

MARKET ADVISOR



by Tim Petry, North Dakota State University Extension Service

U.S. and Canadian beef update

Beef cattle production in Canada is similar to the Northern Plains of the U.S., as would be expected. Cattle feeding in the Northern Plains is centered in Nebraska in the U.S. and Alberta in Canada. Angus cattle are popular in Canada just like they are here.

I thought it might be interesting to do a comparative beef cattle update between the two countries.

USDA National Agricultural Statistics Service (NASS) recently published the United States and Canadian Cattle report comparing cattle inventories in both countries as of July 1, 2018.

The number of beef cows in the U.S. on July 1, 2018, was 32,500,000 head compared to 32,200,000 in 2017, an increase of about 1%. Fairly aggressive U.S. beef herd expansion occurred since the last cyclical low in 2014. According to NASS, a more than 9% expansion in the beef herd took place in the last four years.

Canadian beef cow numbers were 3,726,000 head on July 1, 2018, compared to 3,771,100 in 2017, for a decline of slightly more than 1%. Canada had 3,848,200 beef cows in 2014, so contrastingly, beef cow numbers there declined about 3.2% during the U.S. expansion. Canadian cattle, beef, and feed market conditions were likely contributors to the decline in beef cows.

As I write this column in September, the U.S. and Canada, along with Mexico, are renegotiating the North American Free Trade Agreement (NAFTA). The U.S. and

Canada are generally in agreement with the free trade cattle and beef provisions in the current NAFTA. The major sticking point is with dairy product exports to Canada.

Trade amounts

Beef and live cattle trade are important to both countries. Changing cattle inventories, market conditions, and exchange rates cause year-to-year fluctuations in trade amounts; but general flow patterns do exist. The U.S. both exports and imports high-quality beef to and from Canada. Beef from Western Canada typically moves to the highly populated West Coast cities in the U.S. Beef exported from the U.S. mainly goes to the highly populated Eastern Canadian provinces.

Canada is the fourth leading destination for U.S. beef exports, behind Japan, Mexico and South Korea, and is typically the second leading source of U.S. beef imports behind Australia. The U.S. is the leading export market for Canadian beef and is also Canada's leading supplier of beef.

Beef cattle flow in both directions across the border. Bulls and females for breeding purposes go to and from Canada with amounts depending

on the demand for specific genetics. Calves and feeder cattle do the same, depending on market conditions and feed availability. Fed cattle and cows and bulls for slaughter tend to only go from Canada to the U.S. due to the limited slaughter capacity in Canada.

In 2017 about 645,000 head of cattle were imported into the U.S. from Canada. Approximate numbers by market class include 117,358 feeder cattle, 330,365 fed cattle, 133,670 slaughter cows, 51,687 slaughter bulls, 1,009 breeding bulls, and 11,175 breeding females.

About 145,347 cattle were exported to Canada from the U.S. in 2017 compared to 36,615 in 2016. The majority were feeder cattle with about 5,645 breeding bulls and females. The increased demand for U.S. feeder cattle by Canadian feedlots is due to the declining cow herd there. For the first half of 2018 feeder cattle exports to Canada were up about 79%. That is one reason, along with drought in some areas, for a 16.5% increase in Alberta and Saskatchewan cattle on feed in the month of September. **AJ**

Editor's Note: Tim Petry is a livestock marketing economist with the North Dakota State University Extension Service.