

MARKET WATCH

CULLING

U.S. HERD UP 74,000 HEAD YEAR-TO-DATE



Dairy slaughter for the week ending Sept. 13 was 55,000 head, up 3,700 head from the prior week and down 10,900 head from the same week last year. Through 37 weeks of 2014, 234,400 fewer head have been slaughtered than through the first 37 weeks of 2013. In the Sept. 19 milk production report, the USDA put the U.S. dairy herd for August at 9.276 million head, down 1,000 head from a revised July number. (July's head count was revised 5,000 higher.) Year-to-date, the U.S. herd has grown 74,000 head.

The U.S. average price for dairy

cows in August was a record \$121 per hundredweight (cwt), up \$6 per cwt from a revised July price of \$115 per cwt. Every month this year has been a new record, and for the year, the cull price is up \$37.60 per cwt since December 2013. The cull price continues to get support from high cash beef and futures prices that remain elevated due to tight supplies.

On Sept. 22, the USDA cold storage report showed August total beef stocks down 6.2 percent from July and down 20.1 percent from the year prior. On Sept. 19, the USDA cattle on feed report put Sept. 1

inventory down 0.8 percent from Sept. 1, 2013, and had August feedlot placements down 2.9 percent from August 2013. Cattle marketed in August totaled 1.692 million head, down 9.6 percent from August 2013 and the lowest total for the month since tracking began in 1996.

Placements have been lower year-over-year for the past six months. Year-to-date, placements are 203,000 head fewer than through August of 2013. This indicates tight supplies will continue into 2015 and is reflected in the futures market. After sliding below \$150 per cwt in mid-August,

Warren Wagner
Dairy Adviser
Stewart-Peterson Inc.
wwagner@stewart-peterson.com



December-through-April live cattle futures have rallied back to \$160 per cwt, and feeder cattle futures are trading at all-time highs. Current cash beef prices, however, are at the lowest levels since mid-June. On Sept. 25, choice box beef cutout values closed at \$239, down approximately \$18 since late July. **PD**