024 & 2025

How Rapidly & By How Much Will Depend on How Quickly & Aggressively Producers Engage in Rebuilding Their Herds



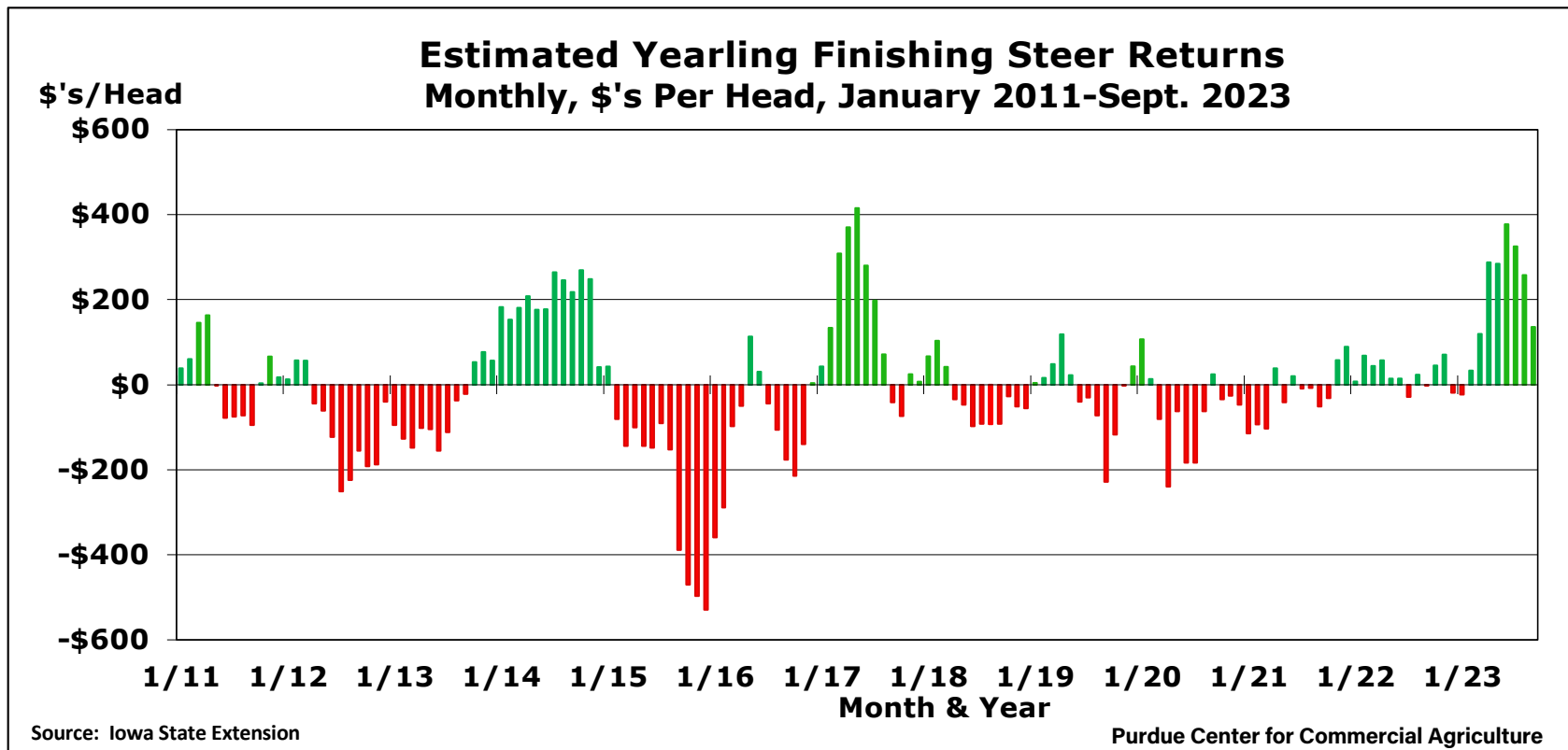
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Feeder Prices Up Over 40% This Fall vs. Fall 2022 Pushing Cattle Feeders' Breakevens Up Sharply



