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In The Cattle Markets

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August Trade Data Shows Strong Exports Continue

August trade data showed exports continued at a double-digit pace increasing 15% over August of 2016. This marks the 3rd month in the row of double digit export increases and extends the year to date lead to 15% over last year. Leading the way in the month of August were increases to Vietnam (+113%), Japan (+39%), followed by Hong Kong (+28%), and Canada (18%). Mexico and other countries also showed single digit increases, while China and South Korea posted year over year declines.

Imports also increased in August, up 8% compared to 2016. Several countries had double digit increases in imports to the U.S., starting with New Zealand (19%), Australia (15%), Mexico (14%) and Uruguay (14%). Brazil and Nicaragua posted year over year declines this month. Year to date imports are still hovering just below a year ago, down 3%, although the last three months have shown rather strong increases.

Imports have regionally shifted this year. While Australia and New Zealand still supply the lion's share of imported beef, about 1 billion to 1.5 billion pounds annually (carcass weight), Central and South America have been increasing shipments this year. Brazil and Uruguay over the last five years have supplies on average about 215 million pounds per year. This year those two countries have nearly hit 200 million pounds through the first 8 months of 2017. Year to date Brazil is up 19% and Uruguay follows up 12%. However, the big news is the growth from Mexico and Nicaragua, which combined have shipped almost half a billion pounds of beef to the U.S. this year, already more beef than sold in any single year before 2015. Mexico alone is up 31% on a year to date basis and Nicaragua is up 26%.

Mexico and Nicaragua have been gaining ground into the U.S. import market since about 1998. Imports from these two countries surpassed annual imports from Brazil and Uruguay in 2010 and have not looked back, posting double digit increases in 7 out of the last 10 years. This trend will be interesting one to watch as markets shift and new trade agreements unfold. Canada still plays a major role in imported beef to the U.S. and ranked 2nd in 2016 on a tonnage basis, larger than Mexico and Nicaragua combined. However, this month those numbers fail to make the highlight reel, coming in only 3% higher year to date than 2016 and even in the month of August.

The Markets

Choice Select spread continued to climb this week adding another \$3.31 per cwt and increasing for the fifth week in a row. Cattle prices were mixed but similar to the prior week and running 20-35% higher on lighter weights than last year and about 20-40% higher on the

7 and 8s. Fed cattle prices were 8% above a year ago and about even with last week at \$109.45 on the hoof.

<i>Data Source: USDA-AMS Market News</i>		Week of 10/6/17	Week of 9/29/17	Week of 10/7/16
5-Area Fed Steer	all grades, live weight, \$/cwt	\$109.45	\$108.01	\$100.90
	all grades, dressed weight, \$/cwt	\$172.43	\$171.73	\$159.03
Boxed Beef	Choice Price, 600-900 lb., \$/cwt	\$197.39	\$195.81	\$184.72
	Choice-Select Spread, \$/cwt	\$8.82	\$5.51	\$8.66
700-800 lb. Feeder Steer	Montana 3-market, \$/cwt	\$160.39	\$153.63	\$113.21
	Nebraska 7-market, \$/cwt	\$167.20	\$168.91	\$135.03
	Oklahoma 8-market, \$/cwt	\$152.44	\$153.35	\$128.87
500-600 lb. Feeder Steer	Montana 3-market, \$/cwt	\$171.35	\$169.89	\$127.32
	Nebraska 7-market, \$/cwt	\$183.39	\$187.53	\$144.29
	Oklahoma 8-market, \$/cwt	\$157.95	\$158.51	\$128.22
Feed Grains	Corn, Omaha, NE, \$/bu (Thursday)	\$3.10	\$3.12	\$3.04
	DDGS, Nebraska, \$/ton	\$115.50	\$107.50	\$112.90