



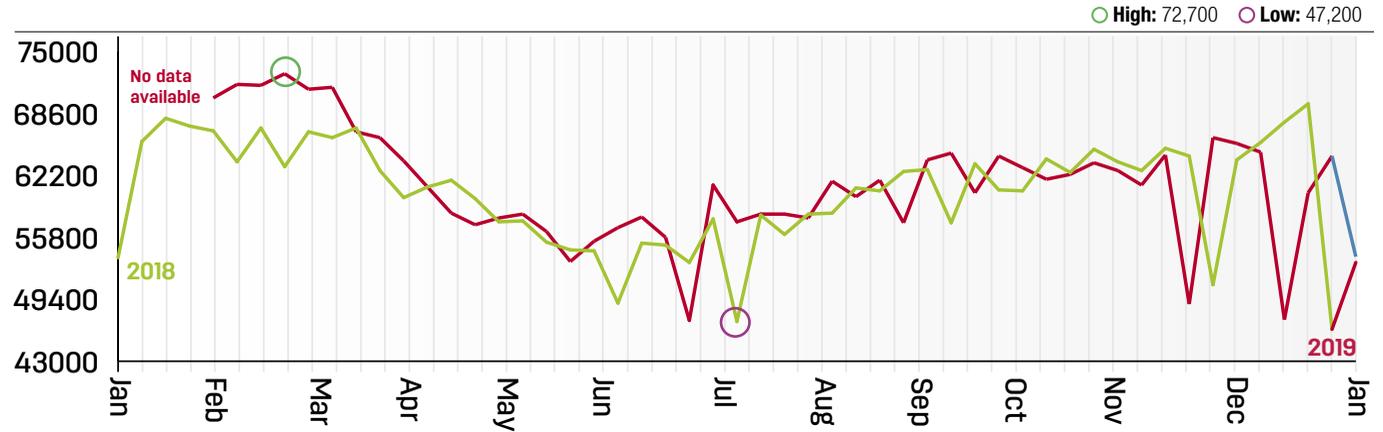
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Cull cow slaughter peaked at over 136,000 head per week late in 2019. That was the largest weekly cow slaughter since January 2013. The surge in cow culling came from the beef side of the ledger, rather than the dairy side, late in the year. Weekly beef cow slaughter peaked at almost 73,000 head in November. That was the largest beef cow culling since drought-forced sales during the fall of 2012.

Cull cow prices collapsed late in the year with rising slaughter. Average slaughter cow prices in the Southern Plains hit a low of \$32 per cwt as slaughter peaked. Yet by early January, average cull cow prices were only slightly better at \$33.50 per cwt and well below January 2019 of about \$40. While large slaughter levels are

DAIRY COW SLAUGHTER - 2 years



one culprit for lower prices, a likely other major culprit is lack of packing capacity in the South and Southwest. Several packers closed in the aftermath of the drought, and their absence is being felt now as cow numbers peak. Wide price ranges have been reported across the country, from \$8 to \$60 per cwt over the last few weeks at the time of this writing. Cows in better condition, or qualifying as premium whites, are commanding much higher-than-average prices in local markets.

While cull prices are depressed, cow beef prices are moving the other way. The cow-beef cutout hit \$185 per cwt in early January, compared to \$158 a year ago and a five-year average of \$180. Wholesale 90 percent lean beef was at \$241 per cwt compared to \$200 last year and a \$226 five-year average.

Rising cow beef prices give some hope for seasonal cow price recovery in coming weeks. But higher beef prices will encourage more imports as

high U.S. prices make us an attractive destination. The Australian fires may result in more cows going to slaughter and more beef coming here, at least temporarily. Dairy cow slaughter will likely hit seasonal highs in coming weeks while beef cow slaughter should remain seasonally high due to the cycle peak. 🐄

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