

MARKET WATCH

CULLING

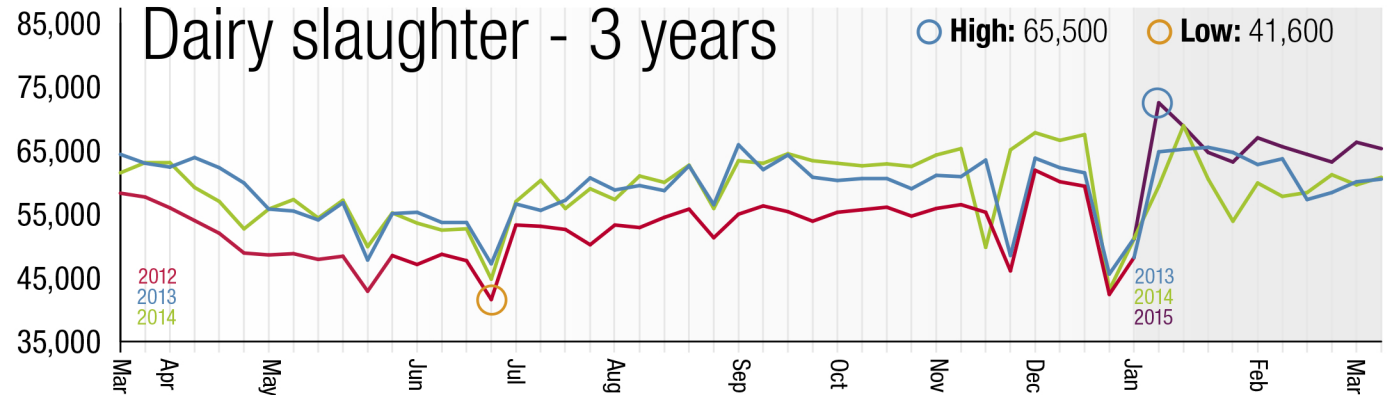
U.S. DAIRY HERD HAS GROWN 13,000 HEAD

Warren Wagner
Dairy Adviser
Stewart-Peterson Inc.
wwagner@stewart-peterson.com



Dairy slaughter for the week ending March 14 was 60,500 head, up 400 from the prior week and up 900 from the same week last year. Year-to-date, dairy slaughter is 623,000 head, 32,200 head greater than the same time period last year. In the March 19 Milk Production report, the USDA put the U.S. dairy herd for February at 9.312 million head, up 3,000 head from January. Year-to-date, the U.S. dairy herd has grown 13,000 head.

The U.S. average price for dairy cows in January was \$112 per hundredweight (cwt), down \$3 per cwt from December and up \$23.70 per cwt from January 2014. The seasonal pattern calls for prices to remain firm through the first few months of the year.



On March 23, the USDA Cold Storage report showed February total beef stocks up less than a tenth of a percent from January but up 20.2 percent from the year prior. On March 20, the USDA Cattle on Feed report put March 1 inventory at 10.658 million head. This is down 0.5 percent from Feb. 1, 2015, and down 0.5 percent from March 2014. February feedlot placements totaled 1.523 million head. This is down 14.9 percent from January and down 8.1 percent from February 2014. Cattle

marketed in February totaled 1.516 million head, down 2.1 percent from February 2014 and the lowest total for the month since tracking began in 1996.

Strong demand for feeders has lifted futures back near \$220 per cwt at the time of this writing, up \$25 per cwt since late February. Live cattle futures have rebounded as well. April futures are trading near cash at \$161, while deferred contracts have rallied \$10 per cwt to the \$151-per-cwt level. While reduced marketings

and placements have supported futures and your cull prices of late, the result will be an increase in market-ready cattle over the next few months.

While tight supply is likely to be the story much of the year, a strengthening U.S. dollar, seasonal tendencies and lower-priced alternatives will keep markets volatile. The recent upside market volatility has given producers opportunity to hedge price risk. Be sure to take advantage of these rallies when they occur. **PD**