



## Beef Expansion Is Underway

Chris Hurt

Department of Agricultural Economics  
Purdue University

February 2, 2015

*farmdoc daily* (5):18

---

Recommended citation format: Hurt, C. "[Beef Expansion Is Underway](#)." *farmdoc daily* (5):18, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 2, 2015.

Permalink URL <http://farmdocdaily.illinois.edu/2015/02/beef-expansion-is-underway.html>

---

The nation's cattle producers are expanding the herd at a somewhat faster rate than had been anticipated. In the semi-annual update of cattle numbers, USDA said that the total number of cattle and calves had increased by somewhat more than one percent. This is the first increase in the cattle inventory since 2007. The declining cattle numbers from 2007 to 2014 were due to poor brood cow margins as a result of high feed prices and due to lack of pasture and forages in the Southern Plains from extended drought.

There were multiple incentives to expand in 2014. These were led by record high cattle prices, with finished cattle averaging near \$155 per live hundredweight and Oklahoma 500-550 pound steer calves averaging \$250 per hundred. The other part of the incentive was more abundant feed due to a retreating drought in the Central and Southern Plains that restored range conditions and to favorable feed crop production in 2013 and 2014 which lowered corn and protein feed costs.

The most significant expansion is underway in the beef herd where beef cow numbers are up two percent from year-ago levels. The number of beef heifers being held back to enter the breeding herd is up four percent. Significantly, the number of those retained heifers that will calve this year is up seven percent. This means that 61 percent of the beef heifers that have been retained to enter the breeding herd were already bred at the start of this year.

Producers in all areas of the country are expanding beef cows, except for the Northeastern region and the Western region where the drought and thus forage supplies remain a concern. There were 610,000 new beef cows added across the country in 2014. The Southern Plains had lost the most cows since 2007 and are now the strongest region to rebuild. The Southern Plains expanded their cow numbers by 375,000 head in 2014, and this represents about 60 percent of the country's expansion. Texas cow numbers were up 270,000 head (7 percent) and Oklahoma cow numbers were up 105,000 head (6 percent).

The Western Corn Belt added 96,000 cows, led by Missouri, 61,000 cows, and Iowa, 25,000 cows. The Central Plains were led by Kansas with 63,000 new cows and by Colorado with 35,000 new cows. Eastern Corn Belt beef cow numbers expanded by three percent (40,000 cows) and the Southeastern U.S. added 32,000 head.

While producers expanded cow numbers more than expected in 2014, the expansion of the beef herd is likely to continue for multiple years. It is common for the beef herd to be in expansion for four to six years.

---

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from *farmdoc daily*. Guidelines are available [here](#). The *farmdoc daily* website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

With 2014 registering as the first year of expansion, expansion could continue through most of this decade. If so, peak beef production on this cycle would not be expected until early in the next decade.

Dairy cow numbers were up one percent and the number of dairy heifers being held back to enter the herd were also up one percent. The 2014 calf crop was larger than anticipated as the calving rate of 88.5 percent of total cow numbers at the start of 2014 was the highest in a number of years. This larger than expected pool of calves will increase slaughter supplies, especially late in 2015 and into 2016.

Beef supplies in 2015 may not be down as much as the nearly two percent USDA has been anticipating due to the larger calf crop and to anticipated heavier marketing weights this year. Most recently, in December and January, marketing weights have been up one to two percent. With feed prices in 2015 expected to be the lowest in 5 years, those higher weights will likely continue and beef supplies for 2015 could be in a range from down one percent to up one percent.

Beef will face strong competition from higher supplies of competitive meats in 2015, where poultry supplies could be three percent higher and pork four to five percent higher. On the other hand, beef demand should benefit from moderate growth in consumer incomes and from lower fuel prices.

With beef supplies not much changed in 2015, one might anticipate prices to be near the \$155 finished cattle price for 2014. However, 2014 was an exceptional year, and meat prices in general may be lower. Currently, futures markets are heavily discounting cash cattle prices, suggesting 2015 average finished cattle prices in the higher \$140's. However, I expect finished cattle prices to average \$150 to \$157 in 2015, with prices in early spring in upper \$150s and the lower \$160's and then to fall to near \$150 in summer and then end the year in the mid-\$150s.

Given the uncertainties in the U.S. and world economies, concerns about commodity deflation, an unusually high priced year in 2014, and a period of rapidly rising competitive meat supplies, it seems like a time of caution for beef market participants.

Issued by Chris Hurt  
Extension Economist  
Purdue University