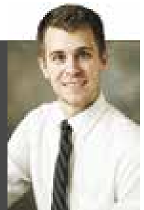
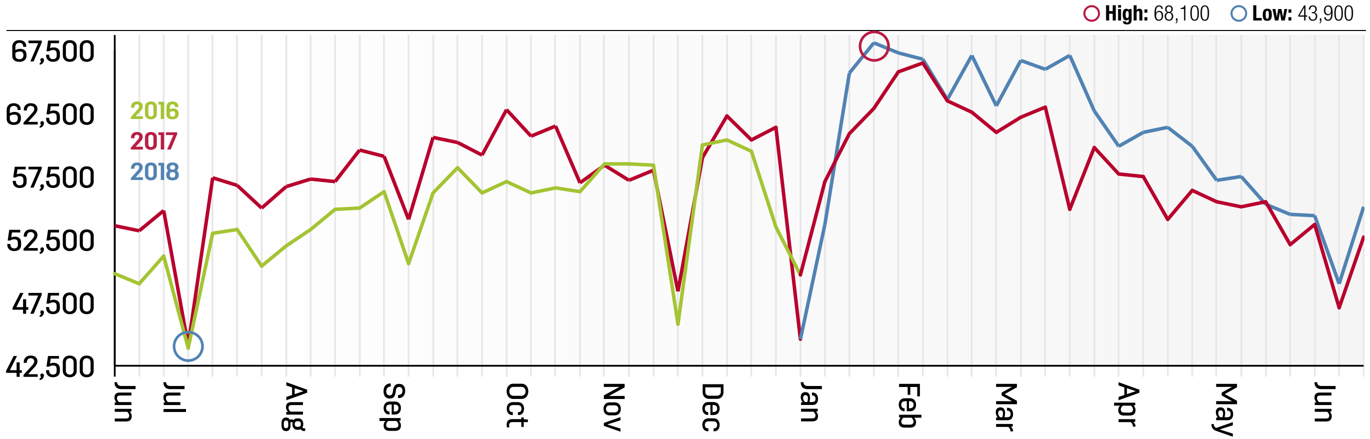
MARKET WATCH CULLING

Evan Disher
Dairy Adviser
Stewart-Peterson Inc.
edisher@stewart-peterson.com



DAIRY COW SLAUGHTER - 2 years



Dairy slaughter for the week ending June 9 was 55,100 head, which is a 6,100-head increase from the previous week's total. It is 2,400 head more than the same week last year. Year-to-date, dairy cow slaughter totals 1.403 million head compared to 1.337 million head slaughtered through the same week last year. In the June 19 Milk Production report, the USDA reported U.S. dairy herd size for May 2018 at 9.404 million head, which is 2,000 head more than April. Year-to-date, the U.S. herd size in 2018 has increased by 4,000 head.

The U.S. average price for dairy cows in April was $67.50 per hundredweight, down $1.40 from March and down $4.70 from April 2017. The seasonal pattern calls for prices to move higher toward the seasonal peak in August.

In the June 22 USDA Cold Storage report, May total beef stocks were down 1 percent from April and were 13 percent higher than last year. On June 23, the USDA Cattle on Feed report put June 1 inventory at 11.553 million head. This was 4 percent higher than the same month last year. The report also put May feedlot placements at 2.124 million head, which is unchanged from the same month last year. Finally, cattle marketed in May totaled 2.056 million head, which is a 5 percent increase from last year.

Both live cattle and feeder cattle futures have worked their way off of this year's lows over the past few weeks. Individual contracts have double-bottomed and are now consolidating just above those lows. The cattle market is having a hard time breaking resistance and working to the topside, however. There are a number of factors pressuring prices at the moment. To start, the escalating trade wars with China and NAFTA countries are keeping uncertainty in the market. Additionally, U.S. corn and soybean crops are off to a strong start, and the large carryover stocks from 2017 and 2018 are providing resistance.

With cattle futures coming off of contract lows and trade war uncertainty high, producers should have a plan in place to protect prices from further declines.