

MARKET WATCH

CULLING

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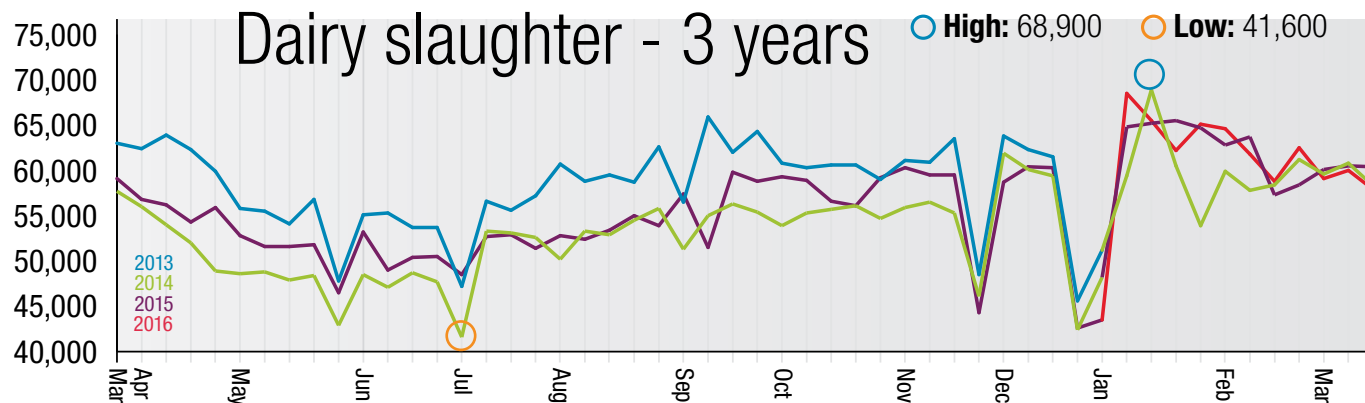
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Dairy slaughter for the week ending March 12 was 60,000 head. This is a 900-head increase from the previous week's total and a 500-head decrease from the same week last year. Year-to-date dairy slaughter is 628,100 head, compared to 623,000 head slaughtered this same time last year.

The U.S. average price for dairy cows in January was \$74.20 per hundredweight, down \$0.60 per hundredweight from December and down \$37.80 per hundredweight from January 2015. The seasonal pattern calls for prices to gradually rise throughout the first few months of 2016.

In the March 22 USDA cold storage report, February total beef stocks decreased 5 percent from January and were unchanged from the year prior. On March 18, the USDA cattle on feed report put March



1 inventory at 10.77 million head. This is a 0.5 percent increase from February and a 1 percent increase from March 2015. The report also put February feedlot placements at 1.71 million head. This is down 4 percent from January but up 10 percent from February 2015. Finally, cattle marketed in February totaled 1.591 million head, which is a 5 percent increase from February 2015.

Choppy, sideways trade continues for live cattle futures. The market appears to have put in a long-term bottom back in mid-December, and

that bottom has held up to this point. The same can be said for feeder cattle futures, which are trading in a similar fashion.

The cattle markets got a bit of supportive news on March 22 in the monthly cold storage report. The USDA put total supplies of beef, pork, chicken and turkey in cold storage at the end of February at 2.268 billion pounds, 1.6 percent higher than last year. Inventories increased just 0.5 percent in February, when the average monthly increase for February is 3 percent. Meat production continues to

increase, so the fact that inventories have not increased significantly could mean that product is moving and demand is strong.

Even though the March 22 cold storage report was supportive to cattle prices, there is no guarantee the market will turn higher. Both feeder cattle and live cattle futures could continue to trade sideways until the fundamental picture gets either stronger or weaker. Producers should have a plan in place to take advantage of the market highs and to protect against the market lows if this sideways pattern continues. **PD**