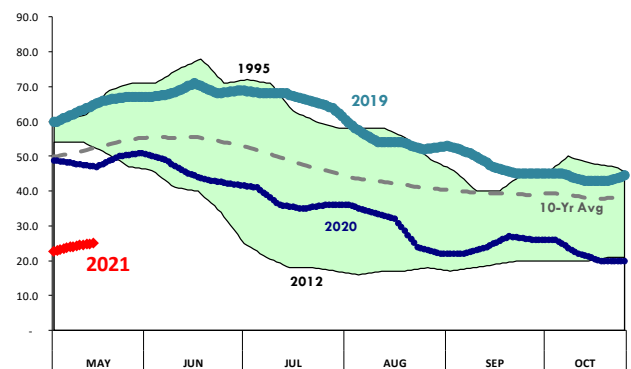


This is the worst start for US pastures and ranges in at least thirty years. Extreme drought in the West as well as increasing drought pressures in parts of the Southern Plains and Upper Plains has significantly impacted pasture and range conditions. For the week ending May 16, USDA reported that **just 25% of pastures and ranges were in good/excellent condition**, a 1 point improvement from the previous week but 22 points lower than the previous year. **The 10-year average for this time of year is above 50%.** What is especially concerning about this year is that pastures are generally in good shape in late April and May thanks to melting snowfall and spring rains. Even in 2011-2012, the worst rated years for pastures and ranges, the good/excellent rating did not drop in the 20s until early July.

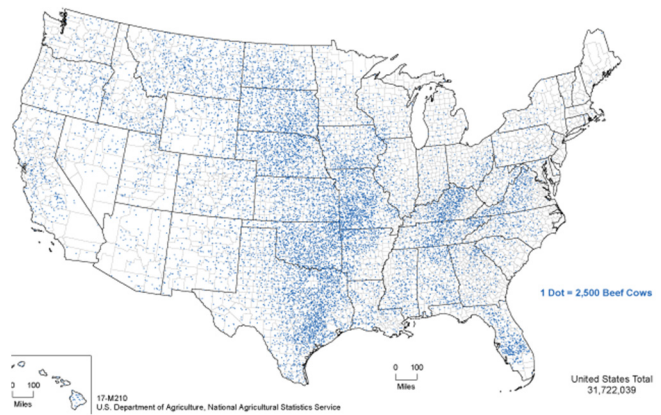
Much can change in the next two months but the current trend is especially concerning for US beef production long term. Beef price inflation has been a hot topic recently, with prices for a range of beef cuts back to the pandemic induced shortages of a year ago, and far above long run averages. The rationale for the recent bout of producer price inflation is bottlenecks in production, something that may be resolved if packers/processors somehow could bring more people back to work and invest in new capacity. Ultimately, however, the amount of beef available to consumers results from the thousands of decisions made by cow-calf operators around the country over time - decisions regarding the number of cows they are able to support on their farms and the calves and the calves those cows produce. It takes several years between the time a producer decides to invest in a beef cow and the time a calf comes to market. High feed costs and poor returns have been a major impediment for producers so far but increasing drought pressures may force liquidation even on those producers that want to hold out. The beef cow herd on January 1, 2021 was estimated at 31.158 million head, 181k head or 0.6% lower than the previous year and more than half a million head or 1.7% lower than two years ago. Despite a smaller beef cow herd at the start of the year, beef cow slaughter in Q1 was far higher than in 2019 and it appears that Q2 slaughter may be even higher. Beef cow slaughter in the first three months of the year was 818k head, up 87k head or 12% compared to Q1 of 2019. We do not have official monthly data for April but weekly data shows that beef cow slaughter in the five weeks between early April and early May was 331k head, up 8% compared to the same five week period in 2019. The combination of poor pasture conditions and low feeder cattle prices appears to have tipped the scales for a number of producers and the decisions to liquidate this spring will affect supplies for years to come. **The concern is that ongoing poor margins for producers and further deterioration in pasture conditions this summer and fall could result in an even bigger round of beef cow liquidation.**

US PASTURE CONDITIONS: 30 YEAR HISTORY

% RATED IN GOOD/EXCELLENT CONDITION. Latest week is for May 16, 2021. Data: USDA/NASS. Analysis by Steiner Consulting

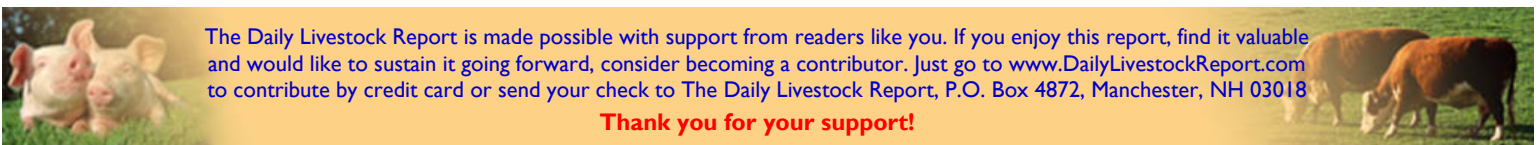
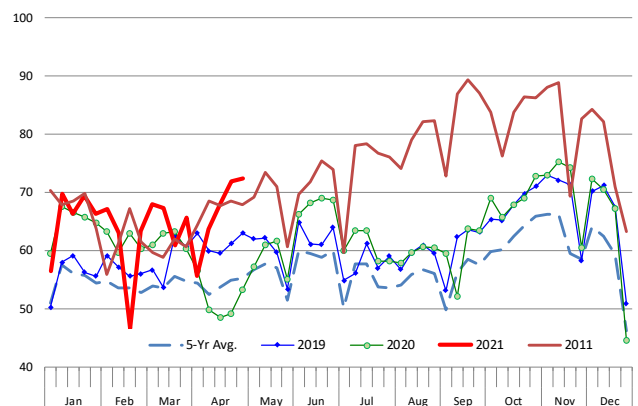


Distribution of Beef Cows: US 2017 Census of Agriculture



Weekly US Beef Cow Slaughter. '000 Head.

000 Head. Data Source: USDA



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