



Cattle Market Update

FEBRUARY 2024

 @AWASKO

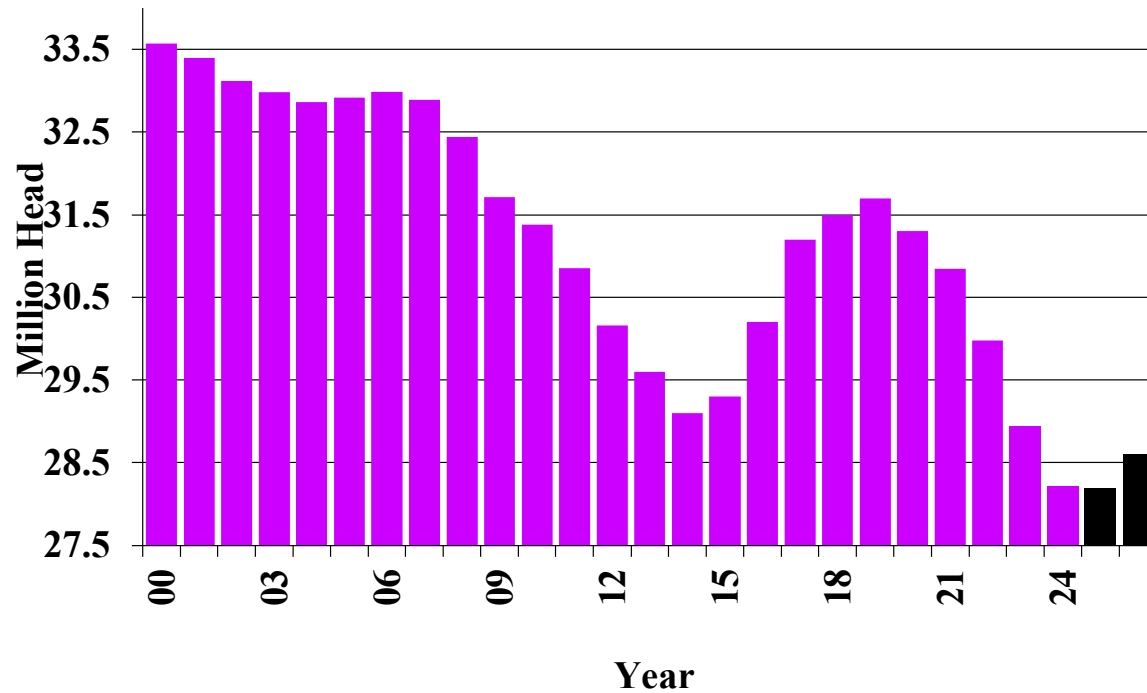
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Cattle Numbers & Supply

U.S. Beef Cows -2.5% to 28.2M head

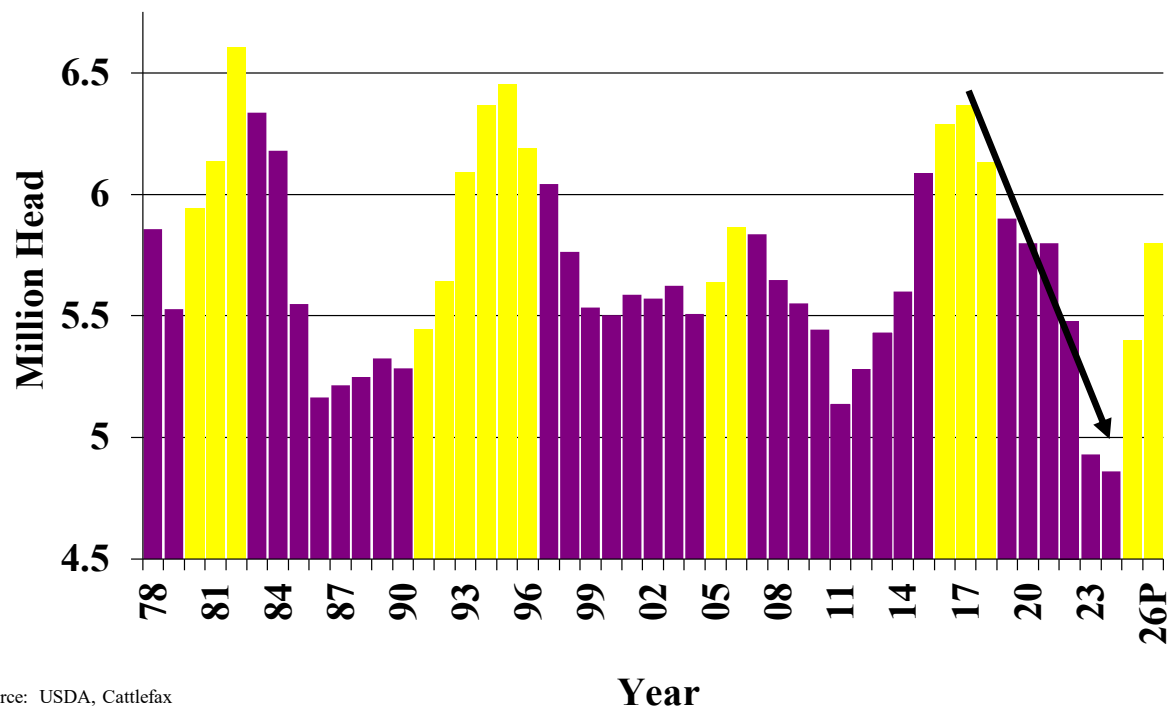
U.S. Beef Cow Inventory January 1 - 2000-2026P



