The North American Beef Cow

Canada and Mexico have not yet started to feel the short-term cattle numbers squeeze that is associated

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On July 1, 2014, Canada reported an all-cattle inventory of 13.33 million head, down 1% from 2013. This total included 3.92 million beef cows, also down 1% from one year ago. The July 1 Canadian beef replacement heifer inventory was 616,000 head, down 4% from 2013 levels. Weekly Canadian cattle slaughter data for the year to date through early November indicates that total cattle slaughter is up 4.2% year over year, including a 10.4% increase in heifer slaughter. Beef cow slaughter in Canada is down 8.1% for the same period.

U.S. imports of Canadian cattle for the first 10 months of 2014 were up nearly 20%, including a 7.3% increase in cattle for immediate slaughter and a 42% increase in feeder cattle. Total cattle for immediate slaughter includes a 2% increase in slaughter cows and a 15% increase in slaughter heifers for the year to date. Among feeder-cattle imports from Canada, year-to-date totals include a 68% increase in feeder heifers and a 4% increase in feeder steers. Roughly 95% of the year-over-year increase in feeder-cattle imports from Canada consists of heifers, an increase of more than 100,000 head.

Increased heifer slaughter in Canada combined with increased heifer exports to the United States suggests that heifer retention is not happening in Canada. This is consistent with decreased beef cow and beef replacement inventories and, reduced Canadian beef cow slaughter notwithstanding, suggests that the Canadian beef cow herd is not expanding or, at most, expanding very slowly in 2014. If herd expansion in Canada begins or accelerates in 2015, it will limit or reduce domestic Canadian cattle slaughter and/or cattle exports to the United States.

Mexico

The Mexican beef cow herd appears to have declined in recent years and is continuing to decrease. Data on the Mexican cattle industry is scarce, but the data that do exist are consistent with anecdotal indications that Mexican cattle numbers have tightened considerably in recent years. Industry sources indicate that cow numbers have continued to decline and cow slaughter has continued at relatively high levels to support domestic beef production. Current USDA Foreign Agricultural Service (FAS) estimates indicate that the beef cow herd and total cattle slaughter will decrease year over year in 2014 and 2015.

Mexican cattle exports to the United States declined 33% in 2013 following sharply elevated cattle exports in 2011 and 2012 due to drought. The 2012 exports included a record level of heifers, which more than compensated for fewer steer exports to result in the second-largest Mexican cattle export total. Mexican cattle exports to the United States in 2014 are up nearly 15% from 2013 levels for the first 10 months of the year.

And Heifer Situation

with the early stages of herd expansion.

There is little doubt that beef cow herd expansion began in the United States in 2014. Beef cow slaughter is down more than 18%, and the nearly 8% year-to-date decrease in heifer slaughter is a strong indication of increased heifer retention.

Similar to 2012, the year-over-year increase in U.S. imports of Mexican cattle in 2014 includes a proportionately larger increase in heifers compared to steers. 2014 U.S. imports of Mexican heifers are up 30% year over year, although heifers make up only 19% of total year-to-date Mexican cattle exports. Preliminary weekly data for imports of Mexican cattle in November and early December indicate a slower pace of year-over-year imports since October, but that heifer exports continue to increase proportionately more than steers.

These data show that heifers account for 42% of the year-to-date increase in 2014 Mexican cattle exports to the United States. Increased Mexican heifer exports since 2011 make it unlikely that heifer retention has been or is occurring at this point in time.

U.S. implications

The Canadian and Mexican cow and heifer situation has implications for herd size and cattle production on the North American continent in coming years and more immediately on current feeder supplies. Record U.S. cattle prices provide a tremendous pull for cattle of all types and from all possible sources. For the first 10 months of 2014, total feeder-cattle imports are up 22% — some 219,000 head. More than 60% of that year-over-year increase in feeder-cattle imports from Canada and Mexico were heifers.

It appears that beef cow herd expansion has not started in Canada and Mexico. When it does, there will likely be fewer imported cattle, especially heifers, available to supplement U.S. feeder-cattle supplies.

There is little doubt that beef cow herd expansion began in the United States in 2014. Beef cow slaughter is down more than 18%, and the nearly 8% year-to-date decrease in heifer slaughter is a strong indication of increased heifer retention. U.S. beef cow inventories will likely show a modest increase into 2015. However, cow and heifer numbers do not appear to be expanding in Canada and Mexico, and North American beef cow herd inventories will remain tight for many months. Canada and Mexico have not yet started to feel the short-term cattle-numbers squeeze that is associated with the early stages of herd expansion.

Editor's Note: *Derrell Peel is a livestock marketing specialist with Oklahoma State University Extension. This article was first published in the* Cow-Calf Corner *newsletter provided by the Oklahoma Cooperative Extension Service and is reprinted with permission.*