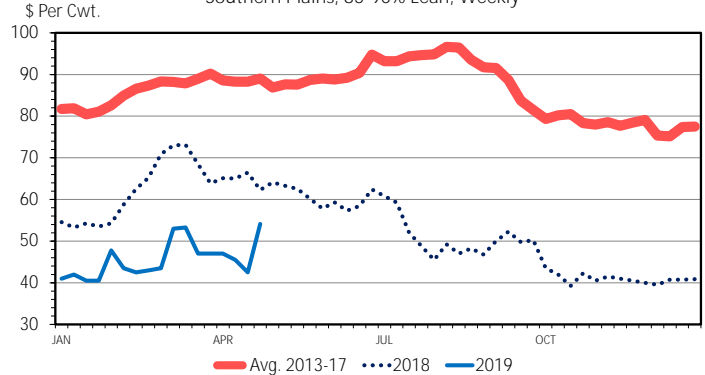


Slaughter (cull) cow prices jumped sharply in late April, which was surprising relative to normal season price trends for cows at this time of year. Cow prices had a one week price rally in early March that was not sustained in following weeks, but that price increase was consistent with normal price trends for that time of year. Cow prices have been under pressure since last July and at unusually depressed values since last October. Last week's average slaughter cow price in the Southern Plains, as reported by USDA-Agriculture Marketing Service (AMS) was the highest since last July. The contra-seasonal jump in price suggests that this rally could continue for several weeks.

The value of dressed cow beef carcasses started out 2019 depressed, similar to cow prices, but has steadily gained momentum as the year has progressed. The cow beef carcass cutout in the latest week was just a couple cents per pound below a year earlier. At the start of the year, the comparison to a year earlier was a 12 cent discount. Slaughter cow prices at the start of the year were 14 cents per pound lower than at the start of 2018 and in the latest week were 8 cents lower, so these prices are still low relative to the appreciation in the cow beef cutout so far this year.

SLAUGHTER COW PRICES

Southern Plains, 85-90% Lean, Weekly

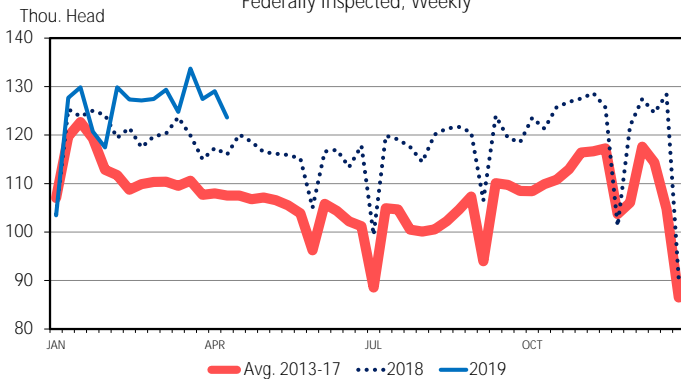


Data Source: USDA-AMS
Livestock Marketing Information Center

C-P-35
04/29/19

TOTAL COW SLAUGHTER

Federally Inspected, Weekly

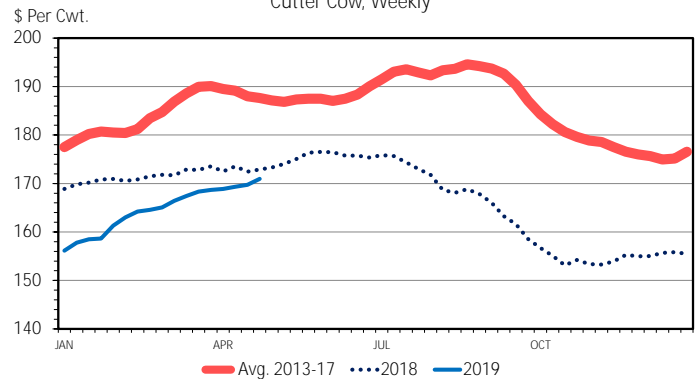


Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

C-S-14
04/26/19

BOXED COW-BEEF CUTOUT VALUE

Cutter Cow, Weekly

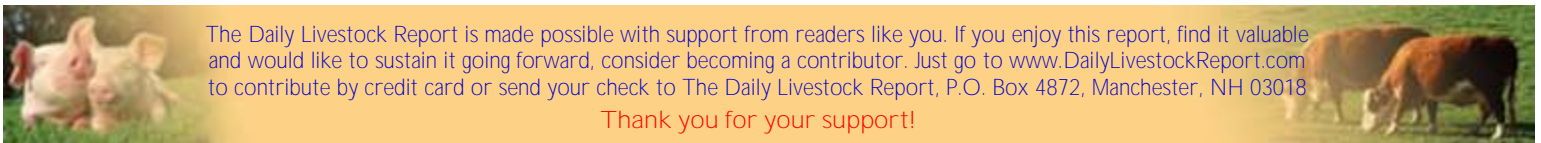


Data Source: USDA-AMS
Livestock Marketing Information Center

04/29/19

The quickly aborted price rally for cows in early March was probably due to a surge in cow slaughter; first, dairy cow slaughter that held up at the highest levels in three decades (70,000+ head per week for seven weeks) beginning in February, and then beef cow slaughter that posted increases of close to 10% from a year earlier in late March and April. The peak in cow slaughter may have occurred for the next few months in late March with the confluence of large dairy and beef cow harvests.

A normal seasonal ebbing in cow slaughter from now through the late summer provides the framework for a tighter balance between cow beef supplies and consumer demand, thereby supporting stable prices at higher values. A 1% decline in milk cows in the dairy herd and milk prices that are at the highest values since 2017 should lead to declining dairy cow slaughter. Favorable pasture and range conditions and stable calf prices should moderate the inclination to increase the culling of the beef cow herd until the second half of the year.



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