

Beef Margin Watch: July



Both cattle and corn futures prices were relatively flat over the second half of July, with cattle retreating from new contract highs while the corn market removed some risk premium with more favorable weather forecasts. USDA released both the July Cattle on Feed and semi-annual Cattle Inventory reports, which confirmed the cattle market is tightening as the beef herd continues to contract. The July 1 total inventory of cattle on feed was estimated at 11.204 million head, down 348,000 or 3% from June and 201,000 head or 1.8% below a year ago. The supply of cattle on feed for more than 120 days was estimated down 5.9% from last year at 4.068 million head, indicating that feedlots are much more current now with their inventory and providing them negotiating leverage with packers. June placements were estimated at 1.678 million head, up 2.7% from last year and much larger than the market was anticipating, which may lessen concerns about supply availability this fall and winter. USDA's NASS estimated all cattle and calves as of July 1 at 95.9 million head, down 2.7 million or 2.8% from last year, with the calf crop estimated at 33.8 million head, down 1.97% from a year ago. Steers and heifers outside of feedlots were estimated to have dropped 1.3 million head from a year ago, a 3.6% decline while heifers held as beef and dairy cow replacements were also down around 100,000 head each. USDA also pegged total beef Cold Storage inventories as of June 30 at 411.9 million pounds, down 20.3% from last year and 6.5% below the five-year average. The supply was also down 3.2% from May versus the average monthly drawdown of 1.3% over the last five years as high prices for beef cuts and slowing export demand limited supplies moving into cold storage. Our clients continue monitoring forward crush opportunities.

USDA July 1 Cattle Inventory Summary:

Cattle Inventory Report

Update PDF Test/Publish Report

Report Type: Total Cattle Select

Data Class	Current (2023)	1 Yr. Diff	2 Yr. Diff	1 Yr. Diff %	2 Yr. Diff %	2022	2023
Cattle Inventory - United States (Jul)	95,900	-2,700	-4,900	-2.82%	-5.11%	98,600	95,900
Steers >500lbs - United States (Jul)	13,900	-500	-700	-3.60%	-5.04%	14,400	13,900
Cow Inventory - United States (Jul)	38,800	-800	-1,800	-2.06%	-4.64%	39,600	38,800
Dairy Cow Inventory - United States (Jul)	9,400	-50	-100	-0.53%	-1.06%	9,450	9,400
Beef Cow Inventory - United States (Jul)	29,400	-750	-1,700	-2.55%	-5.78%	30,150	29,400
Heifers On Feed - United States (Jul)	4,470	25	150	0.56%	3.36%	4,445	4,470
Heifers - Beef Replacement - United States (Jul)	4,050	-100	-250	-2.47%	-6.17%	4,150	4,050
Heifers - Dairy Replacement - United States (Jul)	3,650	-100	-150	-2.74%	-4.11%	3,750	3,650
Bull Inventory - United States (Jul)	1,900	-100	-100	-5.26%	-5.26%	2,000	1,900
Calves Inventory - United States (Jul)	26,300	-700	-1,400	-2.66%	-5.32%	27,000	26,300
Calf Crop - United States (Dec)	33,800	-664	-1,366	-1.97%	-4.04%	34,465	33,800
Cattle On Feed - United States (Jul)	13,100	-300	-300	-2.29%	-2.29%	13,400	13,100
Placements - United States (Jan)	22,937	-311	643	-1.34%	2.76%	23,289	22,937

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