

Livestock Marketing Information Newsletter

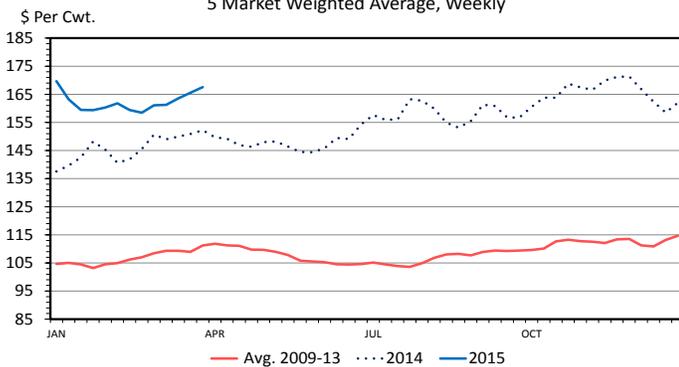


WSU Extension
<http://ext.wsu.edu>

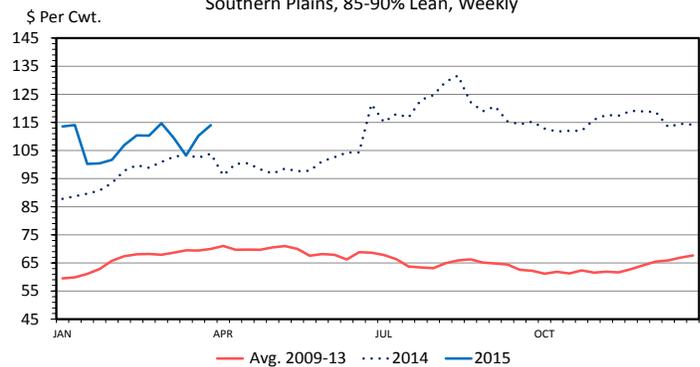
Livestock Marketing Information Center
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E-NEWSLETTER FOR WASHINGTON'S LIVESTOCK INDUSTRY

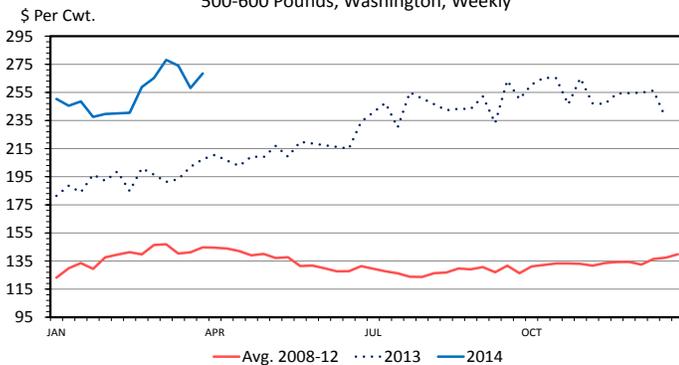
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly



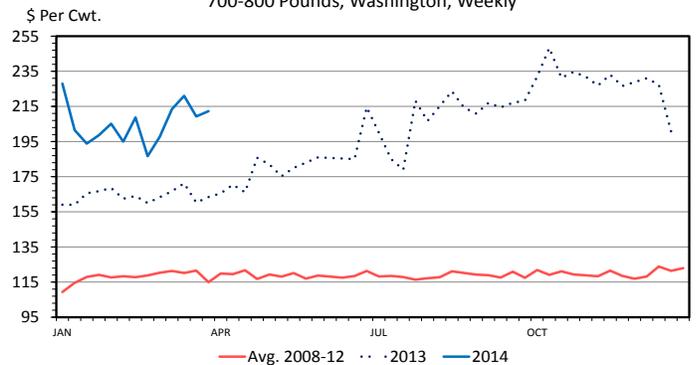
SLAUGHTER COW PRICES
Southern Plains, 85-90% Lean, Weekly



MED. & LRG. #1 & 2 STEER CALF PRICES
500-600 Pounds, Washington, Weekly



MED. & LRG. #1 & 2 FEEDER STEER PRICES
700-800 Pounds, Washington, Weekly



(All graphs courtesy of the Livestock Marketing Information Center – [lmic.info](http://www.lmic.info))

in the cattle markets – Tim Petry, NDSU (April 13)

COW PRICES REMAIN STRONG

The United States Department of Agriculture’s National Agricultural Statistics Service (USDA-NASS) recently released two highly anticipated reports for the crop sector one week ago, on Tuesday, March 31. The first was the annual Prospective Plantings report, which highlights crop producer’s intentions on acreage allocations. The second was the quarterly Grain Stocks report.

