

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 1/29/2018

GAIN Report Number: CA18008

Canada

Post: Ottawa

Canadian Live Cattle Imports at Ten Year High

Report Categories:

Agricultural Situation

Livestock and Products

SP1 - Expand International Marketing Opportunities

Approved By:

Evan Mangino, Agricultural Attaché

Prepared By:

Alexandrea Watters, Agricultural Specialist

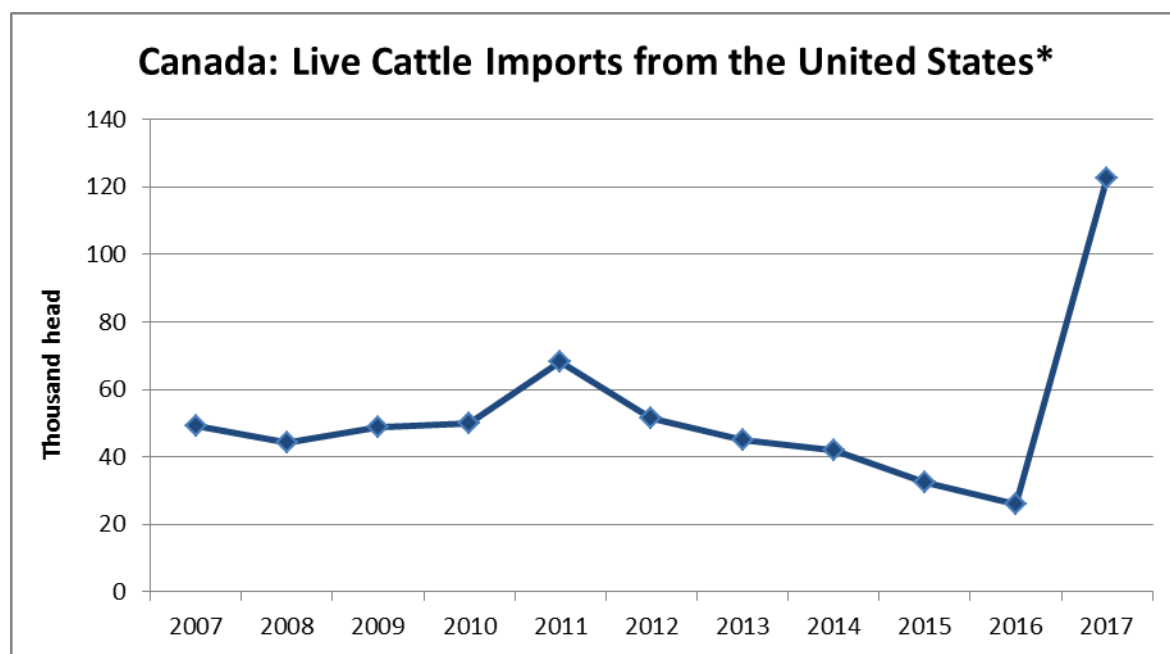
Report Highlights:

Canadian imports of U.S. cattle through November 2017 were at a 10-year high, up almost 370 percent nationwide and up more than 1,000 percent in Alberta, the heart of Canada's beef cattle industry. Sources indicate that feeder cattle pricing on both sides of the border, tight Canadian feeder cattle supplies, and increased Canadian feedlot activity contributed to the 2017 surge.

