Drought Puts Cow Herd Expansion Plans on Hold

JJ Jones, SE Area Ag Economist

In 2011, drought kept Southern cattle producers from expanding their cow herds. Northern producers held heifers and cows for herd expansion and possible sales of cattle to rebuild southern inventories. But in 2012, drought in the Central and Midwestern U.S. have caused those northern inventories to shrink which in combination with the continued liquidation in the South has caused cattle numbers to get even smaller.

USDA, National Agricultural Statistics Service (NASS) July Cattle report indicated that expansion plans have been halted. According to the report there was no change in the year-over-year changes in beef replacement heifers. In addition, beef heifer inventories may have declined even further since the July 1 survey as a result of the on-going drought on summer pastures. The extent of 2012 drought on heifer retention won’t be fully known until the January 1, 2013 inventory report.

Ironically, based on the total number of beef heifers entering the herd, the national beef herd seems to be getting younger. The number of beef cows reported on January 1 has declined every year since 2006. The January 1 inventory of beef heifers intended for replacements has also declined every year since 2006, except for the January 1, 2012 inventory which was up 1.4 percent. The ratio of total January-June beef cow disappearance reached 6.7 and 6.6 percent in 2010 and 2011, respectfully, while this year, disappearance was 6.3 percent, near the average for 2001-2010. Combining these inventory dynamics, the number of beef heifers entering the beef herd in January-June was almost 2.6 million in 2011 and 2.5 million in 2012, the largest January-June increase since 2001. The proportion of beef heifers entering the beef herd for January-June reached 50.5 percent in 2011 and 48.1 percent this year, the two highest proportions in the last 11 years (average of 41.9 percent for 2001-2010). As a result, producers appear to be replacing beef cows with younger beef heifers, which are slightly cheaper to maintain, but at the possible expense of pounds calf for sale due to the heifers’ productive immaturity.