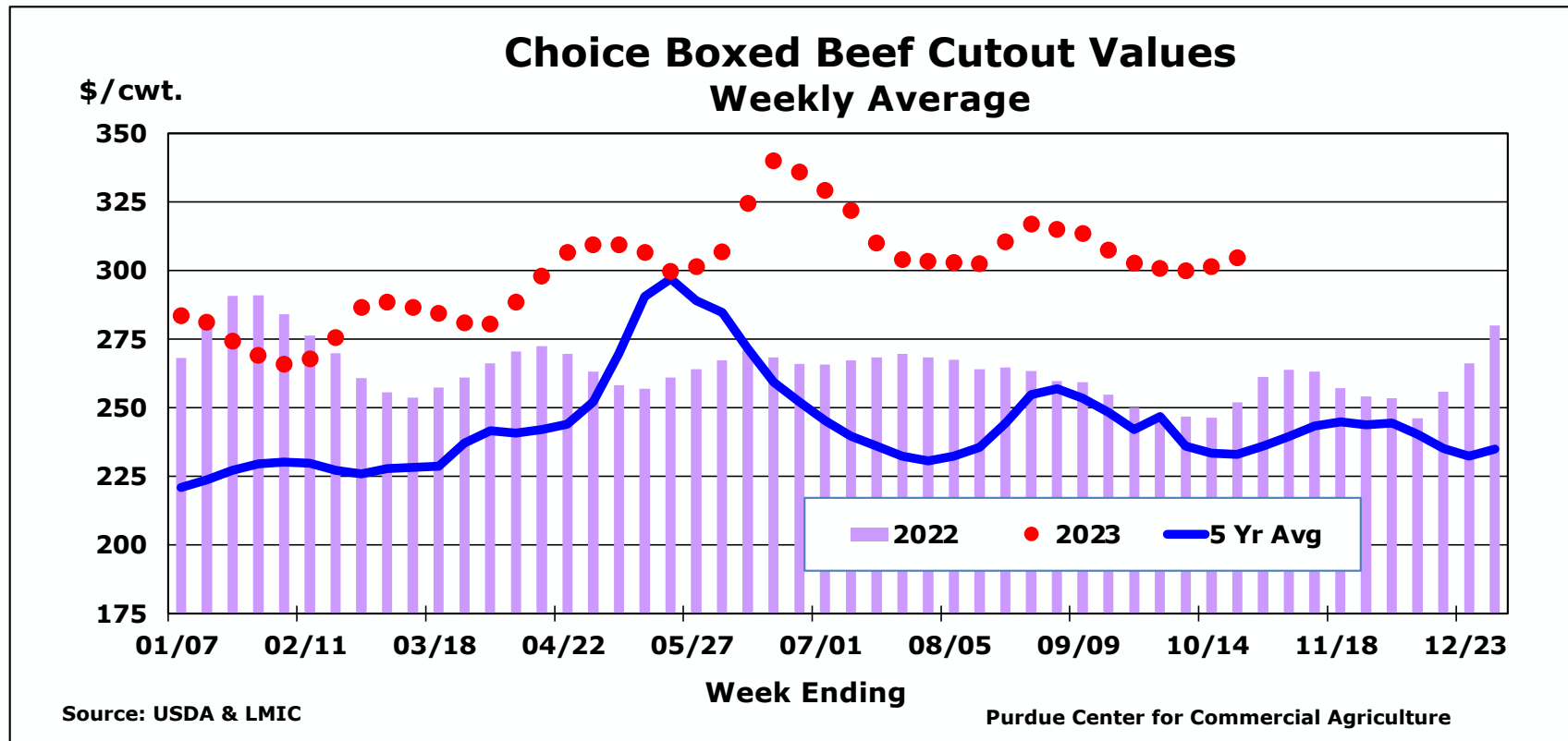
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Cattle Feeders Have Had A Profitable Year in 2023...Their Challenge Will Be to Avoid a Repeat of 2015 As Breakevens Rise



