

In The Cattle Markets

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Canadian Beef Herd Declines

On Aug. 21, 2014, Statistics Canada released its *Livestock Estimates*, July 1, 2014, report which detailed cattle, hog and sheep inventories in Canada (www.statcan.gc.ca/daily-quotidien/140821/dq140821a-eng.pdf). 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. Unfortunately, due to budget restrictions, the 2013 July report was not released. So year over year comparisons in the U.S. were not possible and comparisons must be with July 2012. In summary, NASS reported that all cattle and calves in the U.S. as of July 1, 2014, totaled 95 million head, 3 percent below the 97.8 million on July 1, 2012. Beef cows, at 29.7 million, were down 2.5% from 2012, and beef replacement heifers, at 4.1 million, were down 2.4%. The feeder cattle supply outside feedlots was down over 3% from 2012. The 2014 calf crop is expected to be 33.6 million head, down 1% from 2013 and down 2% from 2012.

All cattle and calves in Canada on July 1, 2014, totaled 13.33 million head; which was down 1.4% from the 13.52M recorded on both July 1, 2013, and 2012. Beef cows at 3.922M were 1% lower than 2013. Beef cow numbers had increased slightly in July of 2012 and 2013, so continued interest in beef herd rebuilding waned. That is consistent with beef cow replacements which increased 6.7% in 2011 to 640M head and maintained close to that in 2012 and 2013. However, on July 1, 2014, beef replacements fell 3.6% to 616M.

Both the U.S. and Canadian reports confirm continued historically tight supplies of cattle in the months ahead. Although both countries reported lower beef cow numbers, there are subtle signs of beef herd rebuilding in the U.S.

Beef cow slaughter is down 17% for the year and about 25% during the last couple months. Fed heifer slaughter declined 8.5% so far this year and the number of heifers on feed on July 1 was down 5%. Although it is still dry in the Southern Plains with severe drought in the Southwest, particularly California, NASS is reporting U.S. pasture and range conditions at 20% poor and very poor compared to 34% last year which is also the previous 5-year average.

Breeding female cattle imports from Canada so far this year are at 16,840 compared to 6,145 last year. Furthermore, cattle prices are at record high levels which is likely stimulating interest in herd rebuilding where moisture conditions allow it.

The Markets

The fed cattle market was sharply higher last week adding to the gains that started the week before. In the 5-area market, liveweight steers averaged \$161.28 per hundredweight up \$5.83 for the week. Dressed weight prices increased \$5.95 to average \$250.61 for the week. The boxed beef market was about steady on Choice but the Select lost ground with the Labor Day buying over. Choice boxed beef prices averaged \$247.62 down just 13 cents for the week. The Choice – Select spread continued to increase seasonally at \$12.94 up \$2.15. Feeder cattle and calf prices also moved higher, especially later in the week with many Monday auctions closed for Labor Day. Increasing live cattle futures and continued declining corn prices led to the stronger market. Corn prices in Omaha on Thursday fell 26 cents a bushel from the week before to \$3.40 as near ideal corn growing conditions continued.

		Week of	Week of	Week of
<i>Data Source: USDA-AMS Market News</i>		9/5/14	8/29/14	9/6/13
5-Area Fed Steer	all grades, live weight, \$/cwt	\$161.28	\$155.45	\$122.90
	all grades, dressed weight, \$/cwt	\$250.61	\$244.66	\$194.17
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$247.62	\$247.75	\$195.94
	Choice-Select Spread, \$/cwt	\$12.94	\$10.79	\$14.15
700-800 lb. Feeder Steer	Nebraska 7-market average, \$/cwt	\$241.58	\$223.37	\$168.01
	Oklahoma 8-market average, \$/cwt	\$228.46	\$221.46	\$158.60
500-600 lb. Feeder Steer	Nebraska 7-market average, \$/cwt	\$279.00	\$280.02	\$189.36
	Oklahoma 8-market average, \$/cwt	\$258.85	\$253.48	\$171.04
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.40	\$3.66	\$5.46
	DDGS Price, Nebraska, \$/ton	\$105.00	\$111.00	\$218.50