Source: USDA, Cattlefax

U.S. Beef Heifers clearly in liquidation

U.S. Beef Replacement Heifers January 1 - 1978 to 2026P

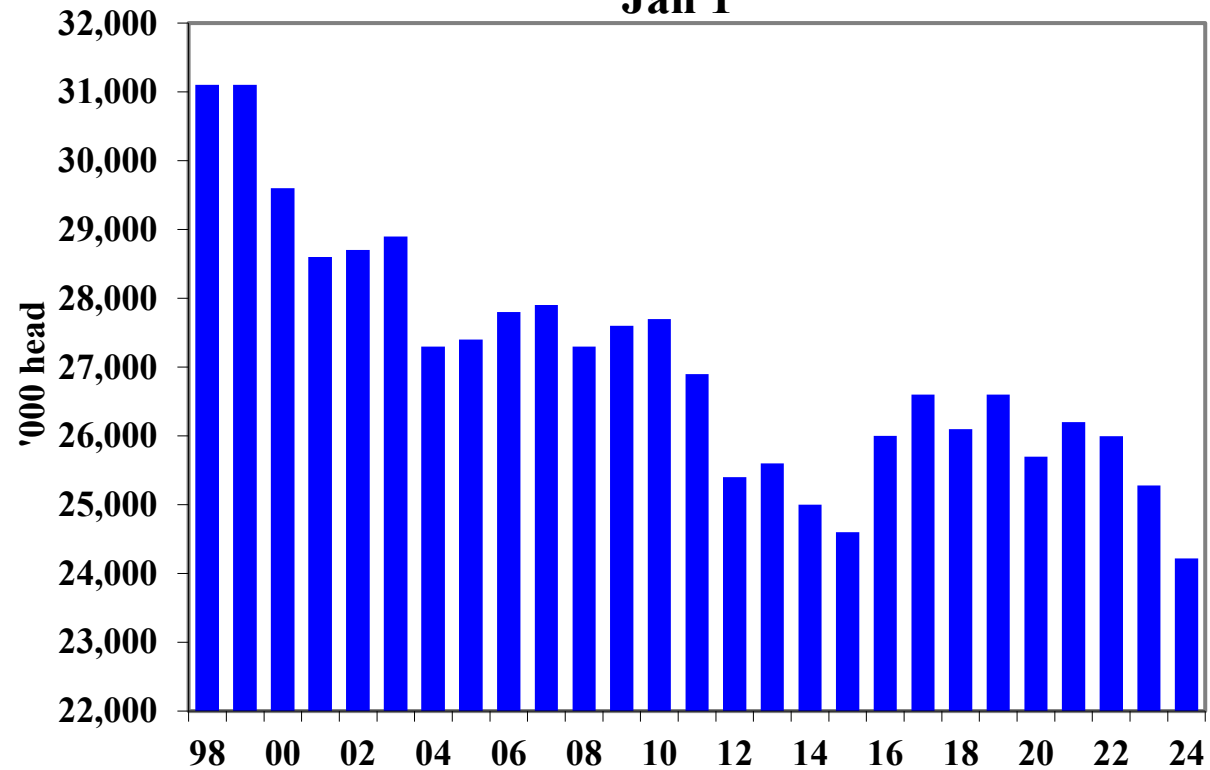


This cycle replacement heifers already down 25% in 7 years. Other cycles typically 4-5 years of liquidation then growth.