The plantings report revealed that U.S. producers plan to plant 89.199 million acres of corn and 84.635 million acres of soybeans. These are the two dominant crops in the U.S. and are, typically, the most important within the

livestock sector. The Prospective Plantings report also indicated that producers intend to plant 14.616 million acres of spring wheat in addition to the 40.751 million acres of winter wheat that were planted this past fall, while cotton acres are expected to fall to 9.549 million. Producers are polled from late February through early March to determine these acreage intentions.

Planned corn acres were higher than market analysts had expected (88.731 million acres), while soybean acres were below expectations (85.919 million). This resulted in a large price move for both crops within the trading day, with corn experiencing the larger swing. Price dynamics, for the most part, have not provided a clear

path for crop producers in choosing one crop or another. The ratio between soybean and corn price has historically averaged 2.25, from 1995 to 2014, in the weeks leading up to planting (determined here as: November soybean futures divided by December corn futures, both during the entire month of February). This year’s ratio was very near this average at 2.30, and therefore very little direction from market prices was evident. Most likely, producer’s gauged anticipated crop returns, risks – both market risks and production risks, and their own stage for rotating crops to guide their planting decisions in 2015. However, heavy and prolonged rains during the month of March in the Deep South have idled planters at a time when corn is typically going into the ground.

On that same day, USDA-NASS released the quarterly snapshot of grain inventories, both in elevators as well as in on-farm storage facilities. The stocks report was somewhat overshadowed by the Prospective Plantings report, however, it held very interesting trends. Corn in storage in the U.S. as of March 1, 2015 totaled 7.745 billion bushels, which was composed of 4.380 billion on farms and 3.364 billion in elevators. Soybeans in storage totaled 1.334 billion bushels, with 0.609 billion on farms and 0.725 billion in elevators. The on-farm soybean inventory marked a 59.5% increase over last year and on-farm corn storage was up 13.5% year-over-year. Furthermore, March 1 on-farm inventories were up 21.5% and 24.1%, for soybeans and corn compared to the prior five-year average covering 2010 to 2014.

The signal of higher on-farm storage first appeared in the previous quarter’s (i.e., December 1, 2014 inventories) report as soybean and corn storage increased 27.5% and 11.1%, respectively compared to the previous year. So, it appears crop producers are holding onto to more grain and this seem logical due to the fall in prices through the 2014 growing season. Prices to this point have remained lower with only limited encouragement to sell. The question to bear moving forward is, when will producers release this grain and what impact will that have on the market? A slow pace of farmer selling will have a smaller impact than a rushed move, but the clock is ticking until those on-farm storage facilities will be needed for the 2015 crop.

The Markets

After several weeks of increasing prices, fed cattle prices came under pressure last week while boxed beef continued to show seasonal strength. Across the 5-area market, liveweight fed steer prices averaged \$164.23 per hundredweight down \$3.34 for the week. Dressed weight prices decreased \$4.08 to average \$261.56. Choice boxed beef moved up \$2.95 to average \$257.50. Calf prices were steady to higher as good demand for grass cattle continues. Feeder cattle were mixed with weakness noted on some of the less attractive, smaller lots. Fleshy cattle were especially discounted. Corn prices in Omaha on Thursday were down 10 cents a bushel from the previous week at \$3.73.

<http://lmic.info/publications/in-the-cattle-markets>

LMIC Livestock Monitor (April 17, 2015)

