In The Cattle Markets

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Canadian and U.S. Beef Herds Move in Opposite Directions

On August 20, 2015, Statistics Canada released its *Livestock Estimates*, July 1, 2015, report which detailed cattle, hog and sheep inventories in Canada (www.statcan.gc.ca/daily-quotidien/150820/dq150820c-eng.htm). That same day USDA-NASS released the *United States and Canadian Cattle* and the *United States and Canadian Hogs* reports (www.nass.usda.gov).

The July 1 U.S. cattle inventory numbers were also previously released by NASS on July 24 in the *Cattle* report. Those numbers have been discussed in previous *In The Cattle Market* columns. In summary, the best overall pasture and range conditions in many years in states east of the Continental Divide and record calf prices spurred continued interest in beef cow herd rebuilding. Most U.S. cattle inventory categories saw year over year increases.

All cattle and calves in Canada as of July 1, 2015, totaled 13.005 million head, down 2.1 percent from the 13.290 million the previous year. Beef cows that have calved at 3.8 million were down 3.4 percent from 2014. Heifers one year and over for beef cow replacement at 613,000 head were down just 0.6 percent.

Record high U.S. and Canadian feeder cattle prices in 2011-2013 caused increases in the Canadian beef cow herd in 2012 and 2013. But drought in the U.S. Southern Plains in 2011 that spread to much of the U.S. cattle producing area in 2012 prevented beef herd rebuilding. Now much of the Western Canadian beef cattle producing area is experiencing drought conditions. Alberta has the most beef cows followed by Saskatchewan, Manitoba, Ontario, and British Columbia.

It is interesting to note that beef cow numbers in Canada and Texas were close in 2014. Beef cows in Texas increased 6.9 percent in 2015 from 3.91 million head in 2014 to 4.18 million, as moisture conditions improved and herd rebuilding continued there.

On an annual comparative basis, July 1, 2015 total cattle numbers in the U.S. were up 2.2 percent compared to a 2.1 percent decrease in Canada. Beef cow numbers increased 2.5 percent in the U.S. and declined 3.4 percent in Canada with beef cow replacement heifers increasing 6.5 percent in the U.S. and declining 0.6 percent in Canada. The number of milk cows increased 0.5 percent in the U.S. while Canadian number decreased 1.8 percent. Milk cow replacement heifers in the U.S. increased 2.4 percent while declining 3.1 percent in Canada. Calves under 500 lbs. increased 2.2 percent in the U.S. with Canadian calves under one of age decreasing 3.7 percent. The number of U.S. cattle on feed increased 1.7 percent and declined 2.3 percent in Canada.

The wheels are in motion for continued U.S. beef herd rebuilding in 2016. Of course weather is the wild card and no one knows when weather conditions will improve in Canada and the far Western U.S. But with expected cyclically lower prices expected in both the U.S. and Canada the next several years, it will be interesting to see how long the two beef herds continue to move in opposite directions.

On a side note, this will be my last *In The Cattle Markets* column, as we have decided to make a change in authors. In addition to me, John Anderson, Matt Diersen, and John Michael Riley are also stepping down. We would like to express our appreciation for all the positive comments we have received from readers. Glynn Tonsor will remain as an author and several additional authors will join him in future columns with a new and interesting perspective on the cattle market.

The Markets

The live and feeder cattle futures markets have been volatile the last few weeks with negative news surrounding world and U.S. financial markets. That volatility funneled down to cash markets last week. Across the 5-area market, live weight fed steer prices averaged $144.86 per hundredweight, down $2.33 for the week and the lowest price since May 2014. Dressed weight prices decreased $5.23 to average $227.39. After increasing for several weeks, choice boxed beef prices also fell $1.78 to average $243.97. Yearling feeder steers were mostly $5 to $10 lower. Calf prices were even weaker and mostly $10 to $20 lower especially early in the week when futures prices were plummeting. Corn prices in Omaha on Thursday were down 7 cents a bushel at $3.60.

Data Source: USDA-AMS Market News		**Week of 8/28/15**	**Week of 8/21/15**	**Week of 8/29/14**
5-Area Fed Steer	all grades, live weight, $/cwt	$144.86	$147.19	$155.45
	all grades, dressed weight, $/cwt	$227.39	$232.62	$244.66
Boxed Beef	Choice Price, 600-900 lb., $/cwt	$243.97	$245.75	$247.75
	Choice-Select Spread, $/cwt	$10.48	$9.84	$10.79
700-800 lb. Feeder Steer	Montana 3-market average, $/cwt	$212.00	$223.20	--
	Nebraska 7-market average, $/cwt	$219.82	$230.83	$223.37
	Oklahoma 8-market average, $/cwt	$210.19	$217.49	$221.46
500-600 lb. Feeder Steer	Montana 3-market average, $/cwt	--	$225.00	--
	Nebraska 7-market average, $/cwt	$255.08	$282.44	$280.02
	Oklahoma 8-market average, $/cwt	$231.83	$242.40	$253.48
Feed Grains	Corn, Omaha, NE, $/bu (Thursday)	$3.60	$3.67	$3.66
	DDGS Price, Nebraska, $/ton	$141.00	$139.20	$111.00