



Market Advisor

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U.S. and Canadian beef cattle comparison

Beef cattle production in Canada is similar to the U.S. Northern Plains, as would be expected. Cow-calf producers sell calves and feeder cattle, and seedstock producers sell bulls and females for breeding purposes. Cattle feeding in the Northern Plains is centered in Nebraska and Alberta in Canada. Angus cattle are popular in Canada just like in the United States.

So, I thought it might be interesting to do a comparative beef cattle update between the two neighboring countries. Both beef and live-cattle trade are important aspects to consider. Changing cattle inventories, market conditions and exchange rates cause year-to-year fluctuations in trade amounts, but general flow patterns do exist. The United States 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 United States. Beef exported from the United States mainly goes to the more highly populated Eastern Canadian provinces.

In 2015, U.S. beef exports to Canada were about 323.8 million pounds (lb.) on a carcass-weight basis, and imports from Canada amounted to 628.4 million lb. For the first half of 2016, U.S. beef exports to Canada were 152.5 million lb., and imports from Canada amounted to 342.1 million lb., so similar trade volumes to 2015 are likely in 2016.

Canada is the second leading destination for U.S. beef exports, only behind Japan. Canada is also the second leading importer of beef to the United States, only behind Australia. Canada is much more dependent on total beef exports to all countries than the United States. Canada usually exports about one-third of beef production while the United States typically exports about

10% of production. The United States is the leading export market for Canadian beef.

Beef cattle also 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 also flow both ways depending on market conditions and feed availability. Fed cattle and cull cows and bulls for slaughter tend to only go from Canada to the United States due to the more limited slaughter capacity in Canada.

In 2015, more than 800,000 head of cattle were imported into the United States from Canada. Approximate numbers by market class include 287,608 feeder cattle; 215,801 fed cattle; 212,456 cull cows; 81,315 cull bulls; 1,219 breeding bulls; 14,061 breeding females; and 88 other.

About 38,518 cattle were exported to Canada from the United States. The majority were feeder cattle, with some breeding bulls and females.

Cattle inventories

Even though the U.S. beef cow herd is much larger than Canada's, cattle production in Canada is a very important part of the agricultural economy. Both countries have historically reported cattle inventory numbers as of Jan. 1 and July 1 each year. However, due to budget constraints, USDA didn't publish cattle inventory reports for July in 2013; and, unfortunately, that is the case again in 2016.

On Jan. 1, 2016, there were 39,646 million beef cows in the United States compared to 3.83 million in Canada. In spite of record-high feeder-cattle prices, beef cow numbers in both the United States and Canada declined from

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2011 to 2014. Drought in major cattle-producing regions of both countries was largely responsible for that. The U.S. Southern Plains was especially affected by severe drought.

Interestingly, on Jan. 1, 2011, there were 5.025 million beef cows in Texas, which was more than the 4.046 million in all of Canada. By Jan. 1, 2014, both Texas and Canada had about the same 3.9 million head. With much improved moisture conditions in the U.S. Southern Plains and beef herd restocking, Texas had 4.29 million beef cows on Jan. 1, 2016, compared to 3.83 million in Canada.

The rather robust beef cow herd expansion in the United States in 2014 and particularly in 2015, which has been discussed in detail in previous "Market Advisor" columns, did not follow suit in Canada. Beef cow numbers in the United States increased 3.5% in those two years, while the Canadian numbers declined about 1.9%. Canadian cattle and beef market conditions, weather conditions and exchange rates were likely contributors to the decline.

The Canadian provinces with the most beef cows on Jan. 1, 2016, included Alberta with 1.565 million head, Saskatchewan at 1.131 million,

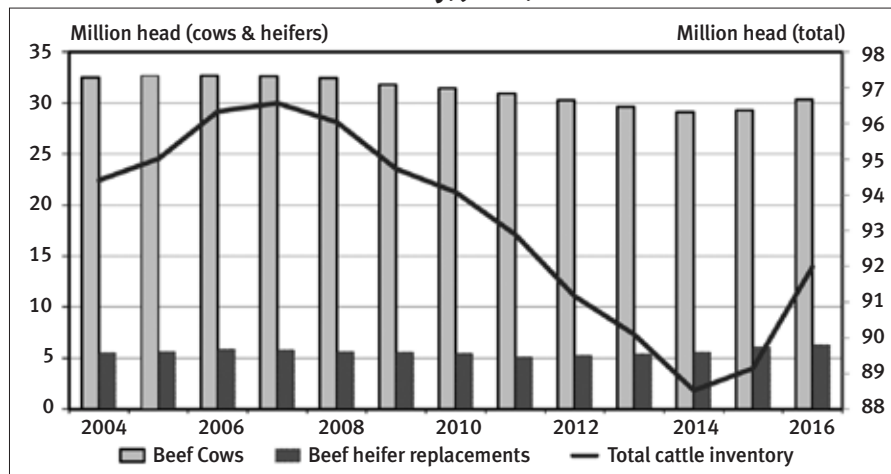
Manitoba showing 440,000, Ontario with 284,000, and British Columbia at 192,000.

U.S. states with the most beef cows on Jan. 1, 2016, included Texas with 4.29 million, Oklahoma at 1.953 million, Missouri showing 1.912 million, Nebraska with 1.852 million, and South Dakota at 1.69 million.

The July 1, 2016, Canadian cattle numbers released by Statistics Canada showed signs of modest beef cow herd expansion. The number of beef cows increased 0.3% over last year, and beef heifers held for breeding purposes were up 4.5%. Unfortunately, USDA did not release July 1, 2016, cattle numbers, but more modest beef cow herd expansion is likely continuing in the United States. That is particularly the case in the Southern Plains, where restocking after the drought is occurring. On Jan. 1, 2016, beef heifers retained for replacement purposes were up about 3.3%.

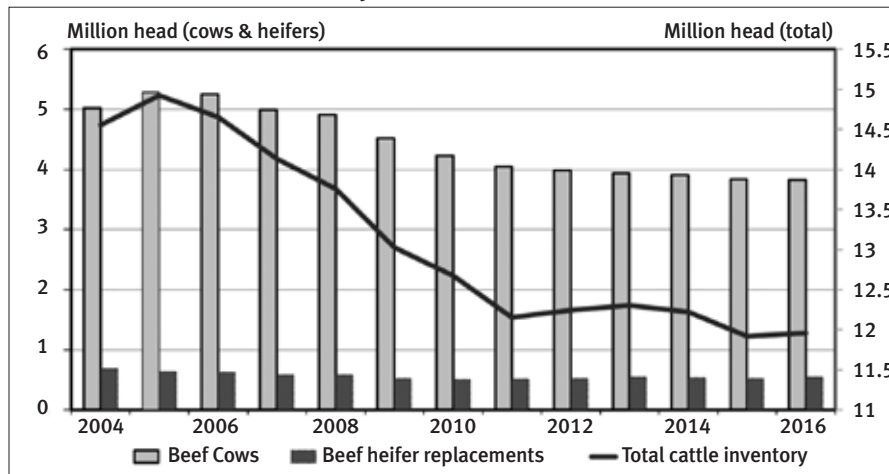
The rather sharp decline in cattle prices in the last year in both countries will likely limit aggressive beef herd expansion plans. Of course, weather-related grazing and haying conditions are always the wild card.

Table 1: United States cattle inventory, Jan. 1, annual



Source: Statistics Canada and Livestock Marketing Information Center.

Table 2: Canada cattle inventory, Jan. 1, annual



Source: Statistics Canada and Livestock Marketing Information Center.