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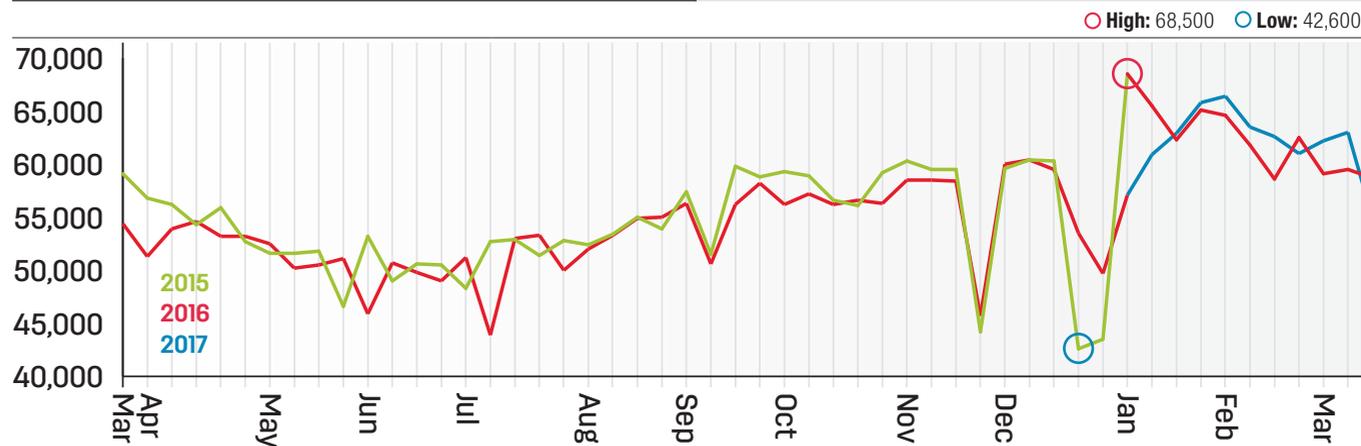
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Dairy slaughter for the week ending March 11 was 63,000 head, which is an 800-head increase from the previous week's total and 3,000 head more than the same week last year. Year-to-date, dairy slaughter is 625,400 head compared to 628,100 head slaughtered last year at the time of this writing. In the March 20 Milk Production report, the USDA reported U.S. dairy herd size for February 2017 at 9.367 million head, which is 4,000 head more than January. Year-to-date at the time of this writing, the U.S. herd size in 2017 has increased by 13,000 head.

The U.S. average price for dairy cows in January was \$64 per hundredweight, up \$2.90 from December and down \$10.20 from January 2016. The seasonal pattern calls for prices to continue drifting

DAIRY SLAUGHTER - 2 years



higher through spring.

In the March 22 USDA Cold Storage report, February total beef stocks were down 7 percent from January and decreased 1 percent from last year. On March 24, the USDA Cattle on Feed report put March 1 inventory at 10.772 million head. This was unchanged from the same month last year. The report also put February feedlot placements at 1.694 million head, which is 1 percent lower than February 2016. Finally, cattle marketed in January totaled 1.751

million head, which is a 4 percent increase from last year.

The late 2016 recovery in both the live cattle and feeder cattle futures markets turned into a strong bull trend at the beginning of 2017. The market is now putting in higher highs and higher lows on a weekly basis. Currently, the June 2017 live cattle futures contract is at its highest level since March 2016. The cattle markets are getting an influx of buyers for several reasons. First, beef production this quarter is

expected to be up 4 to 5 percent from the first quarter of 2016. Second, an increase in beef exports alongside a decrease in imported beef are keeping beef availability in the U.S. down from a year ago. Finally, beef consumption in the U.S. remains strong.

The strong rise in cattle prices has created an opportunity to protect higher beef prices not seen for almost a year. Producers should have a plan in place to protect these prices should market sentiment take a turn. ↘