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In The Cattle Markets
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Mexico's Impact on Cattle on Feed Placements

Mexico historically has been an important source of feeder cattle for U.S. cattlemen, with feeder calf imports of approximately 1 million head a year since the mid-1980s. Imports grew from 702,000 head in 2008 to their peak in 2012 at 1.44 million head. The largest portion of Mexican cattle imports typically enter the U.S. as feeder calves between 200-700 lbs. Lightweight calves are backgrounded to gain additional weight before entering U.S. feedlots. These Mexican feeder cattle contribute to cattle on feed placements at varying amounts throughout the year.

2018 feeder cattle imports from Mexico through the month of October total 898,000 head, a 5 percent increase over the same period in 2017. Feeder cattle imports over the last 5 years, have been highest in the months of November and December and typically drop off in January. Many of these lightweight calves are turned out in fall on wheat pasture for approximately 120 days before being pulled off and entering feedlots in March and April. Feeder cattle imports from Mexico reach a second smaller peak in March and April before dropping off to their yearly lows in the months of August and September.

U.S. cattle on feed placements through October are at 19.5 million head. Placements are down less than 1 percent for the same period in 2017. Cattle on feed placements have been at their lowest points in June and July over the last 5 years and have been at their highest in the month of October. This October followed the yearly pattern with the highest placements of 2018 to date, at 2.2 million head.

We estimate Mexican feeder cattle to account for approximately 5 percent of monthly cattle on feed placements over the last 5 years. Assuming a constant lag of 4 months between when the cattle are imported and when they are placed, Mexican feeder cattle make up the largest percentage of feedlot placements in the month of April, when overall placements are low. This lag time between importing and placement can vary depending on grass conditions and the weight cattle are placed; however even with varying lag times, spring still sees the greater percentage of Mexican placements. In April 2018 the percentage of cattle on feed placements made up by Mexican imports was as high as 11 percent (assuming a 4 month lag), the highest of any month since January 2014. Low cattle on feed placements in April 2018 coupled with high feeder cattle imports in December of 2017, contributed to the largest percentage of cattle on feed placements in the last 5 years.

With 2018 imports from Mexico on pace to be 5% over last year, and the traditionally large imports in November and December still coming, placements of Mexican feeder cattle will continue to contribute additional placements into 2019.

The Markets

At the conclusion of the G20 summit in Argentina, President Trump and Chinese President Xi Jinping agreed on a 90 day delay before the US implements the increase of the current 10% tariff of Chinese goods imported into the US to the proposed 25% tariff. China agreed to lift trade barriers on U.S. products, including agricultural goods. Corn and soybean price increased Sunday night. The increase in grain and oilseed prices is occurring right as farmers are buying inputs for the coming year.

Livestock prices also increased when trade opened on Monday, but declined as the day went on. Trade talk and strong outside markets is helping support livestock prices. Fat cattle prices were slightly stronger last week on light trade.

<i>Data Source: USDA-AMS Market News</i>		Week of 11/30/18	Week of 11/23/18	Week of 12/1/17
5-Area Fed Steer	all grades, live weight, \$/cwt	\$117.10	\$115.39	\$120.58
	all grades, dressed weight, \$/cwt	\$183.38	\$181.89	\$189.91
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$213.39	\$213.76	\$207.08
	Choice-Select Spread, \$/cwt	\$14.30	\$15.31	\$21.45
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$144.51	--	\$154.29
	Nebraska 7-market, \$/cwt	\$157.31	\$153.44	\$165.81
	Oklahoma 8-market, \$/cwt	\$146.39	--	\$156.41
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$168.05	--	\$176.66
	Nebraska 7-market, \$/cwt	\$172.62	\$176.52	\$182.26
	Oklahoma 8-market, \$/cwt	\$162.76	--	\$168.44
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.46	\$3.47	\$3.17
	DDGS, Nebraska, \$/ton	\$154.00	\$143.00	\$142.00