

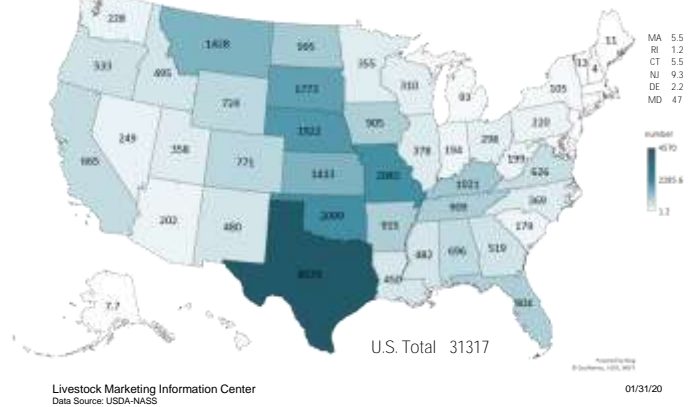
Evidence that drought is pressuring the cow herd in some regions is starting to show. USDA NASS releases a regional breakdown of dairy and beef cow slaughter monthly, and USDA AMS releases a weekly breakout every Thursday.

The U.S. drought monitor indicates more than 25% of the U.S. is in the three worst stages of drought. The intermountain region and southwest are among the hardest hit areas. In the regional cow slaughter data the U.S. is broken up into 10 regions: **1-** CT, ME, NH, VT, MA & RI; **2-** NY & NJ; **3-** DE-MD, PA, WV & VA; **4-** AL, FL, GA, KY, MS, NC, SC & TN; **5-** IL, IN, MI, MN, OH & WI; **6-** AR, LA, NM, OK & TX; **7-** IA, KS, MO & NE; **8-** CO, MT, ND, SD, UT & WY; **9-** AZ, CA, HI & NV; **10-** AK, ID, OR & WA.

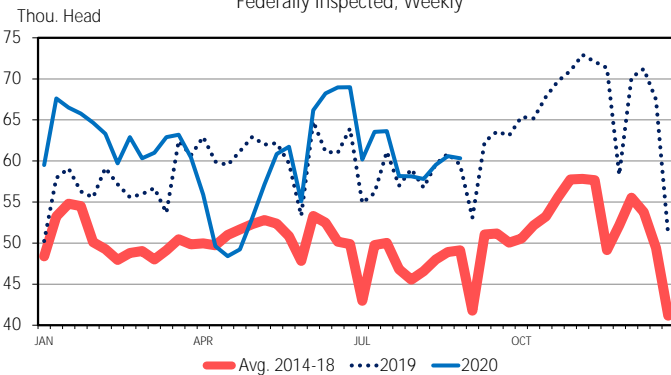
The drought monitor would suggest regions 8, 9, 10, and parts of 6 and 7 have been hit hard this year. Year-to-date beef cow slaughter is higher in regions 6, 9, and 10 in data available through August. Region 9 is the hardest hit up 35% from 2019 figures, followed by Region 6, up 6% and Region 10 is 4% higher. June saw an influx of beef cows heading to slaughter across all four of these regions ranging from 4% over a year ago in Region 7 to 69% larger slaughter in Region 9. Region 9 and 6 have posted a year over year increase in almost every month of 2020. Slaughter plant disruptions actually potentially slowed the cull rate in March and April. Surprisingly, region 8 has shown a slowed pace of beef cow slaughter relative to a year ago even though its one of the hardest hit drought areas.

The number of head removed from the herd since July 1 is approximately half a million head, and roughly a third of those came from regions 6 and 9. July 1 cattle inventory no longer provides a by state breakdown, but compared to the total the number of beef cows culled is equivalent to 1.5% of the beef cow inventory listed in the July 1 cattle report. This is a similar pace to what was seen last year heading into fall. Last year, the run-up in beef cow slaughter was fairly extreme, and beef cow slaughter may not reach those levels again. Still, there could be substantial regional differences in where the cattle herd is distributed, especially if winter wheat and coastal grazing opportunities do not come to fruition. The map below shows the distribution on January 1. The largest concentration of cows is in regions 6, 7, and 8. Kansas, Texas, and Oklahoma had the largest number of head lost year-over-year on January 1, 2020. The higher levels of culling in Region 6 could be an indication that trend will continue on January 1, 2021.

BEEF COWS THAT CALVED JANUARY 1, 2020
(1000 Head)



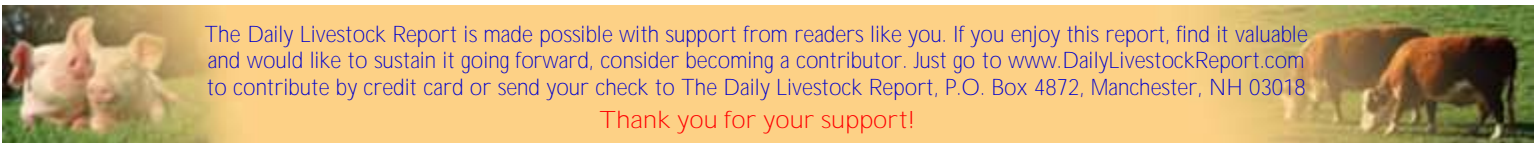
BEEF COW SLAUGHTER
Federally Inspected, Weekly



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

C-S-34
09/11/20

After two low years for cull cow values, 2020 offered better prices which could also be supporting higher beef cow slaughter. Cull cow values are above a year ago nationally. The cull cow price was also thought to be supported by a stronger 90% lean wholesale beef price but in the last couple of weeks that price has moved to even with a year ago. Seasonally, cull cow values move lower in the last third of the year but should remain above a year ago if the 90% lean price holds.



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