Source: USDA, Cattlefax

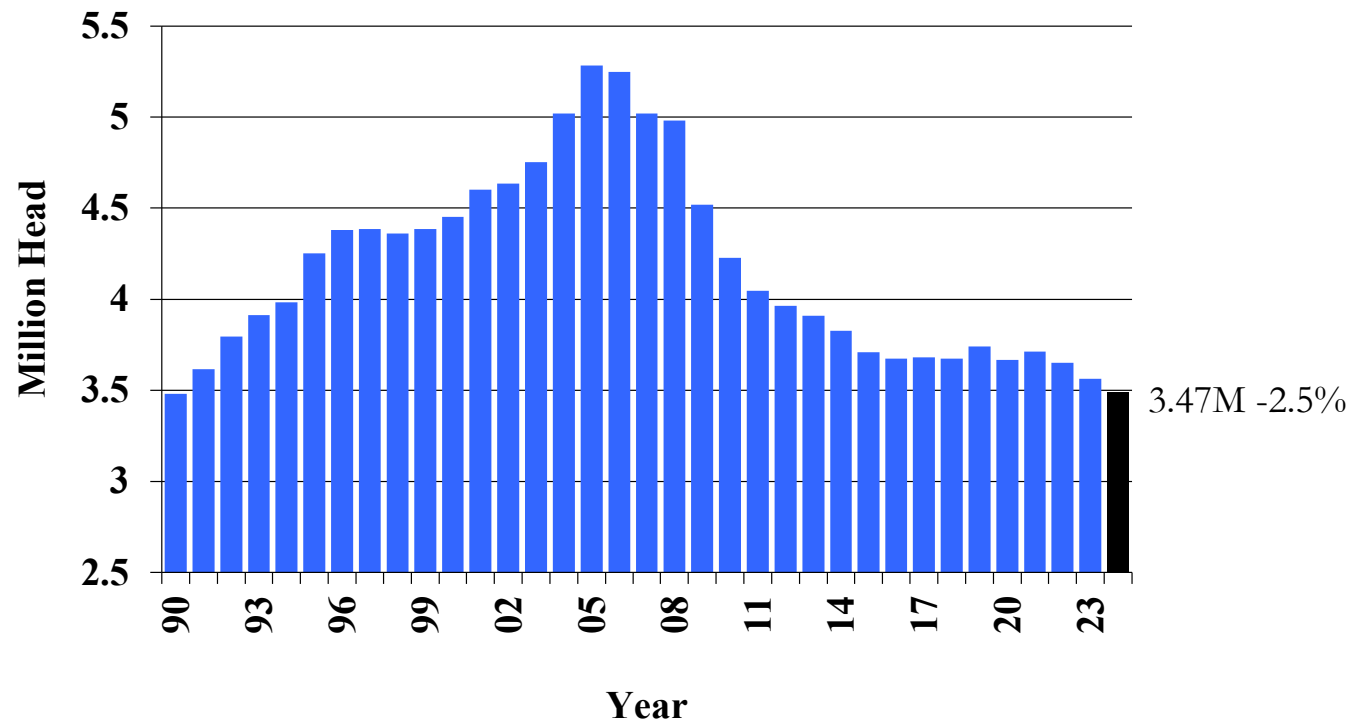
US Feeder supply -4.2% on Jan 1/24

US Feeder & Calf Supply Outside Feedlots
Jan 1



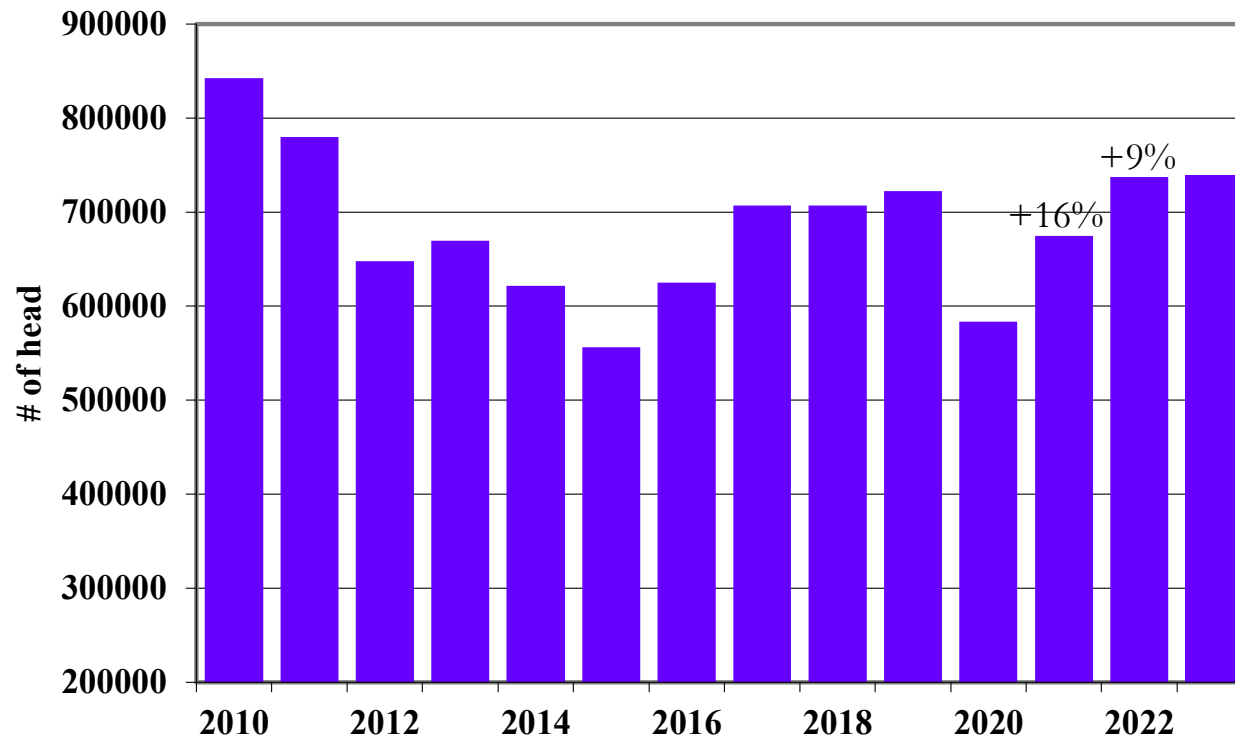
