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Cull Cows & Beef Production

According to the USDA July Livestock Slaughter report, cattle slaughter totaled 2.4 million head in June. This is a 12% decrease year-over-year and a 7% decrease since last month. Total cattle slaughter for the first 6 months of 2024 is 4% below the total for the first 6 months of 2023. Beef cow slaughter for the first half of the year is 15% lower than 2023 and has declined by almost 20% since January. As a result of a decrease in cow slaughter due to limited cattle supplies, beef production is consequently expected to decrease in 2024 and by even more in 2025. However, forecasts for beef production in 2024 have increased by 555 million pounds since January due to an increase in number of days on feed and carcass weights of fed cattle. The forecast for 2024 is now 26.655 billion pounds, a 1% decline from 2023.

The somewhat steady rate of steer and heifer slaughter combined with longer days on feed and heavier carcass weights are offsetting the decreased cow slaughter and "softening" the beef production decline in 2024. Total steer and heifer slaughter for the first half of 2024 are both roughly 1% lower compared to 2023. The number of cattle on feed for over 120 days is 10% higher than 2023 and 5% higher than the 5-year average (2018-2022). Dressed carcass weights for steers in June averaged 915 pounds with heifer carcass weights averaging 834 pounds. During the first half of the year, dressed weights for steer and heifer carcasses averaged 919 pounds and 842 pounds, more than 2-2.5% higher than 2023.

Trimmings from fed cattle carcasses are referred to as 50s and are combined with lean trimmings from non-fed cattle (cull cows and bulls) referred to as 90s, essentially creating '80/20' ground beef. The steady decline of cow slaughter and lean cattle trimmings from non-fed cattle (90s) combined with heavier carcasses from fed cattle (50s) causes disruptions in the ground beef market as the ratio of 90s and 50s becomes imbalanced. As a result, wholesale prices for lean beef trimmings are rising to record levels due to the steady demand of ground beef products. Wholesale prices for 90s are currently $375.20/cwt. This is a 47% increase since January and a 27% increase year-over-year. The average retail value of all fresh beef products is currently $7.99 per pound.

The demand for lean beef trimmings has been driving up prices for cull cattle nationwide. Prices for 85-90% lean boner cows reached an average national price of $129.11/cwt as of June 2024, a 90% increase from the 2018-2022 national average. With expansion bound to start at some point in time, cull cow slaughter will inevitably decline even more as producers reduce culling rates, continuing to affect the supply of lean beef trimmings and cull cow prices.

The Markets

		Week of 8/2/24	Week of 7/26/24	Week of 8/4/23
5-Area Fed Steer	all grades, live weight, $/cwt	$194.45	$195.21	$186.70
	all grades, dressed weight, $/cwt	$309.60	$311.34	$295.14
Boxed Beef	Choice Value, 600-900 lb., $/cwt	$314.12	$313.11	$302.97
	Choice-Select Spread, $/cwt	$14.59	$16.81	$25.05
700-800 lb. Feeder Steer	Montana 3-market, $/cwt	$272.76	--	--
	Nebraska 7-market, $/cwt	$280.51	$295.13	$262.94
	Oklahoma 8-market, $/cwt	$266.46	$264.10	$247.22
500-600 lb. Feeder Steer	Montana 3-market, $/cwt	--	--	--
	Nebraska 7-market, $/cwt	$325.80	$339.20	$310.40
	Oklahoma 8-market, $/cwt	$310.04	$312.05	$280.07
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$4.02	$4.31	$5.41
	DDGS, Nebraska, $/ton	$150.00	$148.33	$201.50

Data Source: USDA-AMS Market News as compiled by LMIC

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