Production			Prices			
Week Ending 4/11/2015	Last	Year Ago	Weekly Average (\$/Cwt)			Year Ago
			Last	Week Ago	Year Ago	
FI Cattle Slaughter (Thou Hd)	502	575	Live Steer	163.13	167.57	149.16
FI Hog Slaughter (Thou Hd)	2188	2015	Dressed Steer	264.01	265.64	239.71
FI Sheep Slaughter (Thou Hd)	39	52	Choice Beef Cutout	257.50	254.55	225.50
Live Y. Chicken Sl. (Mil Hd)	153.0	155.5	USDA Hide/Offal	14.02	14.38	16.11
			GA Auction Fdr. Str. (6-7 Cwt.)	237.40	239.92	175.37
Slaughter Cattle Live Weight	1350	1314	Iowa/S. Minn. Base Hog	58.41	56.39	122.35
Slaughter Hog Live Weight	285	287	Natl. Net Hog Carcass	63.30	62.98	121.75
Slaughter Lamb/Sheep Live Wt.	142	139	Feeder Pigs (40 Lbs) (\$/Head)	65.11	64.65	135.40
Beef Production (Mil Pounds)	408.3	455.6	Pork Cutout	65.73	64.98	127.17
Pork Production (Mil Pounds)	468.0	434.1	Lamb Cutout	330.14	330.89	340.26
Lamb, Mutton Prod. (Mil Lbs.)	2.8	3.6	Corn, Omaha (\$/Bu)	3.73	3.83	4.87
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	6.33	6.76	7.45
Total Beef (Mil Lbs)	427.5	455.8	Wheat, Kansas City (\$/Bu)	5.64	5.88	7.20
Total Pork (Mil Lbs)	475.5	435.8	Soybeans, Cntrl IL (\$/Bu)	9.68	10.00	15.06
Total Lamb, Mutton (Mil Lbs)	3.1	3.1				

Source: Various USDA-AMS reports. Some data are preliminary.

CATTLE PRICE OUTLOOK: YEAR-OVER-YEAR DECLINES AHEAD

At \$162.43 per cwt., 2015's first quarter fed cattle price (5-market average) was 11% above a year ago. In the Southern Plains, during the January through March quarter steers weighing 700-to 800-pounds averaged 26% above a year ago, while calves (500-to 600-pound steers) increased 32%. Year-over-year percentage increases in cattle prices during the second quarter of this year are expected to remain historically large, but should be smaller than achieved earlier in the year. A clear change is forecast for the second half of 2015, that is, cattle prices are forecast to be below 2014's.

In the second half of last year, about everything that could push cattle prices higher occurred. This year there are more headwinds facing fed cattle prices, especially: 1) softer beef export markets, and 2) surging pork and chicken production. Calf and yearling prices are now faced with cattle feeders that are mired in red ink after a very profitable 2014. LMIC forecasts that compared to a year earlier levels, fed cattle prices will moderate as the second half of 2015 progresses. By this year's fourth quarter, prices for fed cattle, yearlings, and calves are all forecast to be below a year ago. However, remember that all-time record high cattle prices were established in the fourth quarter of 2014.

Fourth quarter 2014 per cwt. cattle prices were: \$165.59 for the 5-market fed steer; \$239.81 for Southern Plains 700-to 800-pound steers; and 500-to 600-pound steers averaged \$285.63 (Southern Plains). This year, look for the October through December (fall quarter) fed cattle price to be down 3% to 5% year-over-year. Assuming normal summer crop growing conditions, yearling steers this fall may be 9% to 13% below a year ago, and steer calves are expected to drop by 5% to 11%. Still, only 2014's fourth quarter would surpass cattle prices expected this fall.

PROSPECTIVE PLANTINGS UPDATE

USDA-NASS released the Prospective Plantings report on March 31, 2015, detailing expected planted acres for major crops in the U.S. by state and with national totals. The report indicated some important trends.

Corn area planted for 2015 is estimated to be down 2%, at 89.2 million acres, compared to 2014, if realized that acreage will be the smallest since 2010. To replace some of the corn acreage, producers nationwide intend to plant more soybeans (up 1% year-over-year to 84.6 million acres and record large). Lower corn acres are mainly in response to lower prices, which this crop-year may not cover costs of production for many Midwest farmers.

A key year-on-year change in the Prospective Plantings report was the intended non-corn feed grains acreage; including a year-over-year 11% increase in grain sorghum, 10% more barley, and 8% uptick in oats. Most of the grain sorghum increase is expected to be in Texas and Kansas. The largest acreage increase for barley will occur in North Dakota, jumping

280,000 over last year's. For oats, Minnesota farmers reported the largest increase, up 50,000 acres compared to 2014.

Nationwide, producers reported that they intend to harvest about the same hay acreage as last year. Two western states, that focus on growing irrigated alfalfa hay and get multiple cuttings off their fields each year, reported the largest percentage declines in acreage to be harvested: California declining 11% (145,000 acres), and a 21% (90,000 acres) drop in Nevada. Acreage harvested in both those states could decline even more due to severe irrigation water shortages. Of course, drought could also dramatically reduce this summer's hay yields in major production regions of those two states.

Estimated acres planted for cotton will be down 13% year-over-year, which will tighten cotton seed meal supplies while soybean meal output in late 2015 and 2016 likely increases. Comparing prices for plant-based protein feedstuffs could pay off for livestock and poultry producers, especially in southern and western states.

