

# Cow Country Reporter



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News from your CEO

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Cattle Producers Of Louisiana  
P.O. Box 886  
Prairieville, Louisiana 70769  
Website: [www.lacattle.org](http://www.lacattle.org)  
Toll Free: 888-528-6999

Dave Foster  
Chief Executive Officer  
[info@lacattle.org](mailto:info@lacattle.org)

February is the shortest month of the year, yet it has many "events" that affects the cattle business. Groundhog Day on Feb. 2 is something to ponder, if the groundhog sees his shadow there will be six more weeks of winter. He saw his shadow therefore, so the saying goes, our folks up North may be concerned. The third week in February is "packed" with events; Valentine's Day (14th), Presidents Day (15th), Mardi Gras (16) and Ash Wednesday (17th). Next to Mother's Day, Valentine's Day is the biggest dining-out day of the year and a big beef consuming event. Ash Wednesday is the beginning of 7 weeks of fasting and historically meatless Fridays for some. Also, in this same week is the LGLCI (Louisiana Grazing Land Conservation Initiative) Virtual Farm Tour on February 16-19. You should have received an email explaining the tour. I would encourage everyone to view these 8 farm videos (2 per day) they are

informative and free; however, you can donate an amount in increments of \$10.00 per ticket which I encourage you to do to support this group. Please register and a week before the "trip" you will receive instructions how to view the tours.

The U.S. January 1 Cattle Inventory was released the last Friday of January and please read Dr. Peel's article to get the results. The Louisiana inventory is in this newsletter as well. The reason the U.S. inventory was not lower is because USDA revised downward the number of total cattle in 2019 which made the 2020 numbers look only slightly lower. Bottom line, we have less cattle in 2021 which should help our cow/calf producer's prices this year. Demand for beef is still good and the boxed beef cut value is increasing and packer margins in January are \$300.00 plus per head. Keep your new-born calves alive and get with your marketing agent NOW! And have a game plan.

*Dave Foster, CEO*

## CATTLE INVENTORIES DRIFT SLIGHTLY LOWER

By: Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

The inventory of all cattle and calves in the U.S. was 93.6 million head on January 1, 2021, down fractionally from 93.8 million head one year ago. In the current cattle cycle, the all cattle inventory increased from a low of 88.2 million head in 2014 to a peak of 94.8 million head in 2019 and has declined a total of 1.3 percent in the last two years.

The beef cow inventory was 31.16 million head on January 1, down 0.6 percent year over year. The inventory of beef replacement heifers was unchanged from last year at 5.81 million head. The number of beef replacement heifers expected to calve is estimated at 3.55 million head, up 1.3 percent from one year ago. Both the inventory of beef replacement heifers, at 18.7 percent of the beef cow herd, and the number of heifers calving are at a level that does not indicate either herd liquidation or expansion, though the levels could support limited herd expansion in the coming year. The number of dairy cows totaled 9.44 million head, up 1.1 percent year over year. Dairy replacement heifers totaled 4.61 million head, down 1.7 percent from one year ago. The 2020 calf crop was 35.14 million head, down 1.3 percent year over year.

The inventories of steers over 500 lbs. were down 0.8 percent; other heifers (not for beef or dairy replacements) were up 0.5 percent and the inventory of calves under 500 lbs. was down 0.8 percent. The total cattle on feed inventory was 14.71 million head, up 0.3 percent year over year. The sum of steers, other heifers and calves minus cattle on feed is the estimated feeder supply outside of feedlots as of January 1, 2021. This total is 25.66 million head, down 0.2 percent compared to last year.

For the most part, Oklahoma countered the national trends. The total inventory of cattle and calves in the state was 5.30 million head, up 2.9

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## **CATTLE INVENTORIES DRIFT SLIGHTLY LOWER**

percent year over year. The beef cow inventory totaled 2.189 million head, up 3.8 percent from one year ago. Oklahoma is the number two state for beef cows behind Texas. Beef replacement heifers in Oklahoma totaled 410 thousand head, up 10.8 percent year over year and making Oklahoma the second ranked state for beef replacement heifers. The Oklahoma calf crop was 1.95 million head, 3.2 percent higher than one year ago. The estimated feeder supply in Oklahoma was calculated to be 2.135 million head, up 1.7 percent from last year.

The three southern plains states of Kansas, Oklahoma and Texas had a total estimated feeder supply of 7.245 million head, up 1.0 percent year over year. These three states account for 28.2 percent of the total feeder supply for the country. The 3-state total number of cattle grazing small grains pasture in the southern plains was 1.73 million head, up 7.5 percent from one year ago.

Around the country, the most notable headline in the Cattle report was the 14.5 percent year over year decline in beef cows in Colorado along with a 16.1 percent decrease in beef replacement heifers in the state. The Colorado impacts highlight the severe drought conditions in the region and will be an important factor to watch in the coming weeks and months.