Keywords: Canada, CA18008, Cattle

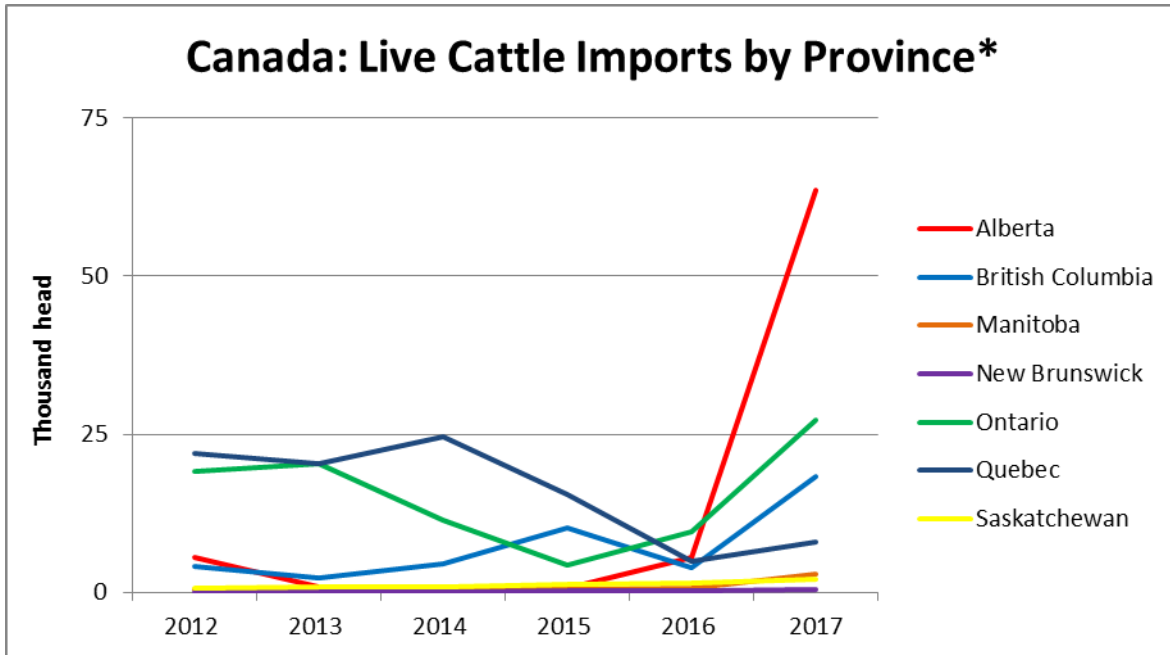
2017 Canadian live cattle imports from the United States have skyrocketed. From August through November 2017, Canadian average monthly live cattle imports from the United States were up 570 percent year-over-year from 2016, with October 2017 imports alone up 850 percent. The majority of cattle were destined for Alberta, with higher levels moving into Ontario and British Columbia as well.

Canada's largest feedlot operator, Western Feedlots Ltd., ceased feeding operations in late 2016. With a capacity of 100,000 head, industry sources were initially concerned about the loss of feedlot capacity and possible impact on Canadian cattle suppliers and cattle trade. However, existing slack within remaining feedlot operations has since filled, virtually negating the closure of Western Feedlots. Additionally, 2017 cattle numbers indicate that the Canadian cattle herd had been in further decline than earlier estimates had suggested, with lower than anticipated supplies of feeder cattle and feeder calves further reducing feedlot fill rates. Lower Canadian cattle numbers, favorable prices for U.S. feeder cattle, a Canadian feed cost advantage, a relatively stronger Canadian dollar, and strong Canadian feedlot profitability earlier in the year all helped push Canadian live cattle imports sharply higher in late 2017.



