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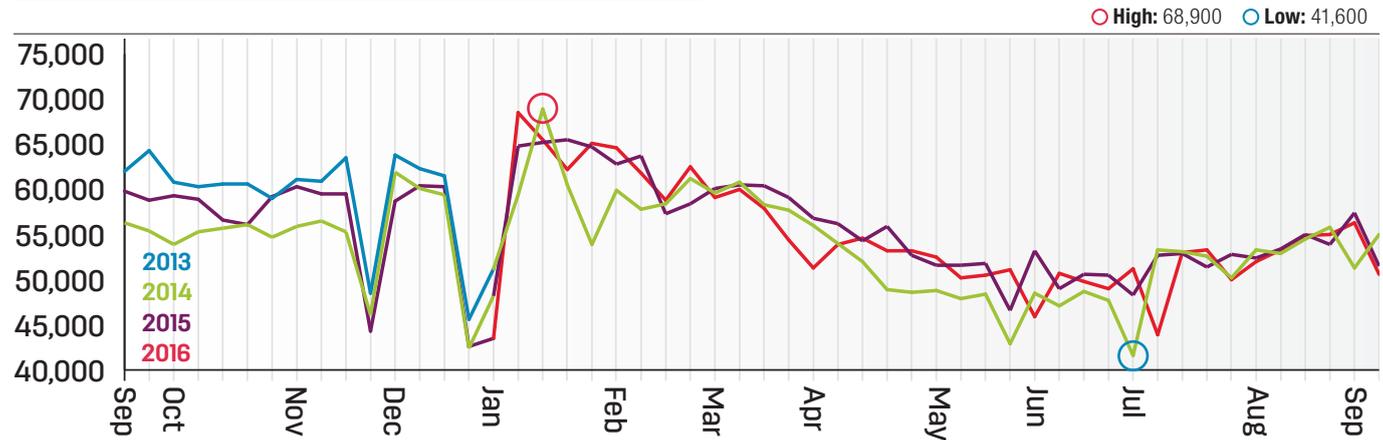


Dairy slaughter for the week ending Sept. 10 was 50,600 head, which is a 5,700 decrease from the previous week's total and a 900-head decrease from the same week last year. Year-to-date dairy slaughter is 1.9798 million head compared to 2.005 million head slaughtered this same time last year. In the Sept. 20 Milk Production report, the USDA reported U.S. dairy herd size for August 2016 at 9.36 million head, which is 15,000 head more than July. Year-to-date, the U.S. herd size has increased by 40,000 head.

The U.S. average price for dairy cows in July was \$81.50 per hundredweight (cwt), up 60 cents from June but down \$31.50 per cwt from July 2015. The seasonal pattern calls for prices to begin drifting lower into the end of the year from this point forward.

In the Sept. 23 USDA Cold

## DAIRY SLAUGHTER – 3 years



Storage report, August total beef stocks increased 2 percent from July and increased 2 percent from last year. On Sept. 23, the USDA Cattle on Feed report put Sept. 1 inventory at 10.135 million head. This is a 2 percent increase from the same month last year. The report also put August feedlot placements at 1.879 million head, which is up 15 percent from August 2015. Finally, cattle marketed in August totaled 1.868 million head, which is an 18 percent increase from last year.

The long-term downtrend for both live cattle and feeder cattle

futures remains as contracts continue to put in new lows. However, the market may be in for a recovery given the recent news out of China. After 13 years, China is preparing to open its doors to U.S. beef imports.

Reports have announced that the Chinese Ministry of Agriculture has agreed to conditionally remove the import ban on U.S. beef, looking to improve commercial ties with the U.S. There has been no indication as to when the ban will officially be removed, but the ban removal could be a game-changer for U.S. beef exports. This is significant because

the combined Chinese and Hong Kong market is expected to be the largest global beef buyer by 2017.

When the ban is officially removed and China's market is open for U.S. imports, market sentiment for live cattle and feeder cattle futures should improve. This could help ease up the bearish pressure on prices and could turn contracts higher. Producers should have a plan in place to be ready if this scenario plays out so they can take advantage of market volatility and capture higher prices if they present themselves. ↗