'24P Canadian Beef Cows down 2.5%

Canadian Beef Cow Numbers January 1 - 1990 to 2024P



'22 & '23 Heifer placements largest since 2011

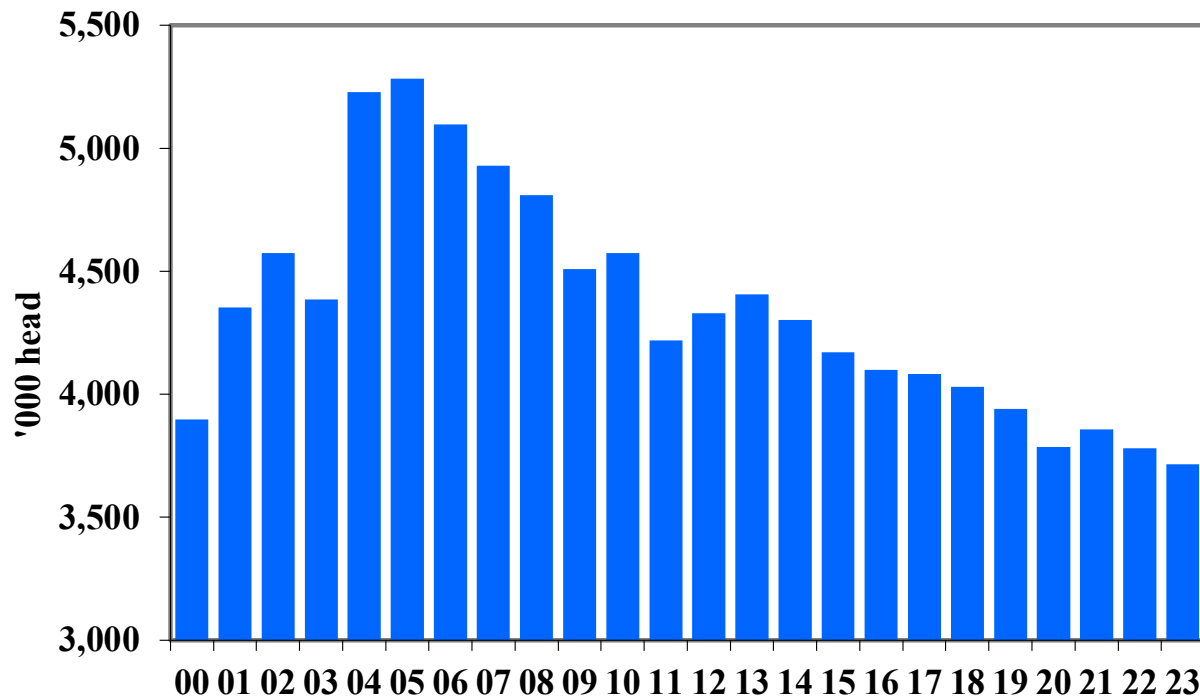
Alberta and Saskatchewan Heifer Placements



