

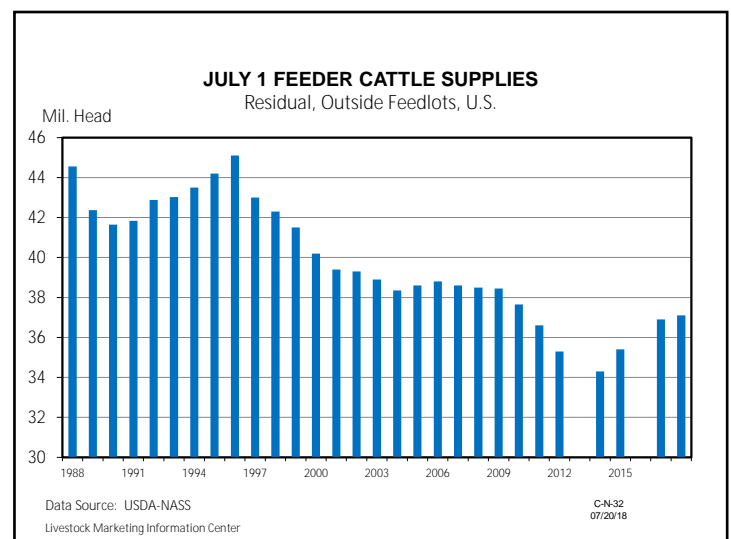
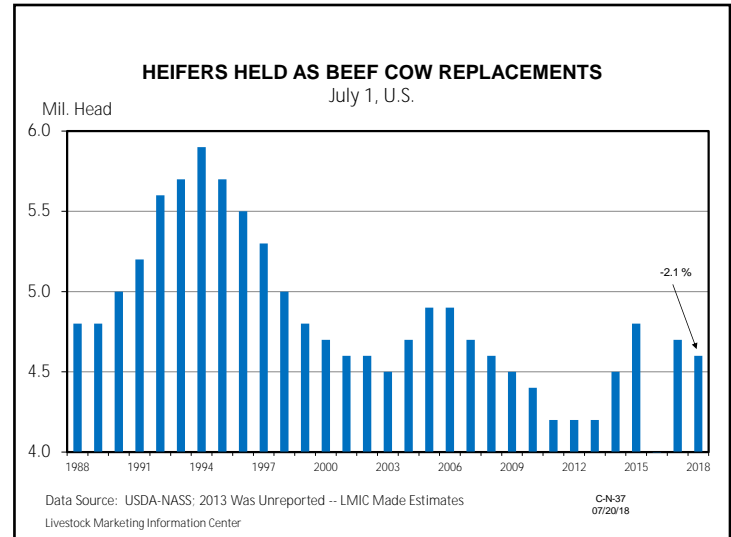
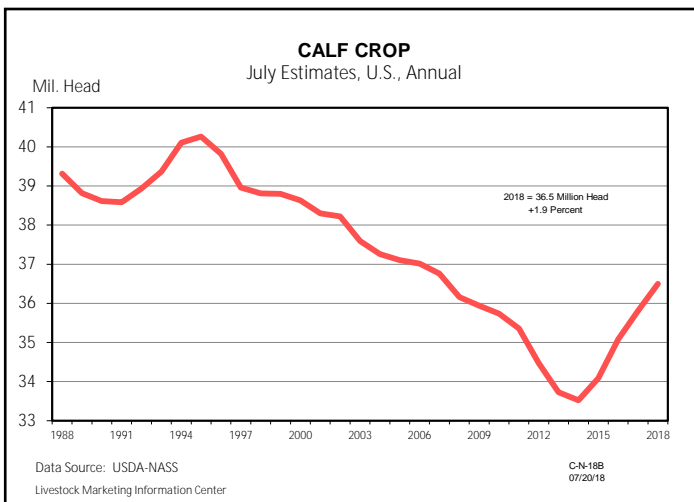
July 1, [Cattle Inventory](#) report was released by USDA NASS last Friday giving us a look at the 2018 calf crop, and a better idea of heifer retention plans moving forward.

All cattle and calves came in 1 million head higher, just under 1% above 2017. The dairy herd was identified as stable, while beef cows that had calved totaled 32.5 million head, and slightly higher than last year's 32.2 million head. The big, but largely expected change, was that the number of heifers held for beef cow replacement dropped below year ago figures, a full 2.1% smaller. Heifers not intended for replacement, i.e. those making their way through feedlots and slaughter channels, climbed nearly 3%.

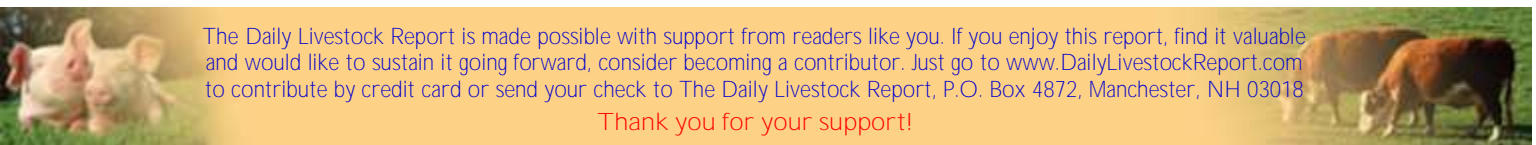
This underscores the changes in the ratio of heifers to steers on feed that have already been seen in the COF reports this year. Many of those animals are already in the supply chain.

Still, even though the U.S. herd is moderating growth the calf crop is still large this year, over half a million head more than last year, or up 2%.

Roughly three-quarters of the calf crop already hit the ground this spring, and the remainder will be born this fall. It is unlikely any decisions regarding retention for breeding have been made for heifer calves that were born this year, but expectations are that many of those will end up in the "other heifer" category for the January 1 Cattle Inventory report. Further implicating that the U.S. is slowly making its way out of this expansionary phase, although Jan 1 of 2018 may still show a year-over-year increase in all cattle and calves.



One last important note regarding the July 1 Inventory is that steers and heifers outside of feedlots, those not included in the monthly COF report or in smaller feed-yards, is estimated to have grown by half a percent from the previous year. This is the largest number since 2010.



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