

MARKET WATCH

CULLING

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Dairy slaughter for the week ending June 13 was 49,000 head, down 4,200 head from the prior week and up 500 head from the same week last year. Year-to-date, dairy slaughter is 1.322 million head, 58,600 head greater than through the same time period last year. In the June 18 Milk Production report, the USDA put the U.S. dairy herd for May at 9.31 million head, up 3,000 head from April and up 11,000 head year-to-date.

The U.S. average price for dairy cows in April was \$113 per hundredweight (cwt), down \$1 per cwt from March and up \$10 per cwt from April 2014. Year-to-date prices have been relatively stable but could be in for a downturn after May's number is reported due to seasonal tendencies and recent weakness in the live cattle market.

On June 22, the USDA Cold Storage report showed May total beef stocks down 3.2 percent from April but up 24.1 percent from the year prior. On June 19, the USDA Cattle on Feed report put June 1 inventory at 10.561 million head. This is down 0.7 percent from May 1, 2015, and up 0.6 percent from June 1, 2014. May feedlot placements totaled 1.714 million head. This is up 10.7 percent from April and down 10.2 percent from May 2014. Cattle marketed in May totaled 1.711 million head, up 4.4 percent from April and down 8.3 from May 2014. This is also the lowest total for the month of May since tracking began in 1996.

After a brief pop in the market in early June (July 4 demand), live cattle futures have been trending lower for the past 12 trading sessions, with the June contract losing more than \$7 per cwt. While pressure from growing pork and poultry production has been present for some time, livestock futures are also facing a rotation to grain and oilseed futures. The Midwest rains that were recently viewed as a plus for crop production are now viewed as detrimental, resulting in renewed interest in corn, wheat and soybeans.

By comparing charts, it's easy to see that cull prices follow the long-term moves of live cattle futures. So if the above-mentioned market factors are with us for a while, producers should consider protecting their cull prices now. **PD**

