



IN THE CATTLE MARKETS



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TEXAS A&M AGRI LIFE EXTENSION

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Low Dairy Cow Culling Boosts Cow Market

Even though dairy cow slaughter popped higher during the last two weeks of data following the short fourth of July week, dairy cow culling continues well below last year. Reduced dairy cow culling is likely to continue the rest of the year, even though culling may increase seasonally. It's normal for dairy cow slaughter to climb seasonally after early July. Overall, reduced dairy cow culling is coinciding with low beef culling and is further boosting prices.

Over the last 8 weeks dairy cow culling is 18 percent smaller compared to the same period last year. Dairy cow slaughter is reported by region and major dairy states are

included in each region. Regions 9 and 10 include California, Arizona, Idaho, and Washington. Region 2 includes New York and region 5 includes Minnesota and Wisconsin. Regions 4 (Southeastern states), 6 (Texas, Arkansas, and Louisiana), and 3 (Virginia and Pennsylvania) include Southern states.

Over the last 8 weeks, the Midwest (5) and New York (2) regions report slaughter that is 15 and 16 percent below the same period last year. Dairy cow slaughter in regions 3 and 4 are down 10 percent and 8 percent, respectively. Culling in the Western regions (9 and 10) indicates slightly slower slaughter than the national rate. Slaughter in Region 6 is down 32 percent. Regional differences in slaughter rates continue to indicate shifts in regional milk production with faster than average culling rates in the South, Northern Plains, and Midwest but, slower culling in the Southern Plains. On an interesting note, region 8, which includes Colorado and the Dakotas, has reported larger dairy cow slaughter this year than last year and is the only region to do so. Dairy cow culling is likely to remain relatively low in coming months due to fewer dairy cows in total, relatively few replacement heifers, and rising milk prices.

Reduced dairy cow culling coinciding with reduced beef cow slaughter is further cutting supplies of lean beef. Wholesale boneless 90 percent lean beef hit a new high of \$3.76 per pound last week. The cow-beef cutout is in record territory at over \$290 per cwt. Lean slaughter cows at auction continue to hover around \$125 per cwt. The lack of dairy replacements and the need for replacements by some have bred dairy cow and heifer prices up from \$300 to \$600 per head in dairy auctions around the country.

While reduced dairy cow culling is working with beef cow culling to boost cow and beef prices, the lack of culling is putting additional strain on cow packing plants. This strain is likely to worsen in the coming months even if culling increases seasonally later in the year.

The Markets

Large amounts of rain in parts of Texas have contributed to a lot of grass growth and is boosting hay supplies. Reports indicate rapid declines in local hay prices compared to last year. While 90 percent lean beef prices are in record territory, until recent weeks 50 percent lean beef prices coming from fed cattle were below the 5-year average. Over the last two months, the 50 percent lean beef price has jumped from a low of about \$0.70 per pound to \$1.59 last week. In recent weeks, declining fed cattle dressed weights have likely contributed to this increase.

		Week of 8/9/24	Week of 8/2/24	Week of 8/11/23
5-Area Fed Steer	all grades, live weight, \$/cwt	\$191.34	\$194.45	\$185.88
	all grades, dressed weight, \$/cwt	\$304.01	\$309.60	\$295.60
Boxed Beef	Choice Value, 600-900 lb., \$/cwt	\$314.49	\$314.12	\$302.41
	Choice-Select Spread, \$/cwt	\$15.46	\$14.59	\$25.54
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	--	\$272.76	\$260.42
	Nebraska 7-market, \$/cwt	\$268.54	\$280.51	\$268.89
	Oklahoma 8-market, \$/cwt	\$251.77	\$266.46	\$253.19
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	--	--	--
	Nebraska 7-market, \$/cwt	\$305.25	\$325.80	\$304.29
	Oklahoma 8-market, \$/cwt	\$296.55	\$310.04	\$285.02
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.98	\$4.02	\$5.43
	DDGS, Nebraska, \$/ton	\$147.00	\$150.00	\$196.13

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

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