Over the next 30 days, prices of many crops could move quickly on any sign that shifts in plantings compared to expectations are occurring. Then markets will be driven by yield potential throughout the growing season. The first Weekly Crop Progress report, published by USDA-NASS, was released April 6th and will now be updated every Monday into the fall.

CONSUMER FOOD SPENDING REMAINS STRONG

A clear bright spot for the U.S. economy and the meat/poultry sectors has been consumer expenditures on food. In fact, the first quarter looks robust even though winter weather was entrenched in the eastern states during January and February. Aggregate food sector retail sales in February were up 5.3% compared to 2014's. Overall, within the food sector, U.S. restaurants have posted the largest sales growth and may be the healthiest component in the entire economy.

Foodservice and restaurant sales were up 7.4% in February compared to a year ago, following an 11.8% increase in January. For the first quarter of this year expect an increase of fully 7%. Those gains have been driven by growth in disposable income which gained momentum in late 2014 and continued in the most recent reports. For the balance of 2015, year-over-year increases could moderate.

Grocery store sales continue to record gains, increasing 3.4% compared to 2014 in both January and February. The first quarter of this year is projected to maintain that level of growth. Calendar year 2015 looks to be good on the domestic sales front, the economic concerns are overseas.

<http://lmic.info/tac/Monitor/monitorframe.html>

Ron Plain hog outlook

Retail pork prices peaked in September and have declined each month since. But the rate of decline has been slower than the drop in hog prices causing retailers margins to widen.

The average price of a pound of pork at retail was \$3.893 during March. That was 4.8 cents lower than the month before, but 6.3 cents higher than a year ago. The average live price of 51-52% lean hogs in March, \$45.61/cwt, was down 14 cents from the month before and down \$38.21 from a year ago. The sharp drop in hog prices has left the wholesale-retail pork spread at a record \$2.563 per pound. A tighter price spread should boost pork movement.

Beef prices are very high compared to pork. In March, the average retail price of ground beef (\$4.20 per pound) was slightly higher than the average price of boneless pork chops (\$4.196 per pound). Over the last four years, high bacon prices have boosted retail pork prices but that is changing. March bacon prices were the lowest since June 2013.

This morning's pork cutout value was \$66.63/cwt FOB the plants. That is up 91 cents from the week before, but down \$55.67 from a year ago. For the second week in a row, wholesale belly prices are lower than the pork cutout value.

Thursday's negotiated carcass price for plant delivered hogs averaged \$62.14/cwt which is \$4.10 higher than a week earlier, but \$48.95 lower than a year ago.

The national average negotiated barrow and gilt carcass price on morning sales today was \$61.19/cwt, up \$2.45 from last Friday. This morning's price is 91.8% of the pork cutout value. The western corn belt averaged \$61.37/cwt this morning. Because of low sales volume and confidentiality rules, there were no eastern corn belt or Iowa-Minnesota negotiated hog carcass price reports this morning.

Peoria had a top live price today of \$40/cwt, \$2 higher than last Friday. The top price today for interior Missouri live hogs was \$44.50/cwt, up \$4.50 from the previous Friday.

Hog slaughter this week totaled 2.243 million head, up 3.3% from the week before and up 12.0% from same week last year. Year-to-date hog slaughter is up 5.2% and pork production is up 5.6%.

The average live slaughter weight of barrows and gilts in Iowa-Minnesota last week was 283.8 pounds, up 0.3 pound from the week before, but down 1.9 pounds from a year ago.

The May lean hog futures contract closed today at \$70.52/cwt, down \$1.25 for the week. June hog futures ended the week at \$76.27/cwt, down \$1.88 from the week before. July hogs also lost \$1.88 this week to close at \$77.47/cwt. The August contract settled at \$77.50/cwt.

The May corn futures contract settled at \$3.7975/bushel which is 3 cents lower than a week earlier. September corn

futures ended the week at \$3.94 per bushel. <http://agebb.missouri.edu/mkt/bull1c.htm>

Ron Plain cattle outlook

The average price of fresh beef in grocery stores was a record \$6.079 per pound during March. That was up 6.2 cents from the previous record set the month before.

Retail prices for choice beef averaged \$6.282 per pound during March. That was up 1.2 cents from February, up 56.2 cents compared to March 2014, but 5.1 cents below the record set in January. Ground beef prices averaged \$4.20 per pound in March, down 3.8 cents from the month before.

