



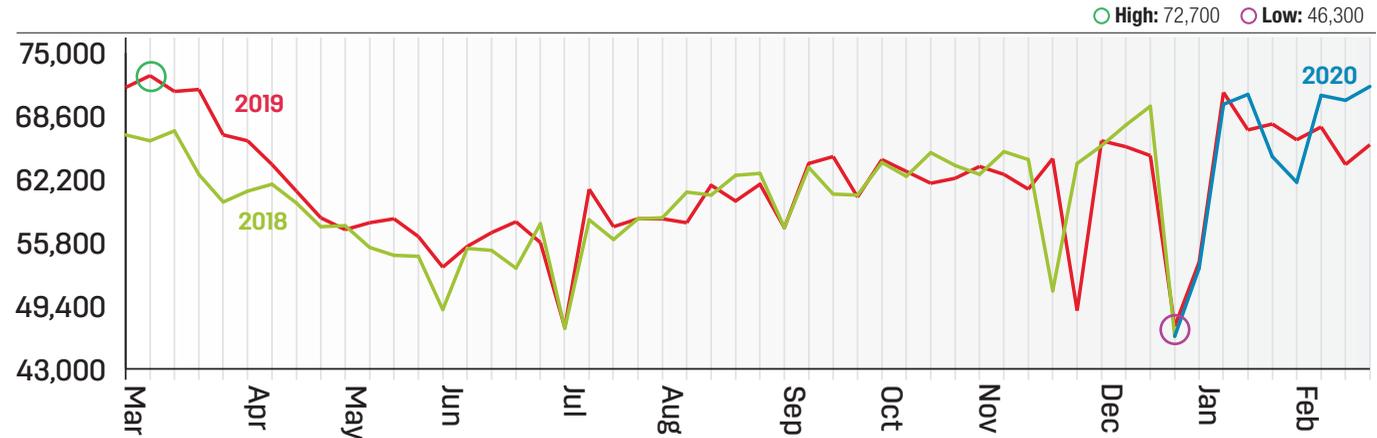
David Anderson

Livestock Economist
Texas A&M AgriLife
Extension Service
danderson@tamu.edu

Fears about the economy-wide effects of the coronavirus, and now an oil price war, continue to hit all markets hard as of this writing. But there are some fundamental supply issues at work in cattle and beef markets worth considering during this market turmoil.

While uncertainty and turmoil reign across almost all markets, slaughter cull cow prices are at about the same level as a year ago, \$46 per hundredweight (cwt) in the Southern Plains. Cows in better shape, more weight or premium white fat continue to see prices above a year ago. For example, national direct cutter cow prices are about 8% above a year ago, at \$55 per cwt. In meat markets, the boxed cow-beef cutout and the wholesale 90% lean price remain above a year ago, but they have been

DAIRY COW SLAUGHTER - 2 years



falling sharply over the last few weeks.

Following an early surge in January, cow slaughter has declined to about the same numbers as a year ago in the last couple of weeks at the time of this writing. Beef cow slaughter continues to surge above a year ago, up 12%. More herd culling is likely taking place, further reducing the beef cow inventory. Dairy cow slaughter is down about 7% from a year ago over the last month. It's worth remembering that dairy cow slaughter in the spring of 2019 was the

largest since the dairy herd buyouts of the mid-1980s.

Against the backdrop of coronavirus and ASF in China, U.S. meat production is surging. Beef production in the last five weeks at the time of this writing is up 6.6% compared to last year. More cattle on feed is leading to larger steer and heifer slaughter. Not only is fed cattle above a year ago, but weekly steer dressed weights are 25 to 30 pounds per head heavier than last year. Pork production in the last

five weeks at the time of this writing is up 5.5% over a year ago, and broiler production is up 7.3%.

Total cow slaughter normally declines seasonally from now into summer, which should aid prices. But cow beef will be competing with record meat supplies and an uncertain demand and trade environment. 🐾

David Anderson is a livestock economist with Texas A&M AgriLife Extension Service.