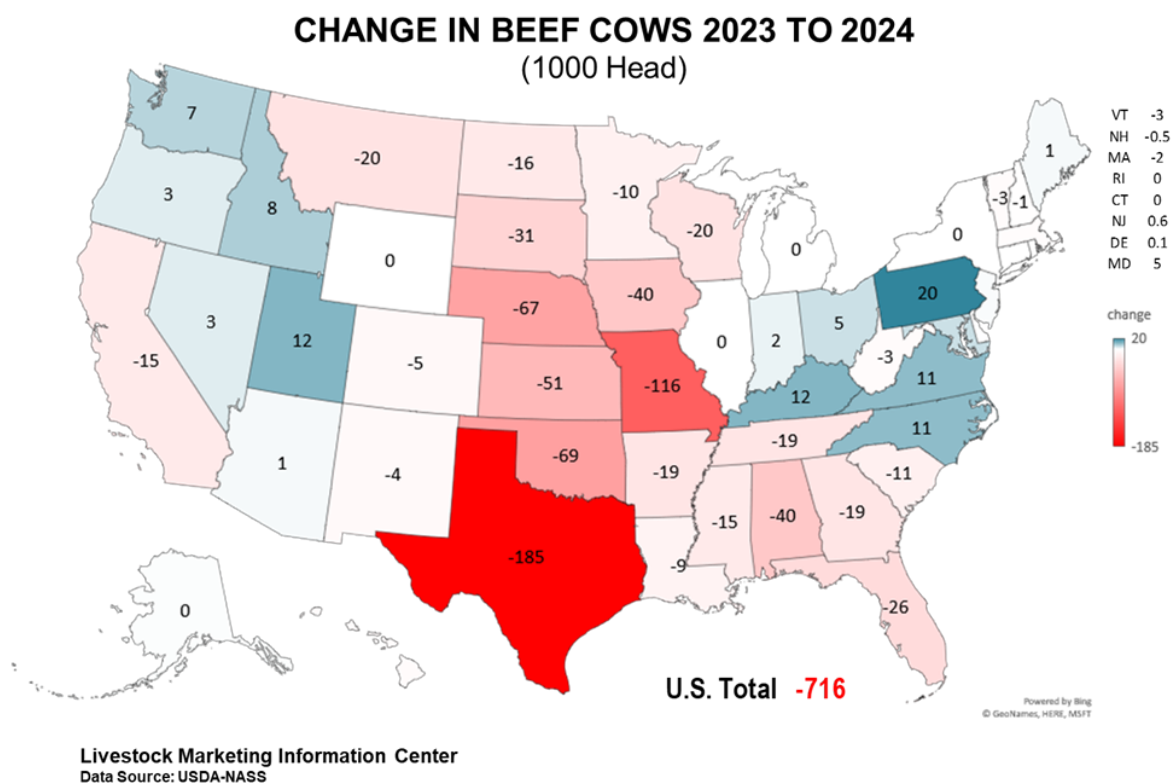


# Beefenomics: Cattle Market Update

## Lower Cattle and Hay Inventories in the Southeast

William Secor, Ph.D.

UGA Department of Agricultural & Applied Economics



Two recent USDA reports have shown that Georgia had lower hay inventories over the winter and will be working with fewer cattle in the year-ahead. The Southeast (including Georgia) had lower hay inventories as of December 1. Drought improved in many areas of the country, especially the Southern Plains. However, drought emerged and became severe in many areas of the Southeast this summer and into the fall. As a result, some areas in the Southeast produced less hay this past year. It also prompted some cow-calf producers to feed hay earlier than usual. These tighter supplies and stronger demand have supported hay prices. Prices will likely remain elevated through the marketing year.

Total cattle and calves in Georgia dropped by about 20 thousand head (2%) between January 1, 2023 and January 1, 2024. Georgia beef cow numbers dropped by about 4%, and beef replacement heifers were about 5.5% lower. These statistics not only point to a lack of a turnaround in Georgia, but that herd expansion may be slower as we start from an even smaller base when the rebuild does start.

Tighter cattle inventories will continue to push cattle prices higher. All else equal, this should support producer margins. One risk is that the consumer will be tested at high beef price levels. What are they willing and able to purchase in the year ahead? For the last few years, the U.S. beef consumer has remained resilient. At the start of 2024, early indications are that this has continued with beef cutout values higher year-over-year. Does that continue through the rest of 2024?

**February 2024**