The 5 area average price for slaughter steers was \$162.40/cwt during March. That was \$2.50 higher than February and \$12.60 higher than a year ago.

The consumer price index for March was below year-ago for the third consecutive month, thanks largely to lower energy prices. The cost of living peaked in June of 2014.

Fed cattle prices this week were lower on light volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$162.71/cwt, down 42 cents from last week's average, but up \$15.63 from a year ago. The 5 area average dressed price this week for steers was \$255.96/cwt, down \$8.05 for the week, but up \$21.41 compared to the same week last year.

This morning the choice boxed beef cutout value was \$257.69/cwt, up 53 cents from the previous Friday and up \$31.59 from a year ago. The select carcass cutout was \$251.45/cwt this morning, up 40 cents from last week and up \$36.37 from a year ago.

Cattle slaughter this week totaled 533,000 head, up 6.2% from the week before, but down 5.7% from the same week last year. Year-to-date cattle slaughter is down 7.5% and beef production is down 5.4%.

The average steer dressed weight for the week ending on March 28 was 869 pounds, down 5 pounds from the week before, but up 18 pounds compared to the same week last year. Steer weights have been above year-ago each week since June 14, 2014.

Feeder cattle prices at Oklahoma City were mostly steady to \$5 lower this week. Prices for medium and large frame #1 steers by weight group were: 400-450# \$307-\$320, 450-500# \$296-\$315, 500-550# \$268-\$297.50, 550-600# \$263-\$286, 600-650# \$240-\$260, 650-700# \$226-\$252, 700-750# \$214-

\$248, 750-800# \$208-\$224, 800-900# \$192-\$211, and 900-1000#, \$187.50-\$193/cwt.

Cattle futures gained ground early in the week but closed sharply lower on Friday. The April live cattle futures contract settled at \$157.80/cwt today, down \$1.00 for the week. June fed cattle settled at \$149.00/cwt, up 20 cents from the previous week. August fed cattle gained 12 cents this week to

settle at \$146.67/cwt. October live cattle ended the week at \$148.25/cwt.

The April feeder cattle contract ended the week at \$213.00/cwt, up 55 cents for the week. May feeders settled at \$208.52/cwt which is \$1.20 lower than the week before.

<http://agebb.missouri.edu/mkt/bull2c.htm>

USDA MARKET NEWS – MOSES LAKE

Washington feeder cattle report

(Davenport & Toppenish) Compared to last week, stocker and feeder steers and heifers steady to weak. Slaughter cows and bulls 1.00-3.00 lower. Slaughter cows 57 percent, Slaughter bulls 5 percent, and feeders 38 percent of the supply. The feeder supply included 44 percent steers and 56 percent heifers. Near 61 percent of the run weighed over 600 lbs. http://www.ams.usda.gov/mnreports/ml_ls795.txt

Columbia Basin hay report

Compared to last Friday, all grades of Alfalfa steady in a light test. Trade very slow for domestic and export markets. Most interests continue to wait for new crop. Demand light to moderate. Retail/Feedstore steady. Demand remains good. All prices are dollars per ton and FOB the farm or ranch unless otherwise stated. Several haystack fires were reported across the trade area.

http://www.ams.usda.gov/mnreports/ml_gr310.txt

national feeder & stocker cattle summary

Compared to last week, feeder cattle and calves sold steady to mostly 5.00 lower to start the week, after cattle futures last Friday declined sharply with near limit losses on the feeder cattle contracts. Market watchers were also disappointed by limited cash trade and lower prices paid on fed cattle as weekly slaughter was very light at 502,000 head. Momentum redeveloped across the live and feeder cattle futures to start the week and gained ground until this Friday's collapse. From mid-week on feeder cattle and calves also strengthened with many auctions reporting steady to instances 3.00-5.00 higher. In the Southeastern regions feeder calves were mostly 2.00-6.00 lower. In addition to market pressure on feeder calves, lightweight offerings are now overwhelmingly made up of new crop fall born calves which are not always highly demanded by stocker buyers as many are unweaned and fleshy. With higher futures and strengthening boxed-beef prices the feedlot managers this week will have no reason to back down from higher asking prices. Unpredictable attitudes are dictating market direction as of late, resembling a poker game where every player is either all-in or folded on every hand. Volatility is the only rule that cattle markets abide by lately with the debate of how high is high enough. These are the results of an

