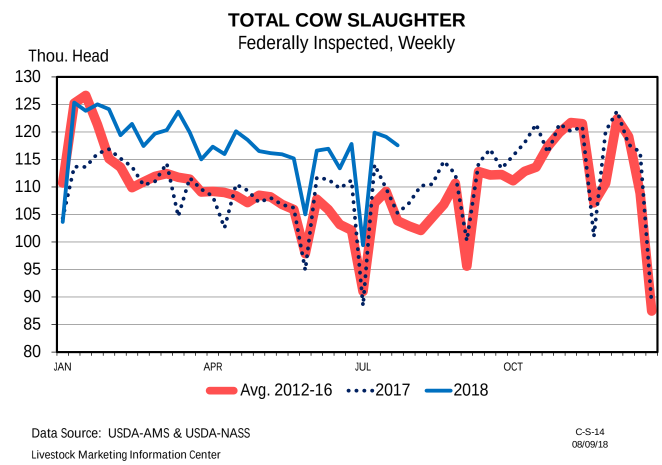
Daily Livestock Report

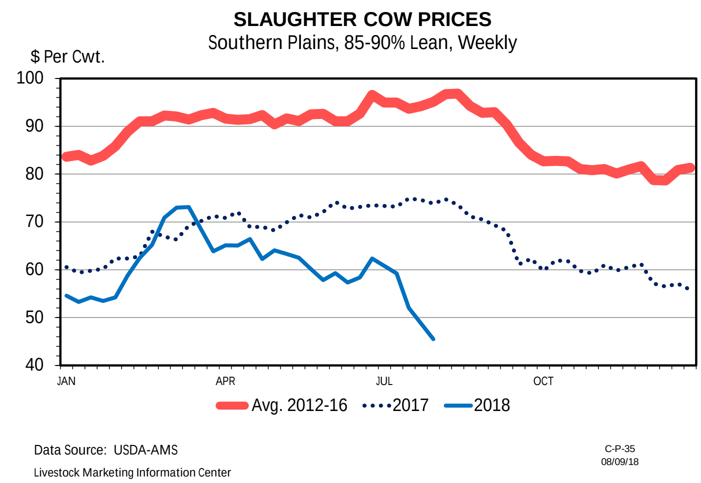
Vol. 16, No. 159/ August 10, 2018

Slaughter cow prices in the first week in August dropped below $50 per cwt, according to USDA-Agriculture Marketing Service (AMS). This was the lowest price since December 2009. The supply side of this market is the issue as cow slaughter during the four weeks of July was up 9% from a year ago. This was a slight acceleration from the first half of the year when cow slaughter was up 8%. This year, cow slaughter is expected to breach the 6 million head mark for the first time since 2013 and is on track to be up 15-20% from 2015.

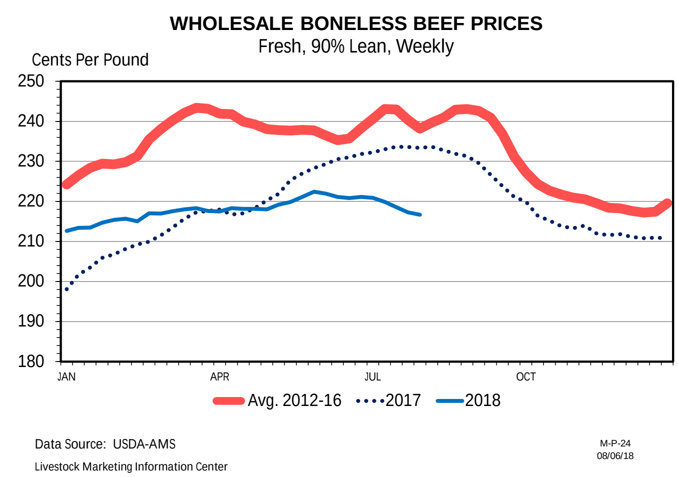


Beef cow slaughter during the first four weeks of the summer quarter was up 16% from a year ago while dairy cow slaughter was up 3%. Cow harvest in the latest reported week (July 28) was up 12% from a year earlier. In that week, beef cow slaughter was up 18% and dairy cow slaughter was up 6%, so there is not much evidence to suggest moderation in pace of increased cow beef production. Normally, there is a decline in cow slaughter from mid-July to mid-August. Beef cow slaughter did decline 3,600 head from the prior week in the latest reported week. Dairy cow slaughter, however, increased 2,100 head from the prior week compared to an 1,800 head decline in the same week a year ago. This would be consistent with the dairy cow herd holding steady instead of adding a few thousand head to the herd as the dairy industry did a year ago.

The demand for cow beef has been stable this year, albeit at lower values than a year ago due to the larger domestic supply.



Inventories of boneless beef in cold storage at mid-year were up 6% from a year earlier. Given the increase in cow slaughter, the increase in frozen inventory is not worrisome. Beef imports, which are mostly in the form of beef trim that would compete with cow beef, were up less than a percent from a year ago during the first half of the year, and imports during the second quarter were down from a year ago.



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