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In The Cattle Markets

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The Cull Cow Market is Looking Up

Cull cow prices continued their slow increase into September. Prices in the Southern Plains reached their high of the year, so far, at \$54.36 at the end of August. That was 12.5 percent higher than a year ago. There is some good reason to think that prices may continue to be above a year ago.

Cow slaughter hit some multi-decade highs in the first few months of the year, largely driven by dairy cow slaughter. After the surge early in the year, dairy cow slaughter has fallen back to year ago levels. Over the last month, dairy cow slaughter has been almost 1 percent below a year ago. For the last two months, only 900 head more have gone to market compared to last year. Normally, dairy cow marketings tend to move higher seasonally after July and that is happening this year as well.

Beef cow culling has lagged behind a year ago over the last two months. Beef cow slaughter over this time period is almost 1 percent below last year. Beef cow culling typically hits its seasonal peak for the year in the Fall. It's likely some earlier culling this year may have pulled some cows ahead into slaughter. Growing dry condition in the Southern Plains have likely not added to culling numbers, yet.

Total cow slaughter is almost half a percent below a year ago over the last 2 months. As the cow slaughter has declined cow prices have crept above a year ago. Cow prices broke sharply lower in Southern Plains in July, 2018. Prices fell even lower as culling ramped up in October. The heavy culling during the first half of 2019 may act to reduce potential numbers going to market in the Fall, especially in the dairy side of the industry.

Another factor in higher cow prices and higher cow-beef cutout values is cow weights. Not only has slaughter fallen below a year ago, but weights of those culled cows have been below a year ago. Cow dressed weights have averaged 7.6 pounds less in 2019 than in 2018, and 5.5 pounds less over the last month. So, not only have fewer gone to market, but they have weighed less, as well. The overall effect has been less cow beef production in recent weeks, supporting the 90 percent lean fresh beef price, the wholesale cutout value, and the cull cow price.

The Markets

Local Texas auction markets reported steady to higher prices to close out August. That is likely some correction following sharply lower prices after the packing plant fire cut live prices across the board. Both the Choice and Select cutouts moved lower, tightening up the spread.

<i>Data Source: USDA-AMS Market News</i>		Week of 8/30/19	Week of 8/23/19	Week of 8/31/18
5-Area Fed Steer	all grades, live weight, \$/cwt	\$105.59	\$107.12	\$107.18
	all grades, dressed weight, \$/cwt	\$171.52	\$175.34	\$169.59
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$234.35	\$239.87	\$212.03
	Choice-Select Spread, \$/cwt	\$22.50	\$25.25	\$8.79
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$144.14	--	\$150.50
	Nebraska 7-market, \$/cwt	\$151.22	\$153.38	\$157.01
	Oklahoma 8-market, \$/cwt	\$140.67	\$140.51	\$151.88
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$150.00	--	\$162.50
	Nebraska 7-market, \$/cwt	\$165.29	\$164.01	\$182.46
	Oklahoma 8-market, \$/cwt	\$149.47	\$151.47	\$161.82
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.70	\$3.64	\$3.18
	DDGS, Nebraska, \$/ton	\$131.50	\$128.00	\$139.00