

Evan Disher

Dairy Adviser

Stewart-Peterson Inc.

edisher@stewart-peterson.com



Dairy slaughter for the week ending Dec. 10 was 60,400 head, which is a 400-head increase from the previous week's total and is unchanged from the same week the previous year. Year-to-date, dairy slaughter is 2.718 million head compared to 2.756 million head slaughtered the same week the previous year. In the Dec. 20 Milk Production report, the USDA reported U.S. dairy herd size for November 2016 at 9.339 million head, which is 4,000 head more than October. Year-to-date, the U.S. herd size has increased by 19,000 head.

The U.S. average price for dairy cull cows in October was \$65.40 per hundredweight, down \$9.10 from September and down \$24.10 from October 2015. The seasonal pattern calls for prices to continue drifting lower into the end of the year.

In the Dec. 23 USDA Cold Storage report, November total beef stocks were unchanged from October but increased 4 percent from the previous year. On Dec. 23, the USDA Cattle on Feed report put Dec. 1 inventory at 10.652 million head. This is a 1 percent decrease from the same month the previous year. The report also put November feedlot placements at 1.843 million head, which is 15 percent higher than November 2015. Finally, cattle marketed in November totaled 1.787 million head, which is a 17 percent increase from the previous year.

Both live cattle and feeder cattle futures are in recovery mode and have been working their way higher ever since the market bottomed in October. The most recent Cattle on Feed report gave the market some bullish news, which is helping to push prices upward. The report showed inventory, as of Dec. 1, is the lowest on record for the month since 1996. This should provide continued support to the market in the short term. Additionally, levels of beef in cold storage were down month-to-month as of Nov. 30. Add to the mix the fact that grocery store beef prices declined 10 cents a pound at retail from October, and one can see why the market is moving higher. Demand should pick up from a retail standpoint moving forward.

Should bullish sentiment and price recovery continue for cattle prices to start the new year, the market will present opportunities at better prices. Producers should have a plan in place to take advantage of these opportunities should they present themselves. ↗

DAIRY SLAUGHTER - 2 years