In general, U.S. cattle inventories show little direction and are more stable than anything. Market conditions, and perhaps drought, in the coming months will determine the direction of cattle numbers in 2021 and beyond.

## **STRONGER STILL**

By: Cassie Fish, <http://cassandrafish.com>

Boxed beef prices are experiencing an unprecedented rise for January and early February. Printing this morning at \$235, the choice market is now the second highest in history for early February. Beef demand is so spectacular that the large kills have been sucked through the pipeline with ease. Last week's slaughter was 653k head and this week could reach 650k, even with a major packer's Kansas plant down for a big maintenance project.

This is a demand-led rally and the one important result is that the ample market-ready fed cattle supply of Q1 is being dispensed with in efficient fashion. Last week's volume of 80k head was inadequate to fully supply packers and only 12k head were sold with time, a number that has begun to shrink over the past few weeks.

The number of combined cattle- negotiated, formula and contracts declined a bunch last week and each week ought to see more packers competing for supply going forward. There is a solid chance that cash prices will advance this week another \$2 to \$3 on the heels of last week's \$3.21 higher market.

CME cattle futures are overbought and posted a reversal down on Friday. But today, futures have traded both sides and may instead 'correct' by backing and filling and chopping. Maybe when boxes run out of steam sometime this month, futures can break more- though it could be from a higher level if cash makes another big move higher.

The Commitment of Traders' report released on Friday confirmed that Managed Funds blew out of shorts as of Tuesday's close. The next report may well show the liquidated another round of shorts on Friday's blow-off rally before collapsing. Still the cattle market has been historically depressed and trading at 10-year lows for several months, and sooner or later, a bull market was going to rise from the ashes.

Friday's Cattle Inventory report saw the USDA 'disappear' 468,000 calves from the 2019 calf crop. The majority of those would have been 2021 fed cattle, but they never existed in the first place which many in the industry suspected. This means analyst supply estimates for 2021 and beyond have been overstated and the outlook is more bullish. It confirms 2019 was the peak in beef supply and given that heifer retention is down and cow slaughter up, the longer-term outlook is friendly.

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## **JANUARY 1 CATTLE ON FEED**

By: Josh Maples, Mississippi State University Extension

The latest Cattle on Feed report was released this past Friday. Included in this report were placements and marketings for December 2020 and the on-feed total for January 1, 2021. The biggest surprise in the report was the nearly 1% larger placement total during December 2020 than during December 2019. Pre-report estimates were for lower placements than a year ago and the small increase was slightly outside the range of expectations. Total placements were 1.84 million head which is the 2nd largest total for December (behind 2005) since the series began in 1996.

At the state level, the biggest placement increases from December 2019 by number of head were in Iowa, Colorado, and Nebraska which were up 21,000, 15,000, and 15,000 head, respectively. Placements in TX and Oklahoma were lower than a year ago, down 30,000 and 16,000, respectively. This was the last Cattle on Feed report for the volatile 2020. A look back at the monthly placement totals for the year show a 4.1% decline in placements during calendar year 2020 as compared to 2019.

This report also included placements by weights. Placements of heavier cattle increased in December as compared to a year ago with the exception of the greater than 1,000 pounds category. Cattle weighing 900-999 pounds were 15.8% higher compared to December 2019. Placements in the 800-899 pound group were up 7.5% and the 700-799 pound group were up 2.9%. The under 600 pounds category and the 600-699 pounds category were down 1.1% and 4.4%, respectively.

Also included in this report was the quarterly update of cattle on feed by class. The estimates for feedlot mix on January 1, 2021 were 61.85% steers and 38.15% heifers. This is up slightly from these same estimates in October 2020 and very near the feedlot mix reported in January 2020. The percentage of heifers in the feedlot mix trended up from 2015-2019 as a result of the cattle cycle but 2020 quarterly totals were slightly lower than 2019 due in part to the feedlot disruptions in the spring and summer.

Marketings of fed cattle were up 1% which was near the pre-report expectations. This was the 2nd largest marketings total for a December since 1996, trailing only 2010. Altogether, the total number of cattle on feed on January 1 was very near year-ago levels. Looking ahead, high feed prices are likely to impact feedlot decisions including a potential preference toward larger placements.





### Louisiana January 1 All Cattle Inventory Down 1 Percent

All cattle and calves in Louisiana as of January 1, 2021, totaled 775,000 head, were down 1 percent from January 1, 2020. The calf crop for the full year of 2020 was 340,000 head, down 4 percent from last year. All cows and heifers that have calved, at 455,000 head, were down 2 percent from January 1, 2020; beef cows, at 445,000 head, were down 2 percent; and milk cows, at 10,000 head, were unchanged from 2020. All heifers weighing 500 pounds and over were unchanged at 105,000 head. Steers were up 4 percent at 26,000 head; bulls were unchanged at 30,000 head; and calves weighing less than 500 pounds were up 3 percent at 159,000 head.

