

# Where's the Beef!?

## 'The Evolving Beef on Dairy Landscape'

### Tars Cheema

The dairy industry has always contributed to the beef supply chain. Estimates are 17-22% of the beef sold in stores are Holstein origin, according to veterinarian and beef industry expert, Kee Jim, in his intensely interesting presentation at WestGen's AGM on March 17.

### Show Me the Money

He showed that in the US, the 20 year average per head profit for cow-calf producers was \$40 - while last year alone, the per head profit was \$900. "The last three years have been the best I've seen in five decades, especially on the cow-calf side!" He added that the last two years have also been record profit years for feedlots.

A number of elements caused "the perfect storm," including the 2015-2016 moment when Tyson Foods, one of the three major packers, turned away from Holstein beef to focus on "high choice/prime carcasses." This decision caused the already weakening fed-cattle price (due to growing beef cow herd) to plummet for dairy males. The \$500US price for Holstein males dropped to well under \$100US. At the same time, sexed semen was on the upswing thanks to improved fertility, as overall reproductive results also improved, opening the door to breeding more beef-on-dairy without risking insufficient dairy replacements.

"The cross-bred animals had many advantages such as better feed conversion, better gain, better carcass traits, better health outcomes and a higher selling price," Kee explained. All of these factors made the value of pure Holstein males pale in comparison. It was even more dramatic in the case of Jersey-beef crosses - it was a complete game-changer - pure Jersey bull calves had little value.

Dairy calves went from around \$120 each in 2020 to over \$1500 today for the beef crosses as the beef cow herd has still not recovered sufficient numbers since the big sell-off caused by droughts.

Beef AI semen was mostly limited to the seed-stock sector with ~2M doses annually used in the US. Beef on dairy semen units grew from 5.5M in 2020, steadily to 10M in 2024 (US stats). "It was unlike anything I had seen in 50 years," Kee exclaimed, referring to rate of B on D adoption by the dairy industry. Money was the universal key to shift the dairy industry to endorse this new breeding approach.

### Predicting the Future

The opportunity for genetic improvement in the B on D sector remains large and untapped. The cross-bred calf value is so high that more attention will come to improving the traits of interest. The challenge is to collect good phenotypic data on these calves through the many ownership stages they move through (dairy producers, calf raisers, feedlots, slaughterhouses). It's too easy for the data stream to break at one of those change points. A closed-loop data collection system is needed. Good phenotypic data could support a genetic evaluation system, much like dairy already has, although how breeding companies could access the data remains unclear.

It was of course, the North American droughts in recent years that significantly caused the beef herd in the US and Canada to shrink. "Drought has been the big story and is still the driver. Numbers haven't been this low in the US since the 1960s," he said. "There is very little evidence that the national beef herd is rebuilding. Even with better climatic conditions, margins are OK but there's no future guarantee," he explained. Once we see the beef herd rebuilding, it still takes 3-4 years to impact the retail supply.

Meanwhile, packers compete to keep their dedicated slaughter plants at full capacity for efficiency, keeping pressure on the supply chain.

Perhaps most surprising is the continued inelasticity of beef demand even as consumers paid substantially more. "Demand for beef remains high, even

while we've significantly increased carcass weights and imports from the outside," Kee described the unexpected situation. Enough consumers appear to be favouring beef over pork and over 'fake meat,' suggesting demand should stay strong for a while yet. He even suggested the GLP-1 effect could be influencing consumer intake of beef protein.

But he also shares caution - prices could plummet if demand drops or supply increases. What if corn price spikes? What about the risk posed by geopolitical vibrations?

Kee's final view is that supply will still be slow to catch up to continued strong demand for North America's high quality grain-fed beef. Calf prices may still have room to increase some more yet. And summer BBQ season is here!



Beef industry expert, Kee Jim, described the fascinating factors underpinning the beef-on-dairy phenomenon before forecasting its future.



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