



**David Anderson**

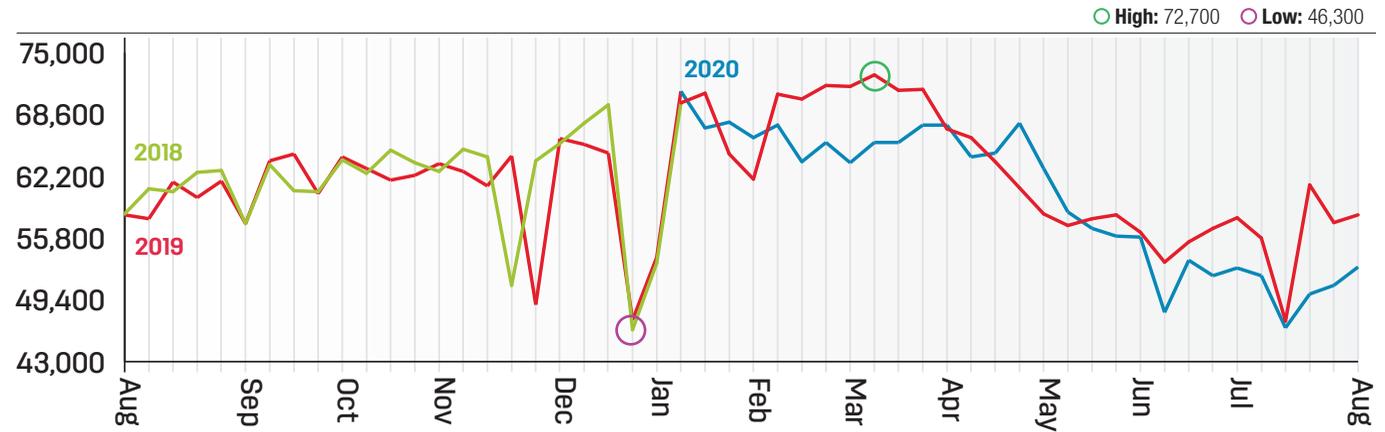
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It appears that slaughter is largely back to normal capacity. But what producers are offering for sale is different and is reflecting changing conditions in dairy and beef markets.

Total cow slaughter is down 6.7% over the last six weeks compared to last year. All of the decline in cow slaughter is coming from the dairy side, as fewer dairy cows are culled. Higher milk prices after earlier heavier culling and restraining production per day has reduced total milk production. Dairy cow culling normally declines in mid-summer, seasonally, before building in the fall.

Lower dairy cow slaughter has been partially offset by higher beef

## DAIRY COW SLAUGHTER - 2 years



cow slaughter. June beef cow runs of 68,000 to 69,000 head per week were the largest weekly slaughter for June since drought-forced culling in 2011. Beef cow culling largely represents some catching up from earlier coronavirus-related slaughter reductions. Beef cow culling should pick up later in the year, as it normally does seasonally. It does not appear that significant cow culling has happened yet due to developing drought conditions. Further deterioration in range and pasture conditions may provide a boost in coming weeks.

Cow prices have continued to be above a year ago for most of the last few months. The boxed cow-beef cutout has declined sharply from the highs this year in the midst of coronavirus-forced reduced slaughter. The cutout averaged \$1.83 per pound in mid-August, down from \$2.41 at its peak. The cutout was \$1.75 in mid-August 2019. Ninety percent lean boneless beef has declined, much like the cutout.

Ground beef prices are likely to be buoyed by consumers continuing to purchase more of their total

meat purchases at grocery stores; relative success of hamburger-based restaurants compared to fine dining, sit-down restaurants during the pandemic; and recessionary consumer purchases. But seasonally rising slaughter rates heading into fall should boost supplies, pressuring live prices. Further drought development may force some earlier culling and lower cow prices regionally. 🐄

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