Source: Canfax

Feeder supply tight in Canada: -2%

Canadian Feeder and Calf Supply Outside Feedlots - January 1



Source: Stats Can, Canfax COF

North American Drought Monitor

December 31, 2023

Released: Thursday, January 11, 2024

<https://www.ncdc.noaa.gov/temp-and-precip/drought/nadm/>

Analysts:
 Canada - Trevor Hadwen
 Alyssa Klein
 Mexico - Minerva López
 Yenifeer Loranca
 U.S.A. - Lindsay Johnson
 Brad Rippey
 Mark Brusberg*

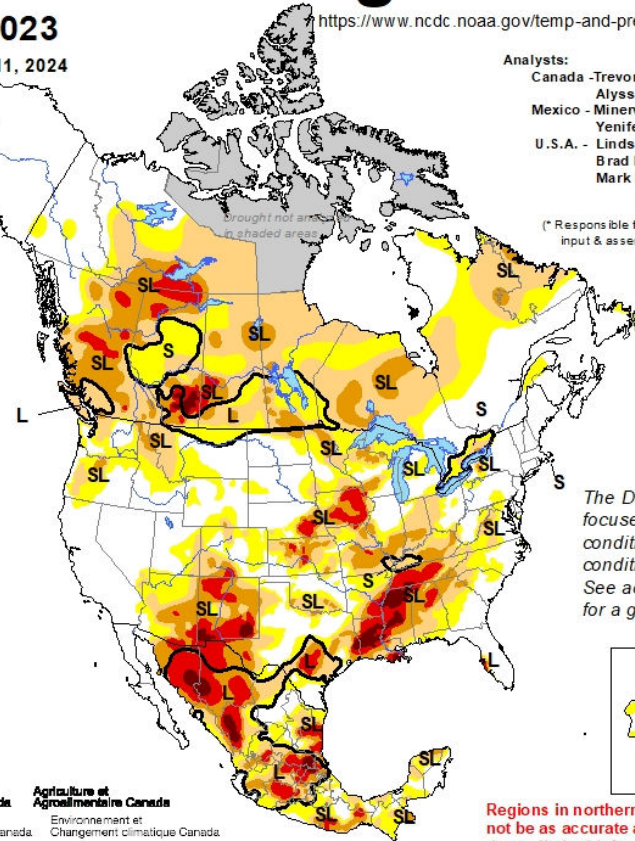
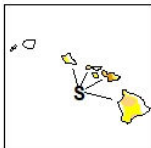
(* Responsible for collecting analysts' input & assembling the NADM map)

Intensity

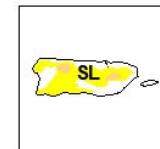
- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

Drought Impact Types:

- Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

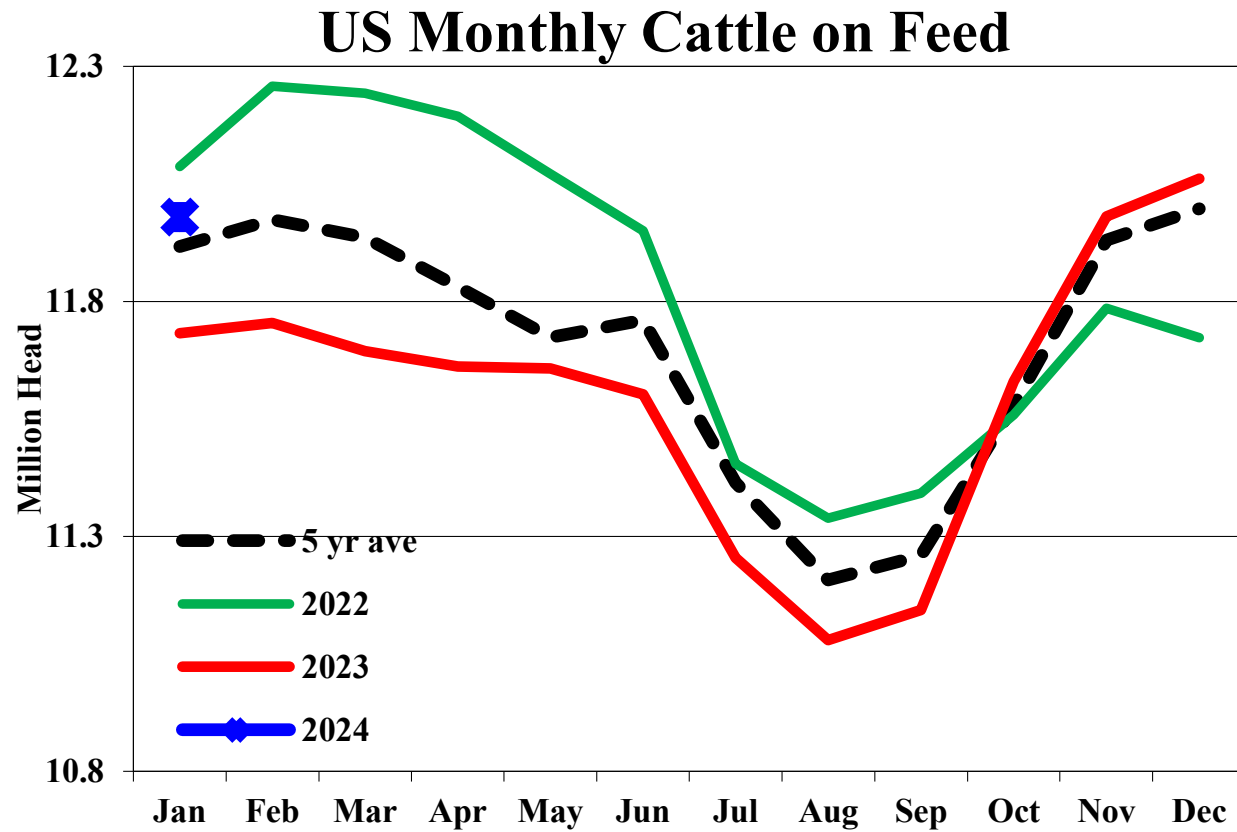


The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text for a general summary.

