

## In The Cattle Markets

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### Cull Cow Market Dynamics

No segment of the cattle industry has been spared from the uncertainty and turmoil driven by COVID-19. However, the dynamics for the slaughter cow market have been a little different than those for the live cattle coming from feedlots that have garnered the most discussion due to plant disruptions.

Slaughter cow prices have been one of the few bright spots for cattle producers over the past few months. Slaughter cow prices in the Southern Plains averaged \$57.84 over the past 6 weeks of available data which is 19.5 percent above the same period in 2019. Generally, cull cow markets are most directly related with ground beef demand.

Cull cow slaughter comes from both beef and dairy cows. In 2019, the split for total federally inspected cow slaughter was about 50/50 between beef and dairy cows. But the seasonal patterns of beef and dairy cow slaughter are a little different. Dairy cow slaughter typically declines from the first of the year to a seasonal low in June/July. Beef cow slaughter varies too with production cycles and declines in the summer but is typically a little more consistent than dairy through the spring and summer months before peaking as the winter months approach.

A look at the processing changes during the worst months of plant labor disruptions shows that beef and dairy cow slaughter faced different reductions. The worst week for beef cow slaughter capacity compared to 2019 was in late April when beef cow slaughter was 19.5 percent below the same week a year ago. Total dairy cow slaughter didn't show the same level of reductions compared to a year ago. Dairy cow slaughter declined from week-to-week for most of the Spring but that occurred alongside the typical seasonal decline.

The number of beef cows processed increased through May and into June. For the first two weeks of June, beef cow slaughter is up 6.7 percent compared to the same two weeks a year ago. Similar to what occurred in calf and feeder cattle sales, at least some of this increase may likely be due to sales delays caused by producers' decisions to wait or by auction slowdowns. The relatively strong prices combined with the low beef cow slaughter in April provides rationale for the increase in beef cow slaughter in June.

For the year, beef cow slaughter is up about 2 percent while dairy cow slaughter is down 2 percent. Together, year-to-date total cow slaughter is about the same as compared to a year ago. Lower calf prices could drive increased beef cow culling later in the year. Dairy slaughter is near the seasonal low point and milk prices have rebounded which may likely

prevent significant dairy cow culling. While the supply picture is becoming a little clearer, ground beef demand will continue to be key for support of beef cow cull prices.

## The Markets

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 6/26/20</b>	<b>Week of 6/19/20</b>	<b>Week of 6/28/19</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$96.21	\$100.78	\$110.13
	all grades, dressed weight, \$/cwt	\$154.78	\$160.70	\$179.02
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$210.20	\$220.34	\$219.55
	Choice-Select Spread, \$/cwt	\$8.53	\$11.62	\$21.60
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$142.25	--	--
	Nebraska 7-market, \$/cwt	\$142.08	\$144.11	\$151.58
	Oklahoma 8-market, \$/cwt	\$132.36	\$133.04	\$138.42
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$171.00	--	--
	Nebraska 7-market, \$/cwt	\$171.35	\$169.53	\$179.64
	Oklahoma 8-market, \$/cwt	\$146.93	\$146.91	\$155.31
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$3.05	\$3.19	\$4.39
	DDGS, Nebraska, \$/ton	\$122.50	\$122.50	\$146.50