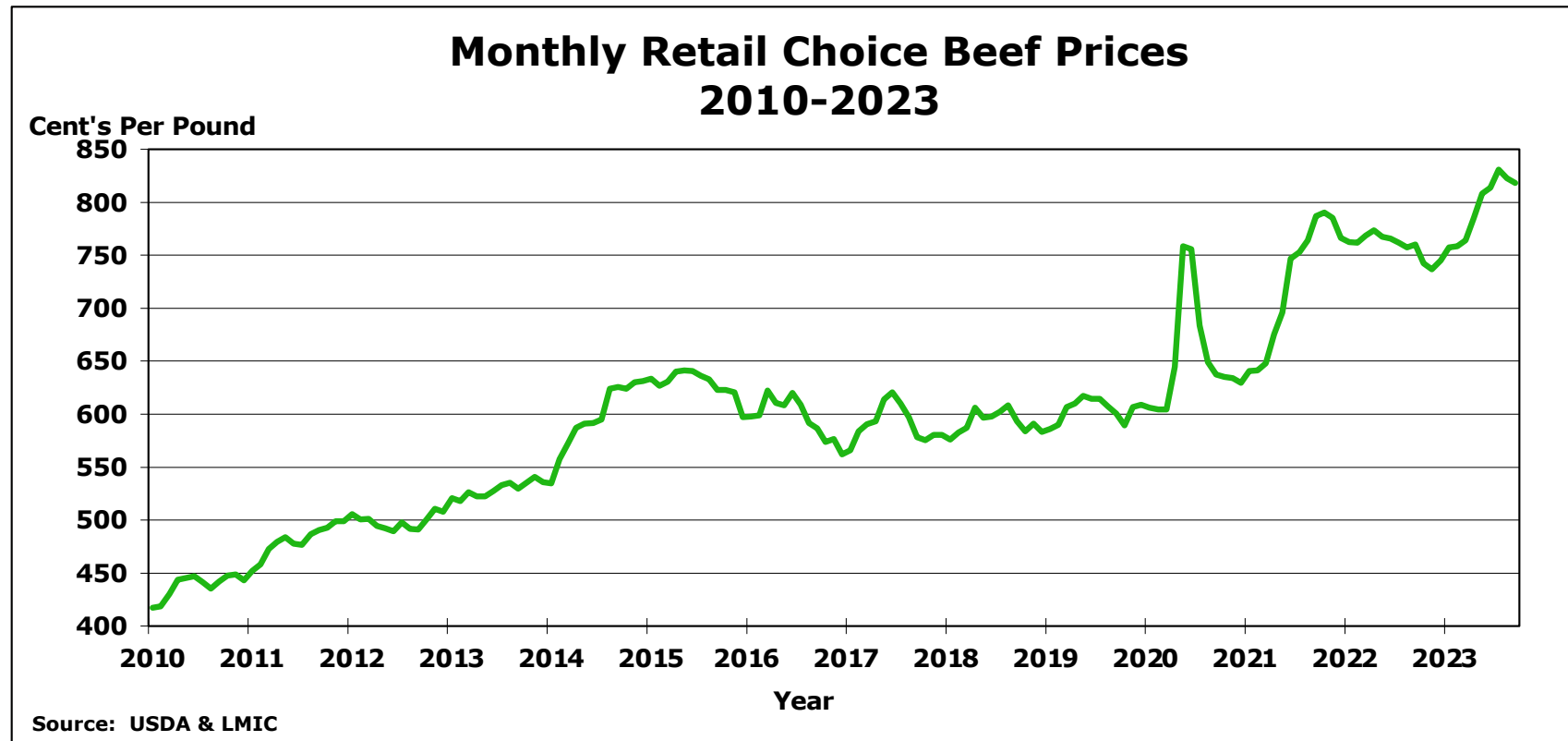
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*Wholesale Beef Price Increases Have Not Kept Up With Cattle Price Rise So Far
4th Quarter Choice Boxed Beef Prices Up 22% and Select Prices Up 27%, Both Compared to A Year Ago*



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Higher Retail Prices Ahead in 2024 & 2025...How Will Consumer's React



Year-to-Year Declines in Consumer Demand Indices In Early 2023, But Indices Showed Signs of Strengthening Recently

Monthly Domestic Meat Demand Index Table, Jan. 1988 = 100 (2022-present)

