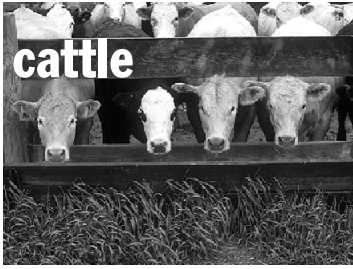


# Cattle Herd Decline, Growth In Beef Demand Spurs Cattle Prices



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**T**he U.S. cow herd grew 0.2 percent from January 1, 2004 to January 1, 2005. During 2005 the cow herd grew 0.3 percent but during 2006 the US cow herd was reduced 0.1 percent. This growth during 2004 and 2005 followed 10 years of reduction in the cow herd.

This long reduction in the cow herd was brought about by a period of nearly 20 years of demand loss at the consumer level. The decline in beef demand stopped in 1998 with growth in consumer demand for beef 5 of the 6 years ending in 2004.

The decline in the cattle herd and growth in the beef demand resulted in improved prices for cattle and calves, thus, the turn around in the cow herd starting in 2004. But dry weather in the west and south-west pastures of the US brought about enough cow sale to reduce the herd a little for the year of 2006, ending January 1 2007. Because of dry weather in the southeastern part of the U.S. during 2007, the herd on January 1 2008 is expected to be down a little from a year earlier.

This reduction in the cow herd is indicated by cow slaughter for 2007 through the week ending December 22, up 6.3 percent from a year earlier. Beef cow slaughter for the 4 week period ending December 22 was up 7.4 percent so the slow rate of decline in the cow herd will probably continue into 2008 because of short forage supplies and high prices.

The 2007 calf crop is estimated to be down 0.4 percent from 2006 and calf slaughter for January-November of 2007 was up 8 percent or

about 55 thousand head. Therefore, the supply of feeder cattle for 2008 is expected to be down a little from 2007. The supply of beef per capita in 2008 is expected to be below 2007.

Feeder cattle prices have declined in recent months due mostly to lack of wheat pasture and losses in cattle feeding since early summer.

Fed cattle prices set a new record high in 2007 with the 5 market fed steer price between \$92 and \$93 per cwt.

Demand growth for fed cattle through 2007 was up 3.5 percent through November and beef demand at the consumer level was up 0.9 percent. If demand growth for both live fed cattle and beef can be continued through 2008, fed prices will probably equal or exceed the 2007 price. Will demand grow? Unfortunately, our ability to predict demand action is very low.

Feeder cattle prices at Oklahoma City were \$2-5 per cwt. lower than the last sale December 17. Steer calves steady to \$2 lower and heifer calves \$3-5 lower than 3 weeks ago.

The range in prices by weight groups for medium and large frame number 1 steers were: 400-500 pound \$122-131 per cwt, 500-600 pound \$109.15-125.50 per cwt, 600-700 pound \$99-116.50 per cwt, 700-800 pound \$99.50-105.50 per cwt, and 800-1000 pound \$94.15-102 per cwt.

Wholesale beef prices this Friday morning showed choice at \$148.95 per cwt up \$0.45 per cwt from a week earlier. Select beef prices at \$139.35 per cwt were up \$2.18 per cwt from 7 days earlier.

The weighted average live price for the 5 market area through Thursday was \$90.95 per cwt was down \$3.63 per cwt from a week earlier. Weighted average negotiated carcass price through Thursday at \$148.00 per cwt was down \$2.75 per cwt from 7 days earlier.

Slaughter this week under Federal Inspection was estimated at 631 thousand head was up 5.3 percent from a year earlier. Δ