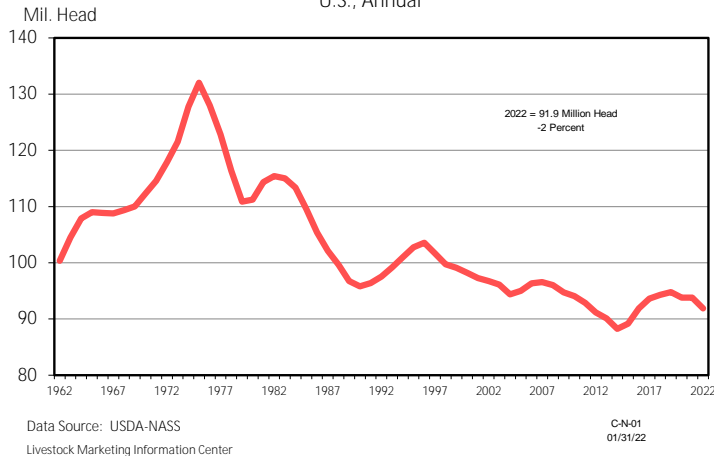


The long awaited January 1 Cattle inventory report was released yesterday. The highlights are all cattle and calves were down 2% from January 1 of last year, and beef cow herd shrank 2% as well. Heifers intended for replacement fell about 3% each for dairy and beef types. The calf crop shrank about 1%.

The revisions to prior inventory estimates were made to the calf crop,

JANUARY 1 TOTAL CATTLE INVENTORY
U.S., Annual



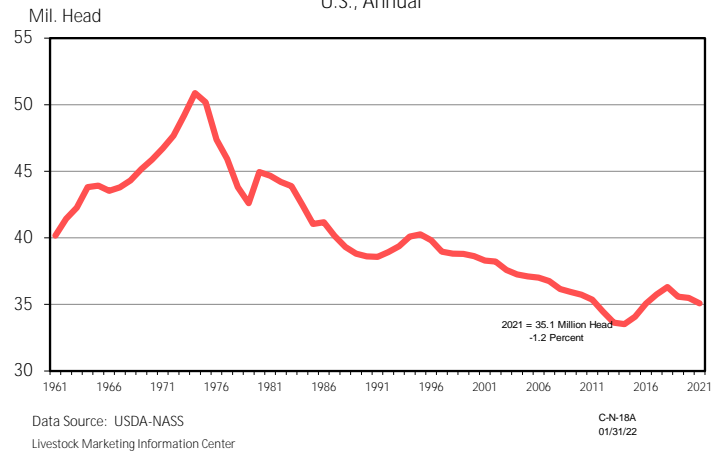
increasing last year's figure by 360,000 head. All cattle and calves had an adjustment of nearly 200,000 head. Smaller changes were made to the July 1, 2021 and July 1, 2020.

Montana had the largest percentage change in total cattle and calves, down 10.2% from last year, or 250,000 head. Several states lost more than 5% or more, including North Dakota, South Dakota, New Mexico, Arkansas, Missouri, Pennsylvania, and South Carolina. Two states hit a new record high for cattle inventory: Idaho at 2.550 million head; and Alaska at 5,900 head. No states hit a record low.

One of the more interesting aspects of the report is the retention of heifers destined for beef cow replacement. The U.S. saw activities related to herd turnover decline this year with 191,600 head less being retained. States that increased heifer retention were in Colorado, Iowa, Minnesota, South Dakota, Washington, and Wisconsin were up 5,000 head from last year each. Kansas and Nebraska increased 20,000 head a piece. A handful of other states were up less than 5,000 head.

Another important piece is that the calf crop revisions to 2020 increased the calf crop by 360,000, and this year's figure was brought down to 35.1355 million head, a 1% decline. Had the 2020 calf crop not been revised, the year over year change would have been similar to a year

CALF CROP
U.S., Annual

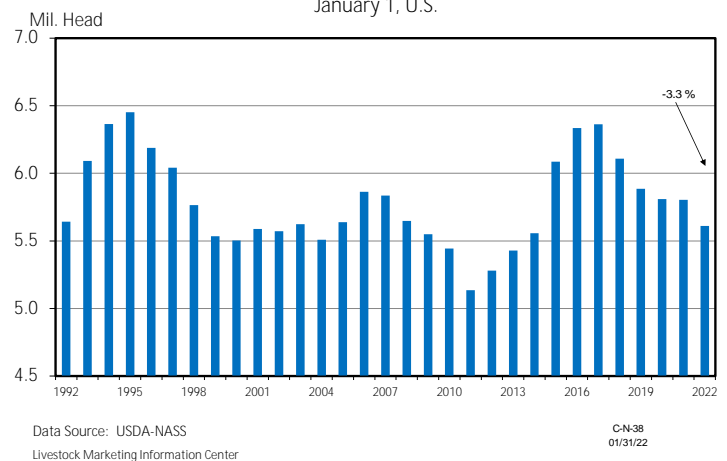


ago. Calves under 500 pounds were curiously down 3%, even with a revision to the 2021 number boosting that category over 100,000 head.

Compared to analyst expectations, beef cows, and all cattle and calves NASS estimates were outside the trade expectation to the low side. Milk cows and calf crop were within the range but also to the lower end. Cattle on feed much higher than analysts expected.

Ahead of the report live cattle futures soared Monday and cash cattle trade improved to \$137 in the 5-area. Boxed beef yesterday afternoon was unchanged, \$290.40 per cwt.

HEIFERS HELD AS BEEF COW REPLACEMENTS
January 1, U.S.



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