

Anecdotally, adding breeding stock has been taking place in pockets of the U.S. but so far replacement prices have not seen significant uptick in the areas that added beef cows on January 1. The Cattle inventory report showed pockets of expansion in the Pacific Northwest and upper Midwest for beef cows.

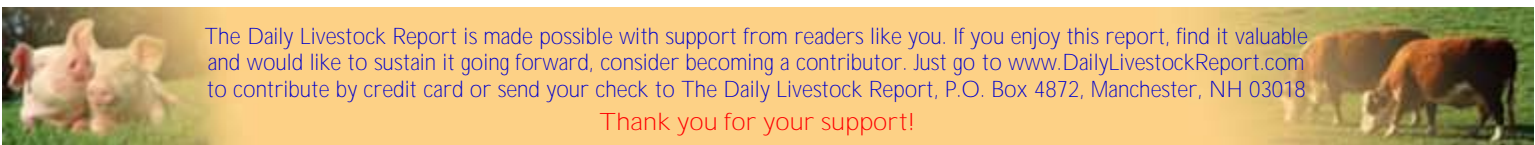
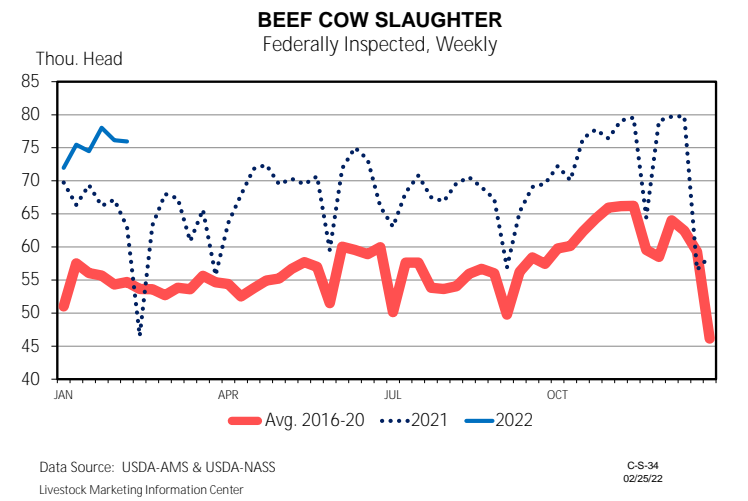
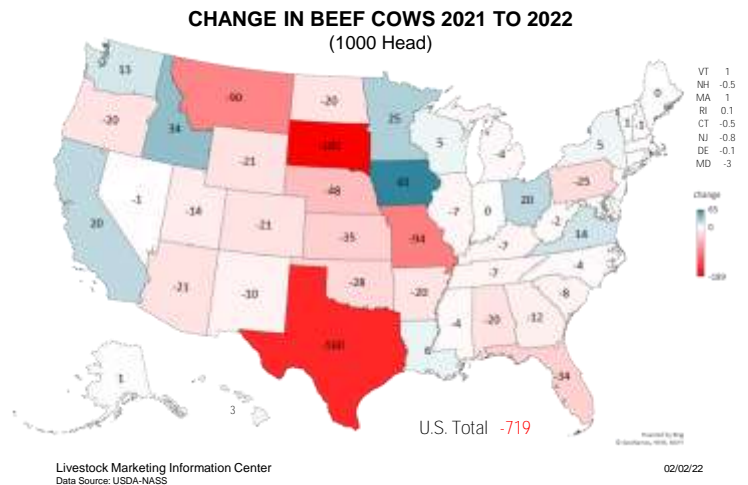
Based on replacement prices in those areas, it appears any herd additions are starting slowly. The Livestock Marketing Information Center tracks 16 replacement markets. The closest markets LMIC tracks to the Pacific Northwest and California would be Toppenish, WA or Montana summary auctions. Speaking generally, Toppenish has lighter volumes, and some months do not have replacement volumes at all. This year so far, the activity has exclusively centered on bred heifers, and bred cows in their second trimester. The price data is difficult to compare because those categories were not sold last year in the same time frames, but the volume of replacements moving is significantly higher, 230 head versus only 10 head in January of last year. Montana reports volumes almost every week but the Montana beef cow numbers slipped substantially last year. The monthly aggregate for January shows relatively the same volumes in total. Summarizing prices: bred heifers appear to be about 15% higher, bred cows medium and large 1 are mixed with later trimesters commanding only a slightly higher price than last year. Stock cows are averaging across all age groups, about \$2 per cwt higher.

Nebraska or Missouri auctions would be the closest replacement data to the states with beef cow increases such as Iowa or Minnesota, but Nebraska and Missouri both saw declines in their beef cow herds. Medium and Large 1 bred cows averaged across all trimesters and all ages are running about \$100 per head higher. Medium and Large 1-2 are only about \$45 per head higher. West Plains, MO bred heifers (1-9 months) Medium and Large 1-2 are up 21% and medium and large 2s are up 13% from January of last year. Across most of the bred cow categories prices are seeing double digit percentage increases, with the exception of bred cows over 8 years old. Open stock cow prices are higher as well. Under 2 years old medium and large 1-2 are up 19% from last year, 2-8 year olds are up 9%. Medium and Large 2 open stock cows 2-8 years old are up 11%. In Joplin, MO bred cows medium and large 1-2 are up 16% across all ages and trimesters. Open stock cows are up 35% across all types.

It would appear stronger replacement prices are not universal at this time. Replacement prices across regions will be a key indicator this summer to help determine where carrying capacity exists. We may be more than a year out from seeing substantial increasing in breeding stock. The extreme drought will likely create a scenario where

everyone will add cows at once when the drought breaks which would lead to a steep escalation in breeding stock prices. Watching more than one regional market, will be advantageous to confirm any casual reports of herd expansion from the country.

Nationally, the U.S. is still culling cows at a very high rate in the first quarter of 2022. Through the first six weeks of the year, beef cow slaughter has averaged 12.6% higher and last week was 20.5% above 2021.



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