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While the calendar flipped a page, some things may not change so fast. In cull cow markets, dairy cow slaughter declined sharply in 2020 due to a recovery in milk prices. Beef cow slaughter remained higher than in the year before due to cyclical reductions in the cow herd and drought conditions through much of the West and Texas. Overall, cow culling lagged behind 2019's pace through the second half of 2020, supporting prices above those of the year before.

Several important factors will dictate the amount of culling and cull cow prices this year. Beef imports surged mid-2020 due to short beef supplies and high beef prices. As production returned, beef imports declined to finish the year below the

DAIRY COW SLAUGHTER - 2 years



year before. Imports are expected to be smaller in 2021 than in 2020.

Most of the western half of the U.S. is in some measure of drought. If this continues and becomes worse, increased beef cow culling will pressure cull cow prices. Surging feed costs are cutting into prices and margins. While that should induce more corn and soybean planted acres this spring, high prices may induce more culling. Normally, cow slaughter is quite large early in the year, driven by seasonally higher dairy cow slaughter.

Milk, cattle and calf prices will factor in culling rates this year. Large milk production will make it difficult to hold milk prices at profitable levels, especially with higher feed costs. Calf prices pressured by feed costs will reduce profits on the beef cattle side, keeping culling up. The combination of beef and dairy culling should keep total culling at least as large as in 2020.

Beef production in 2021 is expected to decline more than 1% from 2020. Declining beef production combined with increasing

exports means reduced total beef supplies and, generally, higher cattle prices, especially later in the year. That should extend to higher cow prices, as well. While wholesale boneless 90% lean beef and the cow-beef cutout have begun the year below last year, slaughter cow prices have been about \$10 per hundredweight (cwt) better than January 2020. ↗

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