U.S. Commodities Markets

USDA's January Biannual U.S. Cattle Inventory Report: Structurally Short Beef Cattle Supplies

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- The January 1 Cattle Inventory report reinforced the structurally tight supply narrative that has been present in the U.S. beef cattle complex during 2022. The report illustrates that the prolonged drought throughout the western and southwestern states has led to aggressive culling of beef cattle breeding herd, cows, and heifers, which has ultimately led to a smaller domestic calf crop.
- The data showed no signs that the beef cattle breeding herd is expanding.
- Overall, we believe the supply reductions will impact the price of feeder cattle and live cattle from Q3'22 and into 2024/25.
- The data does not change but reinforces our live cattle futures price outlook for 2023.

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