industry yearning for profits as packers have been operating with negative margins for some time, but have been successful in moving boxed beef higher at light movement and can keep enticing the retailer into the market at higher money. All participants in the cattle industry are leery but no one wants to be caught with empty pens or pastures when profit opportunities appear. Auction receipts were again fairly heavy this week especially in the Northern Plains where in Ogallala, NE on Thursday sold 155 fancy steers weighing 615 lbs at 291.00, with 60 head of their smaller brothers weighing 528 lbs sold at 315.50. In Mitchell, S.D. on Thursday sold 224 head of value added NHTC steers averaging 815 lbs sold with a weighted average price of 243.98. Corn planting is getting well underway with USDA reporting 2 percent planted on Monday. A slower than expected pace but not a problem at this time especially with today's planting capabilities to cover acres in a very short time. Auction volume included 55 percent over 600 lbs and 43 percent heifers. This week's prices are on the web at: http://www.ams.usda.gov/mnreports/sj_ls850.txt

nw direct feeder cattle summary

Compared to last Friday, feeder cattle steady in a light test. Trade slow this week as most of the NW is current and feedlots are at capacity levels. Demand remains good. The feeder supply included 85 percent steers and 15 percent heifers. Near 100 percent of the supply weighed over 600 lbs. Prices are FOB weighing point with a 1-4 percent shrink or equivalent and with a 5-10 cent slide on calves and a 3-8 cent slide on yearlings. Delivered prices include freight, commissions and other expenses. Current sales are up to 14 days delivery. http://www.ams.usda.gov/mnreports/ml_ls135.txt

national sheep summary

Compared to last week slaughter lambs were steady to 5.00 lower. Slaughter ewes were steady to 8.00 lower. Feeder lambs were firm in a light test. At San Angelo, TX 2979 head sold in a one day sale. No sales in Equity Electronic Auction. In direct trading slaughter ewes and feeder lambs were not tested. 6500 head of negotiated sales of slaughter lambs under 170 lbs were firm, no comparison on those over 170 lbs.

11,200 head of formula sales under 55 lbs were not well tested; 55- 65 lbs were sharply lower; 65-75 lbs were 4.00-5.00 higher; 75-85 lbs were firm; 85-95 lbs were 4.00-5.00 higher and over 95 lbs were 4.00-5.00 lower. 5,518 lamb carcasses sold with 45 lbs and down 112.89 lower; 45-55 lbs 1.04 lower; 55-65 lbs 4.81 lower and 65 lbs and up .30-.86 lower. All sheep

sold per hundred weight (CWT) unless otherwise specified. http://www.ams.usda.gov/mnreports/sa_ls855.txt

superior video

http://www.ams.usda.gov/mnreports/am_ls753.txt

NEWS

NORTH AMERICAN CATTLE SITUATION: MEXICO

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

The Mexican cattle and beef industry is always dynamic and continues to evolve. The industry has faced challenges in recent years with declining cattle inventories while attempting to maintain domestic production and cattle exports; all while beef exports have increased sharply.

The Mexican beef cattle industry experienced the same drought conditions that affected the U.S. in 2011-2013 leading to forced herd liquidation. Moisture conditions improved significantly in 2014 and so far in 2015. Herd expansion has been slow to begin in Mexico but may be beginning at the current time. Cows and heifers have played a large role in maintaining domestic Mexican beef production and cattle exports in recent years and increased female slaughter contributed to herd liquidation.

Record U.S. cattle prices and a weakening Peso contributed to a 12.8 percent year over year increase in Mexican cattle exports to the U.S. in 2014 despite extremely tight cattle supplies in Mexico. Increased Mexican cattle exports in 2014 included more steers and spayed heifers compared to the previous year. U.S. imports of Mexican cattle are up less than one percent for the first two months of 2015 compared to last year. Year to date U.S. imports of Mexican steers are up 4.5 percent while heifer imports are down nearly 15 percent.

U.S. imports of Mexican beef are up 40 percent for the first two months of 2015 compared to the same period last year. Reduced U.S. beef production and record high U.S. beef prices, abetted by the strong dollar, provide a strong incentive for more beef exports from Mexico to the U.S. which, in 2014, resulted in a 23 percent year over year increase. Mexico has rapidly increased beef exports since 2009. Total Mexican beef exports increased 17 percent in 2014 compared to one year earlier. The 2014 export total is only slightly lower than the 2012 record despite the loss of the Russian market after 2012. Increased Mexican beef exports are the result of rapid growth in feedlot production, increased carcass weights (partially offsetting lower cattle slaughter), and widespread adoption of boxed beef technology in recent years. The U.S. is the largest destination for Mexican beef exports, accounting for 84 percent of the 2014 total. Mexico has been the fourth largest source of U.S. beef imports since 2010. Other major Mexican beef export markets include Japan and, in 2014, Hong Kong.

