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## Cattle Market Comments

### Cattle Inventory Grows Again

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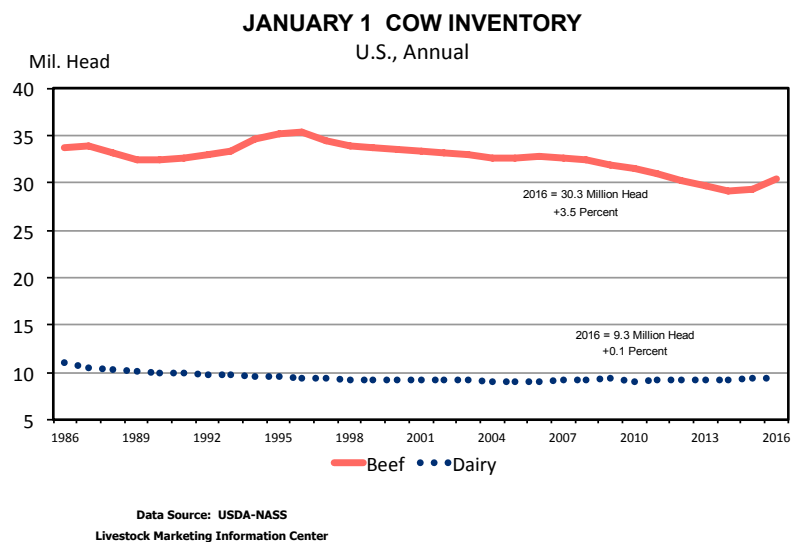
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USDA released its annual Cattle report on January 29<sup>th</sup>. This much anticipated report is the annual survey of the number of cattle in the U.S. The report did not differ a lot from expectations except in regard to data revisions. It is not uncommon for data from the previous report to be revised as more information is received. In the case of this year's inventory report there were some large revisions to 2015's numbers. Beef cows were revised down while heifers held for replacement were revised up. For the most part, the revisions mean that the year-to-year percentage changes in numbers were largely what was expected while the absolute 2016 numbers were smaller than expected. The total cattle inventory was reported to be 92 million head, up 3.2 percent from last year.

#### Beef Cows

I tend to focus on beef cows in the report, rather than total cattle, because that is the productive engine of the herd. The beef cow herd totaled 30.33 million head, up 3.5 percent or 1,028,700 head. The 3.5 percent increase was the largest annual increase since 1994.

The number of beef cows in Texas increased to 4.29 million head, up 160,000 head (3.9 percent) from the revised 2015 number. That remains a long way from 2010's pre-drought 5.14 million head. I think a big surprise in the report was that the number of beef cows in Texas was not larger.



## Replacement Heifers

The number of heifers held back for beef cow replacement in 2015 was actually revised higher. Then the number of heifers held back on January 1, 2016 was reported another 3.3 percent larger. The data indicate that the number of heifers held for replacement in 2015 and 2016 equal over 20 percent of the beef cow herd, the largest percent since 1969. In Texas, the number of replacement heifers as a percent of the beef cowherd was 18 percent, the largest since 1975. The large rate of heifer retention indicates that more expansion is yet to come.

## Feeder Supplies

One more interesting stat was the number of feeder cattle outside of feedlots on January 1. The report indicated that the estimated feeder cattle supply outside of feedlots was up 5.3 percent over a year ago. But, that is up from the revised estimate for last year that showed a decline.

On balance, the report indicated continued growth in beef cow inventories, replacements, and feeder cattle supplies. More cattle outside of feedlots may suggest more feeders to enter the market in 2016 pressuring prices. Three and a half percent more cows likely means that many more calves on the market this Fall.