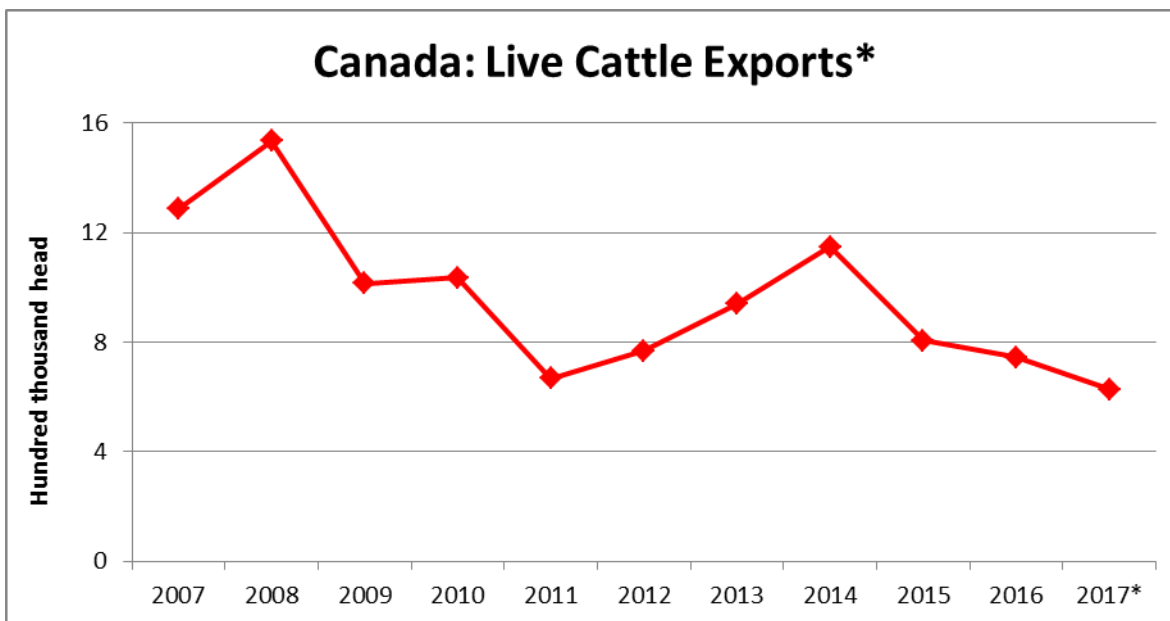
Source: Global Trade Atlas. *Year to date data through November.

Industry sources indicated that trucks delivering slaughter cattle into the United States were picking up loads of feeder cattle on their return trip back to Canada, rather than running empty, during the late summer / fall 2017 surge. The strength of live cattle demand in Alberta may have been exacerbated by Ontario feedlots operators aggressively bidding for Saskatchewan and Manitoba feeder cattle supplies during that period. Reports suggest that close to 60 percent of calves placed in Ontario feedlots in late 2017 were sourced out of the prairie provinces, as Ontario feeders looked to larger cow-calf operations for more consistent supplies of known quality genetics. Though the most recent price data points to a some tapering off in Ontario demand, with a large 2017/18 Canadian corn crop in the bin (see [GAIN CA17040](#)), Ontario feeders' strong demand for calves could continue well into 2018.



Source: Global Trade Atlas. *Year to date data through November.

While December 2017 live cattle import numbers are not yet publically available, sources indicate that live cattle imports have been tapering, as the Canada-U.S. feeder calf price differential has narrowed and as late 2017 feeder cattle imports occupy available feedlot capacity. While Canada has sufficient slaughter capacity to accommodate to process the recent surge in imported feeder cattle, industry sources diverge on whether these feeders will ultimately remain in Canada for processing or return to the United States. 2017 year-to-date numbers show a 16 percent decrease in live cattle exports to the United States, following the declining trend after the 2014 peak.



Source: Global Trade Atlas. *Year to date data through November.

As recently imported feeder cattle are likely still in feedlots, lower exports may simply reflect increased Canadian slaughter activity. However, reports indicate that fed cattle prices are reasonably solid and that some fed cattle are moving out of feedlots earlier than anticipated. If fed cattle prices and Canadian slaughter demand remain strong, feeders may continue to move cattle out of feedlots earlier. Export activity through early 2018 should further clarify Canadian slaughter trends and final slaughter destination for the 2017 feeder cattle import surge. With the U.S. cattle herd still expanding, slack in Canadian slaughter capacity, increased Canadian consumer demand for beef and the prospect of expanded export opportunities to Comprehensive and Progressive Trans-Pacific Partnership countries later in 2018, many recently imported feeders could remain in Canada for processing.