

## In The Cattle Markets

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### Cull Cow and Beef Prices Bounce Higher

Cull cow and bull prices moved a little higher to end the year on a positive note. After hitting \$100 per cwt in early August, 90 percent lean cutter grade cows declined through most of the Fall getting to \$78 per cwt in early December. Those grade cows closed out the year \$85.86 per cwt. Other grades, including premium white, breaker, and boner grades also increased to end the year at their highest levels in more than a month.

The cow-beef cutout finished the year at \$202 per cwt, a slight uptick from the prior week. It looks like the cutout will begin 2024 at almost \$10 per cwt ahead of January 2023, where it began last year at \$194 per cwt.

The overall decline in fed cattle prices certainly impacted cull cow prices. But, cull prices normally decline in the Fall as large numbers of cull cattle are sent to market. Weekly beef cow slaughter hit its high for the year, 83,200 head, in mid-November. When combined with reduced dairy culling, weekly total cow slaughter this Fall did not reach a new high for the year. The largest weekly total cow slaughter was 148,800 head back in mid-January. The combination of 2023 beef cow slaughter declining 11 percent from 2022 and dairy cow slaughter increasing 1.3 percent led to a total decline of 5.7 percent in 2023. We should expect a year-over-year decline in cow slaughter again in 2024.

### *What to Watch*

Weekly cow slaughter can be very large early in the year so, a relative increase in culling in January and February should not be a surprise. More cattle on feed than a year ago and recent record high fed cattle weights should mitigate beef production declines even though smaller overall beef supplies will remain. The winter storm on its way for the next 1-2 weeks should impact production and consumer beef purchases adding a little volatility. Overall, the normal seasonal increase in cull cow prices should be in play this year at even higher price levels than last year.

### **The Markets**

The Choice beef cutout took a sharp tumble last week to \$275.90 per cwt by Thursday before ending the week at \$277.16. That was its lowest value since February 2023. It's not unusual for the cutout to decline early in the year before building value going into Spring. The Choice-Select spread was \$17.63 on Friday for a sharp departure from the historically high spread of around \$30 per cwt. Cattle prices, from calves to fed cattle, generally began the new year on a higher note.

<i>Data Source: USDA-AMS Market News</i>		<b>Week of 1/5/24</b>	<b>Week of 12/29/23</b>	<b>Week of 1/6/23</b>
<b>5-Area Fed Steer</b>	all grades, live weight, \$/cwt	\$174.01	\$172.24	\$157.74
	all grades, dressed weight, \$/cwt	\$274.78	\$272.87	\$252.05
<b>Boxed Beef</b>	Choice Price, 600-900 lb., \$/cwt	\$278.86	\$291.44	\$283.62
	Choice-Select Spread, \$/cwt	\$19.84	\$31.18	\$26.79
<b>700-800 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$243.96	--	\$184.12
	Nebraska 7-market, \$/cwt	\$244.31	--	\$189.11
	Oklahoma 8-market, \$/cwt	--	--	\$183.42
<b>500-600 lb. Feeder Steer</b>	Montana 3-market, \$/cwt	\$296.60	--	\$217.33
	Nebraska 7-market, \$/cwt	\$307.31	--	\$220.01
	Oklahoma 8-market, \$/cwt	--	--	\$216.72
<b>Feed Grains</b>	Corn, Omaha, NE, \$/bu (Thursday)	\$4.70	\$4.83	\$7.02
	DDGS, Nebraska, \$/ton	\$223.83	--	\$291.40