



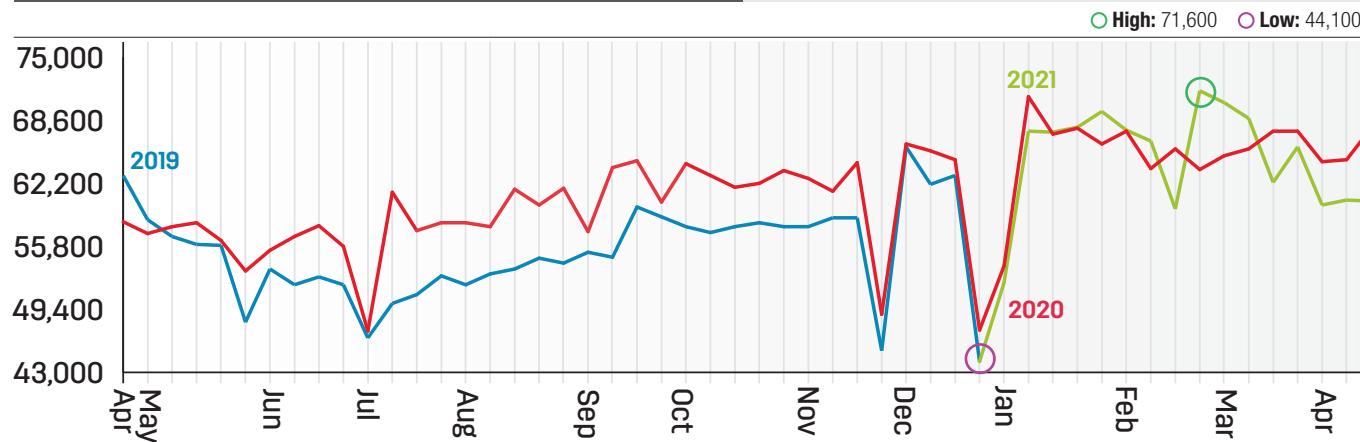
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Drought pushes more beef cows to market

Drought is again part of the cull cow market, as it is bad and getting worse across much of the western half of the U.S. and even dry conditions across the Corn Belt and Lake States. While beef cow slaughter is up, dairy cow slaughter has been below a year ago over the last six weeks at the time of this writing.

Beef cow slaughter is 17.3% higher than last year, year-to-date. That includes the impact of Winter Storm Uri that cut beef cow slaughter by almost 25% for one week. Year-to-year comparisons will

DAIRY COW SLAUGHTER - 2 years



be difficult for a while due to onset of the pandemic a year ago, which sharply cut into beef cow culling. Even compared to 2019, beef cow slaughter is up 9.7%.

Since the first of the year, dairy cow slaughter is up 2.5% over last year but is 3.4% smaller than the same period in 2019. But over the last six weeks, it is 4.9% below last year. Dairy cow slaughter normally declines seasonally until mid-summer, and this decline would be consistent with seasonal patterns. Total cow slaughter is up 9.3% over last year and 2.7% above 2019.

More cow culling has likely taken some toll on cull cow prices. For example, 85 percent to 90 percent lean slaughter cow prices in the Southern Plains are slightly below last year, at \$54.99 versus \$56.15 per hundredweight (cwt). Cutter cow values have shown more strength, up \$13 per cwt (\$60.33 per cwt) over last year. Ninety percent lean boneless beef prices have been increasing, as well. Of course, they are nowhere near the pandemic-induced heights of last year.

Clearly cull cow prices are

benefiting from an opening economy and economic growth. U.S. imports are well below a year ago due to a weaker dollar, herd rebuilding in Australia and China taking an increasing share of beef supplies. One outcome of the 2011-12 drought is reduced cull cow packing capacity. Ramped-up beef cow culling if the drought intensifies would force cull prices much lower due to regional capacity constraints. ↪

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