Meat and other goat inventory in Louisiana, on January 1, 2021, totaled 15,000 head, unchanged from the previous year.

### PASTURE TO PLATE CHALLENGES ADDRESSED

#### ***Check out these resources for raising, selling and marketing freezer beef.***

By: Amanda Radke

This past year has laid bare concerns about food insecurities in this country. The pandemic has led to shortages in the grocery store on essential items like toilet paper and meat. This has spurred many consumers to look at sourcing items locally instead of relying on big box stores.

Meanwhile, producer frustrations about market manipulation and poor prices along with concerns about processors investing in fake meat companies has led many cattlemen and women to look at alternative methods to selling their beef. The goal is for them to become price-makers; not price-takers as they do so.

Yet, marketing beef can be incredibly challenging. Whether you live in a remote area far away from urban, consumer-dense areas, or you don't have access to a USDA-inspected facility, or your local processing facility is booked out for months or even years due to increased demand. Or your state has strict guidelines on how you can sell your beef, this path isn't always simple and straightforward. In fact, the roadblocks can deter even the most determined of folks.

Cattle and beef are seemingly two separate commodities, but there's a groundswell of support from beef producers across the country to regain control from pasture to plate and capture premiums for their product as they do so.

Today's blog won't dive into the regulatory hurdles that await producers as they explore this path. However, I wanted to share a series of articles that may prove useful as you do your own research on the ins and outs of marketing beef in your state.

South Dakota State University recently released a series to help answer the most common asked questions of raising and selling freezer beef to sell locally to consumers. To some, the information may be very basic, but to others, this may be the "how to" starter course you're looking for and needing.

Written by SDSU's Adele Harty and Warren Rusche, the series includes articles titled:

- Raising Freezer Beef: How to feed grain-finished beef
- Raising Freezer Beef: Management considerations
- Raising freezer beef: When is the animal finished?
- Raising freezer beef: Meeting customer expectations

Additional articles you may find helpful include:

- "Selling beef direct to consumers? Find the right processing plant" by Greg Bloom for BEEF
- "Beef markets still feeling the effects of COVID-19" published on Market Place
- "Belcampo Meat Co. debuts new bone broth subscriptions at all restaurant locations" from the Business

Wire

- "Direct marketing" by Amy Hadachek for The Fence Post

Do you have advice for selling direct to consumers? Share your best tips in the comments section below. This will be an ongoing theme in the upcoming months, so I'm planning more segments on this topic. Thank you!

*The opinions of Amanda Radke are not necessarily those of beefmagazine.com or Farm Progress.*

## **BEEF CATTLE BIOSECURITY PLAN FOR DISEASE PREVENTION**

*The goal is to provide beef producers with the information needed to implement biosecurity plans.*

By: Steve Boyles, OSU Beef Extension Specialist

In support of cattle producers across the country dedicated to preventing disease, improving animal welfare and reducing production losses, the Beef Checkoff-funded Beef Quality Assurance (BQA) program developed a Daily Biosecurity Plan for Disease Prevention template. The template, which helps cattle producers implement daily biosecurity measures on their operations, is available digitally as a PDF or can be printed for handwritten plans.

The template was specifically designed to be customizable, giving producers flexibility in determining management practices that work best for their cattle operation and covers everything from animal movement to worker training. The goal of this program is to provide beef producers with the information needed to implement biosecurity plans. It provides an opportunity for producers to have conversations with their veterinarians and extension agents.

"Biosecurity is a top priority for the beef industry," said Kim Brackett, an Idaho cattle producer and chair of the BQA Advisory Group. "This Beef Checkoff-funded tool allows beef farmers and ranchers to develop their own biosecurity plans unique to their operations. Whether a cow-calf operation in California, a backgrounder in Mississippi or a feedyard in Kansas, being proactive and developing a written plan ahead of a crisis allows producers to implement and become familiar with biosecurity precautions. Even more importantly, producers will be prepared if a biosecurity threat were to happen."

The Daily Biosecurity Plan for Disease Prevention template was created in collaboration with the United States Department of Agriculture and its Secure Beef Supply plan.

For more information about BQA and the BQA Daily Biosecurity Plan, visit [BQA.org](http://BQA.org).

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CATTLE PRODUCERS OF LOUISIANA  
P.O. BOX 886  
PRAIRIEVILLE, LOUISIANA 70769  
WEBSITE: [WWW.LACATTLE.ORG](http://WWW.LACATTLE.ORG)  
TOLL FREE: 888-528-6999