Mexico has been one of the top four U.S. beef export destinations for 20 years. Mexico imported 8 percent more U.S. beef in 2014 compared to the prior year despite record high U.S. beef prices and a poor exchange rate which makes U.S. beef even more expensive in Mexico. However, U.S. beef exports to Mexico are down 13.5 percent year over year so far in 2015.

Mexico, like the U.S. and Canada, is faced with the need for herd rebuilding which can only occur by squeezing current production to allow for increased heifer retention and reduced cow slaughter. It will be difficult for Mexico to maintain the current level of domestic beef production, cattle exports and beef exports as herd expansion begins. Continued strong U.S. prices for cattle and beef will continue to favor cattle and beef exports to the U.S. along with decreased imports of U.S. beef. Current exchange rates add to these incentives. However, limited cattle inventories and increased heifer retention in Mexico may moderate either cattle exports or beef exports or some combination of both. Early trade flows in 2015 may indicate that domestic Mexican cattle demand may be strengthening enough to retain more feeder cattle in the country. U.S. beef exports to Mexico will continue to face the disadvantage of high U.S. prices aggravated even more by a weak Mexican Peso. However, to the extent that Mexico continues to grow beef exports, imported beef will be needed to maintain domestic beef supplies. The increasingly bilateral nature of U.S.-Mexican beef trade emphasizes that beef trade is less about an imbalance in beef quantities in the two countries and more about the value enhancement from improved quality distribution and product mix in the two countries.

NORTH AMERICAN CATTLE SITUATION: CANADA

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

The North American cattle and beef market is a complex set of cattle and beef flows among Canada, Mexico and the U.S. These trade flows played a role in the unprecedented production and prices that occurred in 2014 and will play a role in 2015 and beyond. Trade impacts among the NAFTA countries were generally as expected in 2014. Beef imports from Canada increased while beef exports to Canada decreased compared to 2013. Cattle imports from Canada and Mexico also increased year over year along with beef imports from Mexico. Canada and Mexico accounted for a combined 31.1 percent of U.S. beef exports and 30.9 percent of U.S. beef imports in 2014. The impact of Canada and Mexico on the U.S. cattle and beef market may be different in 2015. More detail on the Canadian situation follows.

U.S. imports of Canadian beef increased 11.9 percent in 2014 compared to one year earlier. Canadian cattle slaughter and beef production increased year over year in 2014 as cattle inventories continued to decline. However, cattle slaughter and beef production are expected to decline in 2015. Canadian beef exports are expected to close to 2014 levels in 2015 due to tight supplies. Nevertheless, U.S. imports of Canadian beef are up nearly 14 percent in the first two months of 2015. U.S. beef exports to Canada have continued to fall in 2015 with January and February combined beef exports to Canada down 20.9 percent.

Canadian feedlots have struggled with competitive disadvantages to the U.S. and limited cattle supplies. Feedlot placements in Canada dropped sharply in the second half of 2014. Feedlot placements in Alberta and Saskatchewan were down 16.9 percent year over year in the four months from last November through February. March 1 cattle on feed inventories in Alberta and Saskatchewan were down 11.7 percent from one year ago. Feedlot marketings in these two major Canadian cattle feeding provinces were down 14.6 percent in January and February compared to the same two months last year. Fewer feedlot marketings in Canada impacts Canadian beef production and slaughter cattle exports. Combined January and February U.S. imports of Canadian slaughter cattle were down 34.6 percent year over year, including a 55.1 percent decrease in slaughter steer imports; a 40.8 percent decrease in slaughter heifer imports; and 21.4 percent fewer cull cows imported for slaughter.

Record high U.S. feeder prices and a strong dollar favor Canadian exports of feeder cattle to the U.S. U.S. imports of Canadian feeder cattle increased 37.8 percent in 2014 over the previous year. This increase consisted of a 60 percent year over year increase in feeder heifers exported to the U.S. along with a 7 percent increase in feeder steers exported to the U.S. In the first two months of 2015, total U.S. imports of Canadian feeder cattle are up a more modest 7 percent; the result of a 51.2 percent increase in feeder steer imports combined with a 12.6 percent decrease in feeder heifer exports.

