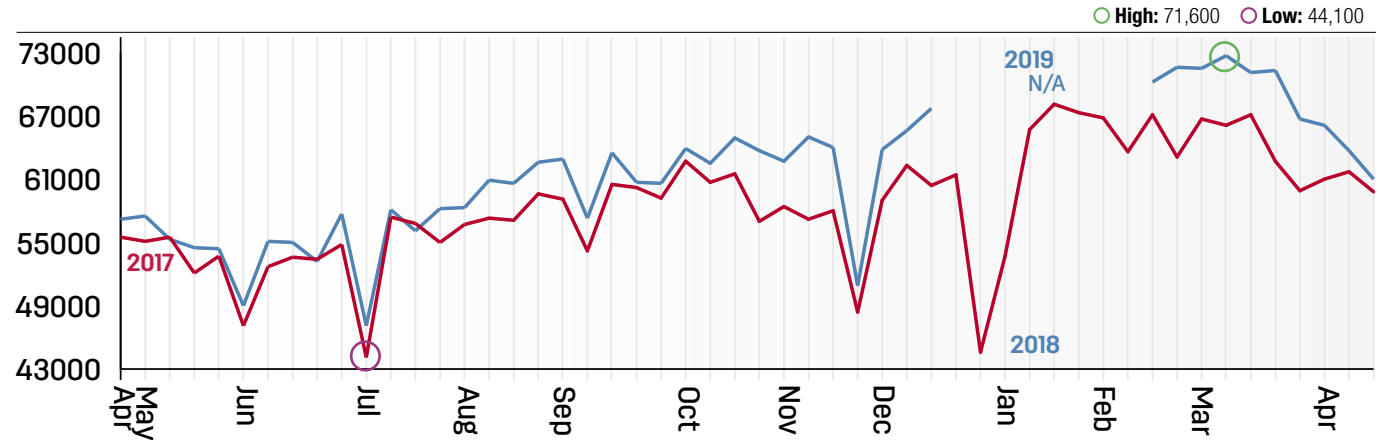




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DAIRY COW SLAUGHTER - 2 years



Volatile cull cow prices seem to have become the rule following large weekly cow slaughter. There may be some hope on the horizon for sustained higher cow prices as dairy cow slaughter backs off.

Seasonal market rally

Cow prices normally increase in early spring. But on average over the last five years, prices have shown some decline into May. The volatility of prices this year has contributed to a sharp seasonal jump at the end of April. Southern Plains cull cow prices jumped from \$42 per hundredweight (cwt) to \$54 per cwt in one week at the end of

April. While price increases earlier this spring triggered more sales, especially in dairy cows, falling slaughter levels have boosted prices in the last couple of weeks.

Dairy cow slaughter declined from over 70,000 head per week throughout March to 61,000 head the last week of April. To put the pace of dairy cow herd liquidation in perspective, you have to go back to the dairy herd buyouts of the 1980s to find larger weekly culling rates. It would appear the culling is finally cutting into milk production.

On the beef cow side of the market, culling is running ahead of last year. Weekly slaughter at the end of April was 59,000 head, the same for that week as the year before. Total cow slaughter at the end of April was the same as a year ago, about 120,000 head. But that is down about 10,000 head per week from earlier in the month. The decline matches the decline in dairy cow culling.

It's likely the cow market will get some support from reduced dairy cow culling from its elevated rates

earlier in the spring. Slower dairy cow marketings should reduce total supplies but may spur a little more beef cow culling to take advantage of higher prices. The cow market should also get some support from higher lean beef prices and rising boxed cow beef cutout values. Wholesale lean beef prices and the cow cutout are at, or above, last year's prices and continue to rise. ↗

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