Year	Month	Choice Retail Beef			All-Fresh Retail Beef		
		Index	% Change from previous month	% Change from previous year	Index	% Change from previous month	% Change from previous year
2022	1	87.09	-0.20	13.25	91.81	-0.71	12.06
2022	2	83.07	-4.62	20.44	87.59	-4.60	19.12
2022	3	93.54	12.60	13.70	98.82	12.82	12.41
2022	4	83.31	-10.94	4.15	87.63	-11.32	4.12
2022	5	79.94	-4.04	6.82	84.45	-3.63	6.32
2022	6	84.19	5.32	-7.91	88.76	5.10	-7.94
2022	7	76.48	-9.17	-12.01	80.75	-9.03	-11.23
2022	8	84.43	10.40	-6.03	89.26	10.54	-4.45
2022	9	82.45	-2.34	-7.33	86.94	-2.60	-6.61
2022	10	78.91	-4.30	-14.59	83.75	-3.67	-14.56
2022	11	80.63	2.18	-11.04	85.14	1.67	-11.55
2022	12	75.38	-6.51	-13.63	79.18	-7.01	-14.38
2023	1	84.48	12.07	-3.00	88.09	11.26	-4.05
2023	2	70.98	-15.97	-14.55	74.11	-15.87	-15.38
2023	3	81.88	15.34	-12.47	85.12	14.85	-13.86
2023	4	71.63	-12.51	-14.02	73.88	-13.21	-15.70
2023	5	81.93	14.38	2.49	84.32	14.14	-0.15
2023	6	82.89	1.17	-1.55	85.50	1.39	-3.68
2023	7	79.15	-4.52	3.49	82.18	-3.88	1.78
2023	8	88.03	11.23	4.27	92.25	12.25	3.35

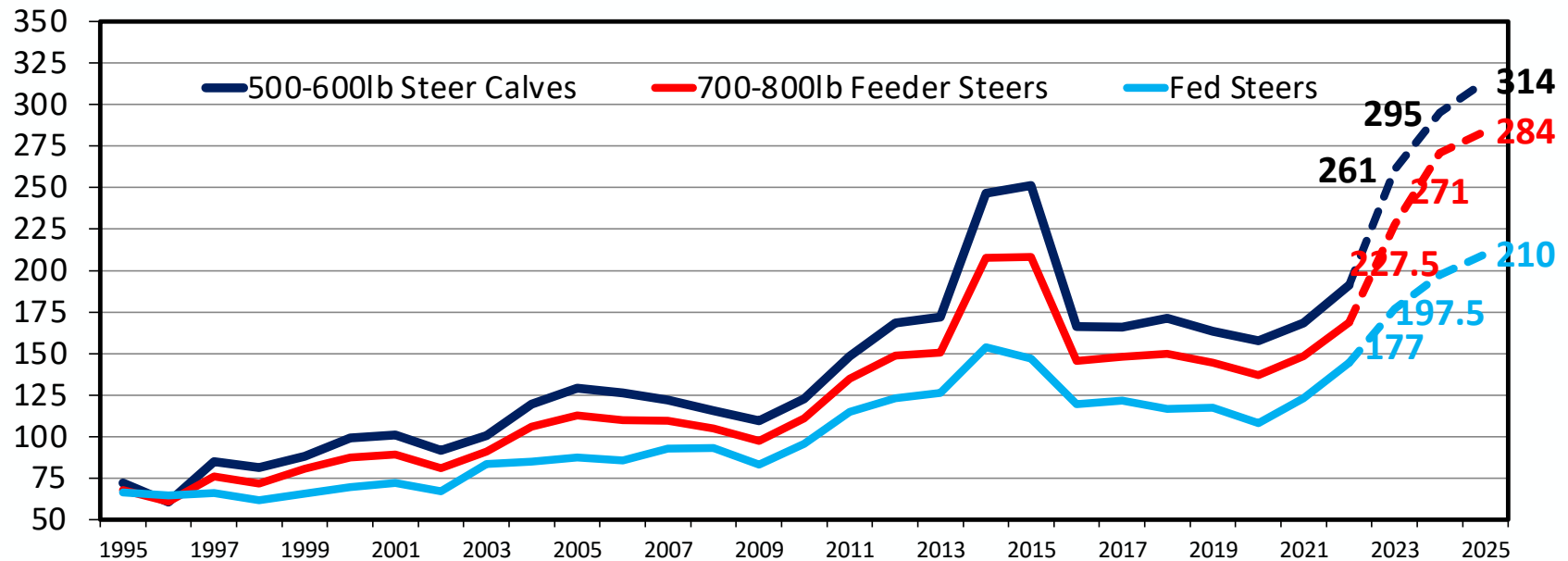


Source: Glynn T. Tonsor
 Kansas State University
 AgManager.info

Prices Are Headed Higher the Next Couple of Years...But How High Is Still Open to Question

AVERAGE ANNUAL CATTLE PRICES Southern Plains

\$ Per Cwt



Source: USDA & LMIC...2023, 2024 & 2025 are LMIC Forecasts



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New Highs Ahead for Live Cattle Futures? Strength or Weakness in U.S. Economy Could Be Key

LE - Live Cattle - Monthly Nearest OHLC Chart



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