

April 1, 2019

In The Cattle Markets

David P. Anderson, Professor and Extension Economist
Texas A&M AgriLife Extension Service

No April Fools Here – Cull Cow Prices are Up

Cull cow prices are sharing in the Spring cattle price rally. Normally, cull cow prices increase from the Fall into late Spring, and that increase is well underway. Cow prices are climbing along with fed cattle prices.

Cow prices in the Southern Plains have increased about \$13 per cwt, or 32 percent, from about \$40 per cwt in January to \$53 at the end of March. The meat market indicates higher values for the meat from cull cows. Ninety percent lean beef prices have climbed 10 percent to \$218 per cwt since January. Over the same period the cow-beef cutout value is up 7.7 percent.

Cow Slaughter Historically Large

The rally in cow prices has come in the face of historically large slaughter. Dairy cow slaughter has exceeded 70,000 per week for that last 5 weeks. The 72,700 head sent to market the first week of March was the largest weekly dairy cow slaughter since 1986. Some readers might remember the Dairy Herd Buyout program that contributed to large dairy cow slaughter in 1986. Beef cow slaughter dropped below last year's levels by mid-March, 53,000 head compared to 56,000 head this time last year. Total beef and dairy cow slaughter is the most since drought forced movement in 2012-2013.

Some significantly higher cow prices than those in the Southern Plains have been reported in Northern markets. One of the results of the 2010-2012 Southern Plains drought has been a loss in regional cow packing capacity. New capacity in the Northwest has added value to cull cows further North.

Presumably, dairy cow marketings will decline later in the year as increased culling has an effect on milk production and prices. Some milk market recovery should lead to higher milk prices and slower culling rates. The slowing rate of growth of the beef cow herd should slow beef cow marketings. The combination of slowing culling, limiting the growth in supplies, should provide some price support.

The Markets

Sunshine and warmer weather in Texas has boosted local calf market prices over the last couple weeks. The Choice beef cutout declined a little late in the week, but largely continued the higher trend of the last 6 weeks. The Choice-Select spread ended the week at \$7.15 per cwt, a little lower than the week before. The spread typically increases into June.

<i>Data Source: USDA-AMS Market News</i>		Week of 3/29/19	Week of 3/22/19	Week of 3/30/18
5-Area Fed Steer	all grades, live weight, \$/cwt	\$126.34	\$128.96	\$120.96
	all grades, dressed weight, \$/cwt	\$205.60	\$207.64	\$192.32
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$228.20	\$228.95	\$221.72
	Choice-Select Spread, \$/cwt	\$8.86	\$10.28	\$9.78
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$148.67	\$146.48	\$146.78
	Nebraska 7-market, \$/cwt	\$153.57	\$154.99	\$145.21
	Oklahoma 8-market, \$/cwt	\$144.72	\$144.34	\$140.68
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$181.89	\$183.12	\$183.31
	Nebraska 7-market, \$/cwt	\$191.58	\$190.72	\$183.38
	Oklahoma 8-market, \$/cwt	\$177.05	\$175.46	\$170.74
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.64	\$3.70	\$3.66
	DDGS, Nebraska, \$/ton	\$161.50	\$154.30	\$151.00