DROUGHT AND COW SLAUGHTER

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Drought continues to cause havoc on pasture and range conditions in the western and central regions of the U.S., resulting in limited feed supplies and increasing hay costs for cow-calf producers. Historically, given these conditions, the number of beef cows slaughtered often exceeds a year earlier. However, so far this year, it appears that many beef cows in the drought-ridden areas are not being sent to slaughter but actually being shipped to regions of the U.S., where pasture conditions are better and feedstuffs are in greater quantity.

During the first two quarters of this year, Federally Inspected (FI) cow slaughter was down 4% compared to the same period last year. FI beef cow slaughter was 3% below 2001’s during the first two quarters of this year. Beef cow slaughter did increase slightly from a year ago during June. But, for July the year-to-year increase in cow slaughter was mostly the result of increased dairy cow slaughter, not more beef cow slaughter.

In recent weeks, cull beef cow prices in many markets have been 10 to 20 percent below a year ago. That decline has mostly been due to lower meat prices and a modest increase in dairy cow slaughter. The slaughter cow market could see an increase in production compared to a year ago if, as expected, dairy cow slaughter remains above a year earlier. In addition, drought conditions could still push more beef cows into the slaughter mix later this year. Fed cattle prices are expected to strengthen this fall, but cull cow prices will most likely follow normal seasonal patterns and decline well into the fall quarter.