



Feeder Cattle Supply Outlook

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Key Points:

- *The U.S. beef cow herd bottomed out in 2014 in its most recent inventory cycle, and is currently in the early stages of herd rebuilding.*
- *Feedyards are competing fiercely with each other to procure calves and feeder cattle from all possible sources to fill their pens. The three major sources are the domestic beef calf crop, domestic dairy calves, and imports from Canada and Mexico.*
- *The domestic beef calf crop is still in its early stages of expansion, and it will take several years to fully materialize into increased beef output due to the long biological life cycle of cattle.*
- *With current high heifer retention rates and declining cow slaughter, industry participants are looking for the beef cow herd to grow about 1-2 percent a year in 2015 and 2016, amounting to increased available feeder cattle of roughly 400,000 to 550,000 head in 2015 and 750,000 to 1,000,000 head in 2016.*
- *The beef and dairy industries have grown increasingly interdependent, with the latter bolstering the supply of calves to the beef industry. Industry participants are looking for dairy steers to contribute up to an additional 300,000 head to the fed cattle supply during 2015-16.*
- *While imported feeder cattle from Mexico and Canada represent a significant source of inputs to U.S. feedyards, industry participants are not expecting to see much growth in this source during the next two to three years.*
- *Given this outlook for the feeder cattle supply, total U.S. beef production is expected to recede slightly in 2015 and then stabilize in 2016. No material increase in U.S. beef production is likely to occur until 2017 and beyond.*