

There are about 14 weeks of slaughter data left in 2021. Analysts estimating January 1 cattle inventory figures have likely been eagerly watching continued beef cow and heifer slaughter figures.

Year to date beef cow slaughter is still 10% higher than 2020 and has not shown signs of slowing. Heifer slaughter is 5% higher than last year since the start of the year.

The July 1 Cattle report indicated about a 2% decline at mid-year in the beef cow herd. Preliminary looking looks at female beef slaughter though, are pointing towards an even sharper decline on January 1, and likely over 2% if beef cow slaughter does not slow.

Female slaughter as a proportion of the previous January 1 number is one of the numbers Livestock Marketing Information Center (LMIC) uses to estimate January 1 beef cow herd. The combination of heifers and beef cows slaughtered on a percentage basis is 6.5%. If we assume that percentage holds through the remainder of the year it would be roughly equivalent to 43.5% of last year's beef cow inventory. This proportion generally shrinks during periods of expansion and increases during periods of expansion. LMIC uses 40% as a general indicator for expansion/contraction. With data back to 1987, we can see years leading into the low point of the cattle cycle have values larger than 40% for female slaughter and those leading to cattle cycle peaks drop well below 40%. The range over the 34 years has been 32.7% (2016) and the highest year was 43.7% in 2012. The 2015 calculation was associated with a nearly 3% gain in the beef cow herd on January 1, 2016. In 2011 the herd declined just over 2% on January 1, 2012.

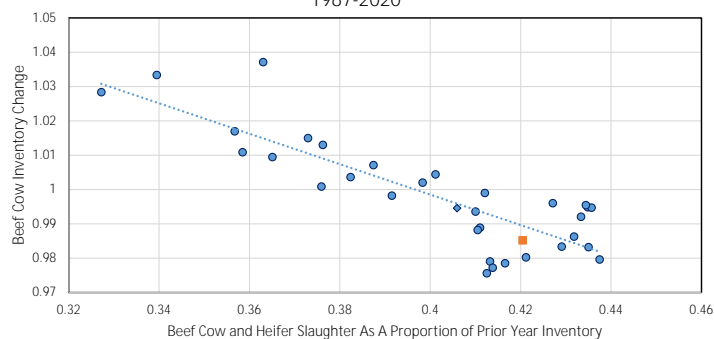
The graph to the right shows the linear trend of the last 34 years and for reference the orange dot is the expected change should female beef cow slaughter remain at 6.5% higher than last year. This would imply a

2.2% decline in the beef cow herd on January 1, 2022.

Applying LMIC fourth quarter projections: LMIC projects heifer slaughter to slow significantly in the 4th quarter-down 5% or so and cow slaughter to be up about 2%. This yields a total female beef slaughter number of up only 3%. This would yield an expected beef cow number on January 1 of down 1.5% from a year ago.

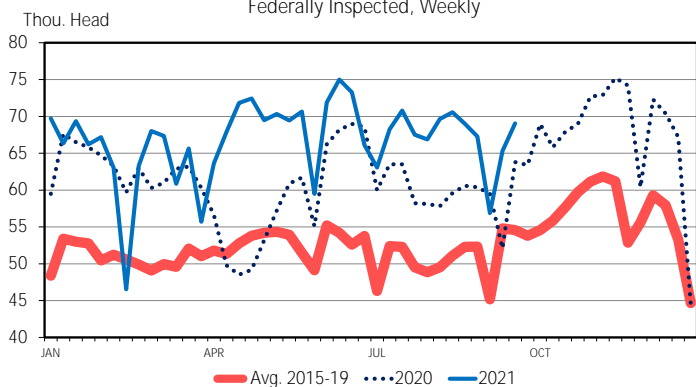
A beef cow number on January 1 of down 1.5-2.5% is the expectation, but slaughter levels will be closely watched over the next several weeks to narrow the range estimate.

Year-Over-Year Change In Beef Cow Inventory and Federally Inspected Female Beef Cattle Slaughter 1987-2020



Source: USDA-NASS
 Livestock Marketing Information Center

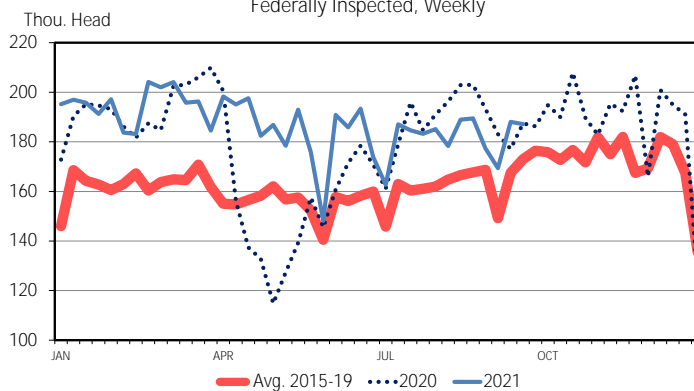
BEEF COW SLAUGHTER
 Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
 Livestock Marketing Information Center

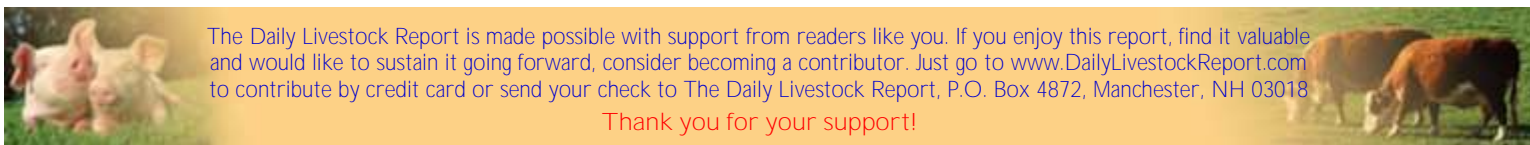
C-S-34
 10/08/21

HEIFER SLAUGHTER
 Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS
 Livestock Marketing Information Center

C-S-13
 10/08/21



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