January 1, 2015 Canadian cattle inventories confirmed that cattle herd liquidation continued in 2014 with a beef cow herd of 4.78 million cows, down two percent from the previous year. Beef replacement inventories were down one percent as well, indicating that herd expansion has not yet started in Canada. This is consistent with slaughter and export data indicating that heifer slaughter in Canada was up 9 percent in 2014; 24 percent more slaughter heifers were exported to the U.S. and 60 percent more feeder heifers were exported in 2014 compared to 2013. Decreased feeder and slaughter heifer exports so far in 2015 may indicate that heifer retention is beginning in Canada.

Decreased beef production in Canada in 2015 will hold beef exports close to 2014 levels despite favorable exchange rates. U.S. imports of Canadian beef may moderate in the coming months from the strong year over year increases posted in January and February, though the U.S. may be picking up a larger share of total Canadian beef exports. Slaughter cattle imports from Canada are already down year over year and will likely remain lower due to decreased Canadian feedlot production. Herd rebuilding may result in fewer cull cows exported to the U.S. for slaughter in 2015. U.S. imports of Canadian feeder cattle may also moderate in coming months as a result of tight Canadian cattle supplies and increased heifer retention in Canada. Compared to 2014, Canada is likely to contribute relatively less to U.S. beef supplies, slaughter cattle supplies, and feeder cattle supplies in 2015.

USDA ERS UPDATES



[U.S. Agricultural Trade Data Update](#)

Foreign Agricultural Trade of the United States (FATUS) tables, which are updated monthly.

April 03, 2015



[Livestock & Meat International Trade Data](#)

Database contains current and past data on hogs and pork, cattle and beef, veal, and poultry, including trade by country.

April 03, 2015



Latest U.S. Agricultural Trade Data

This data product announces USDA's monthly release of calendar year, fiscal year, year-to-date, and monthly value of U.S. agricultural exports, imports, and trade balance.
April 02, 2015

OTHER RESOURCES

USDA Market News: www.ams.usda.gov

Northwest Commodity

Corner: <http://www.ams.usda.gov/mnreports/lswnwcomm.pdf>

National Feed & Seed

Weekly: <http://www.ams.usda.gov/mnreports/lswfeedseed.pdf>

Video auction home pages

Superior Livestock Auction

<http://www.superiorlivestock.com/>

Western Video Market

<http://www.wvmcattle.com/>

Northern Livestock Video Auction

<http://www.northernlivestockvideo.com/>

USDA market news reports for individual PNW auctions

Stockland Livestock Auction (Davenport, WA)

http://www.ams.usda.gov/mnreports/ML_LS756.txt

Toppenish Livestock Auction (Toppenish, WA)

http://www.ams.usda.gov/mnreports/ML_LS754.txt

Hot topics

WSU Avian flu

<http://anr.wsu.edu/AvianFlu.htm>

WSU - West Nile Virus

<http://wnv.wsu.edu/>

Northwest Pilot Project (AID)

<http://www.northwestpilot.org/>

Selected PNW livestock auction home pages

Central Oregon Livestock Auction (Madras, OR)

<http://www.centraloregonlivestockauction.com/marketreports.htm>

Producers Livestock Marketing Association

(Vale, OR & Jerome, ID)

<http://www.producerslivestock.com/>

Stockland Livestock Exchange (Davenport, WA)

<http://www.stocklandlivestock.com/>

Lewiston Livestock Market (Lewiston, ID)

<http://www.lewistonlivestockmarket.com>

USDA National Animal Identification System

<http://animalid.aphis.usda.gov/nais/index.shtml>

NCBA BSE page

<http://www.bseinfo.org/>

USDA Country-of-origin labeling

<http://www.ams.usda.gov/cool/>

The most recent editions of this newsletter are posted on the WSU Extension Central Washington Animal Agriculture Team website (<http://animalag.wsu.edu>). In this newsletter, clicking on a link will open the website containing the report or will load the PDF from the web in your browser window. If you have any problems please email me at hudsont@wsu.edu. Several of the articles are in Adobe Acrobat (PDF) format, and you may need the current version of Adobe Reader for the hotlinks to work. Go to <http://www.adobe.com/products/acrobat/readstep2.html> to download Adobe Acrobat Reader for free. To subscribe automatically, send a blank email to SUBSCRIBE-livestockmarkets@lyris.cahnrs.wsu.edu.

Tip Hudson

hudsont@wsu.edu

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