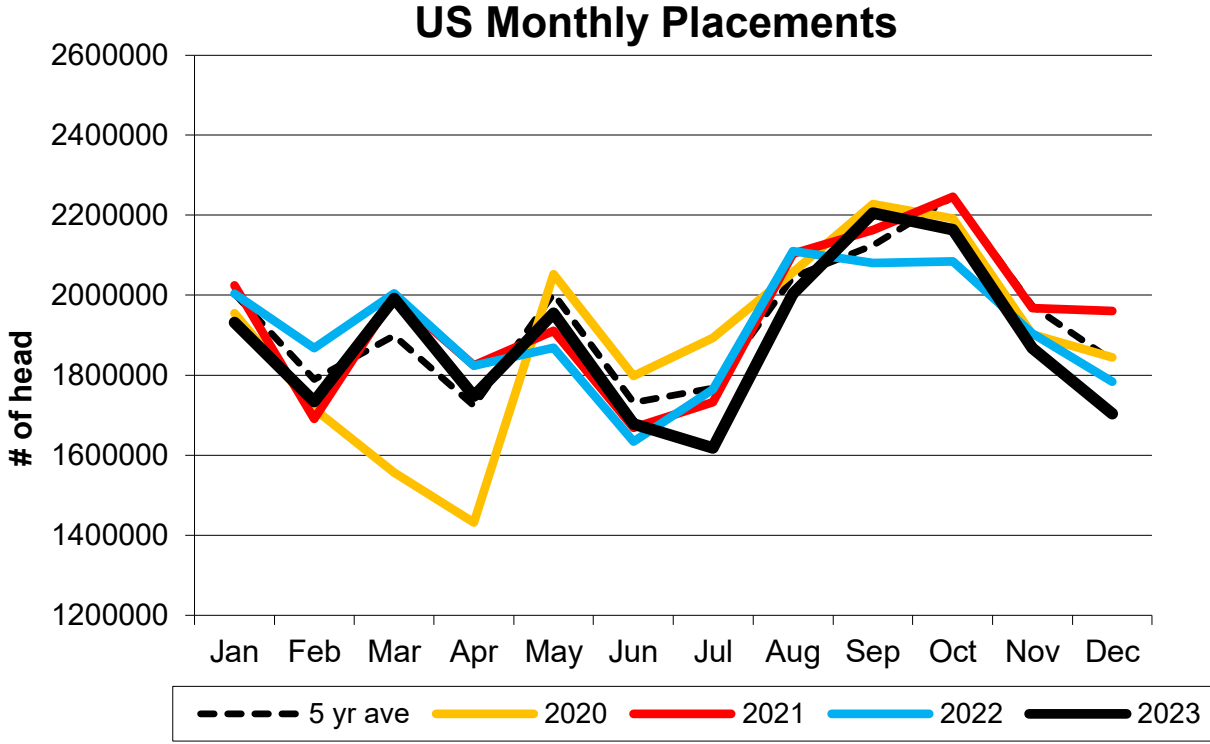


Regions in northern Canada may not be as accurate as other regions due to limited information.

U.S. COF +2% on Jan 1, +1% from 5 YA



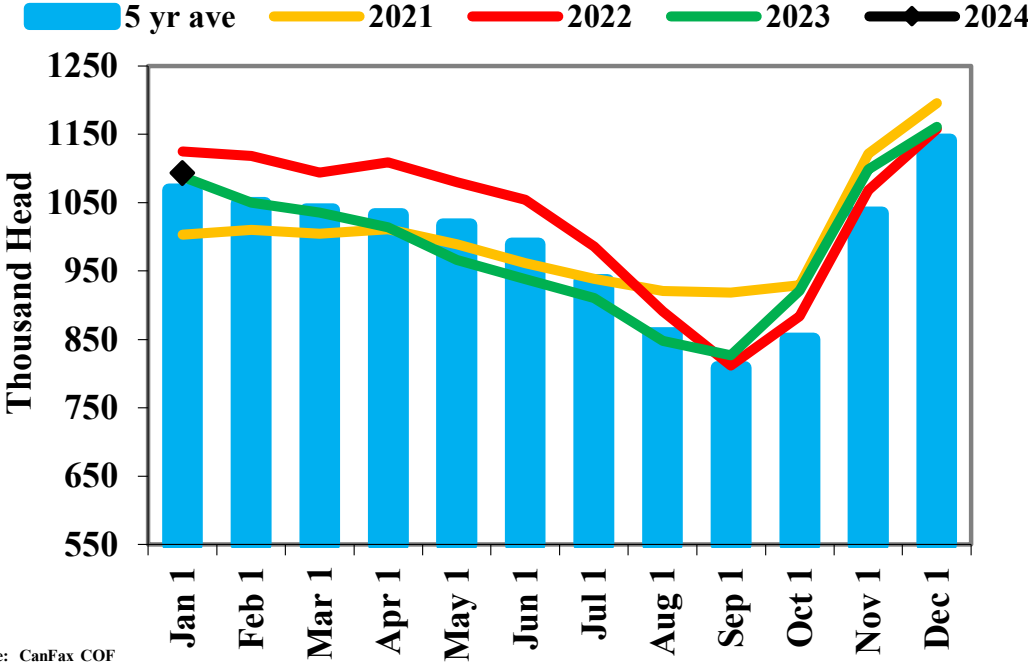
U.S. Dec placements -4%, -7% from 5 YA



Jan 2024 placements expected -16% due to weather impacts.

W Canada COF +1% on Jan 1, +2% 5 yr avg

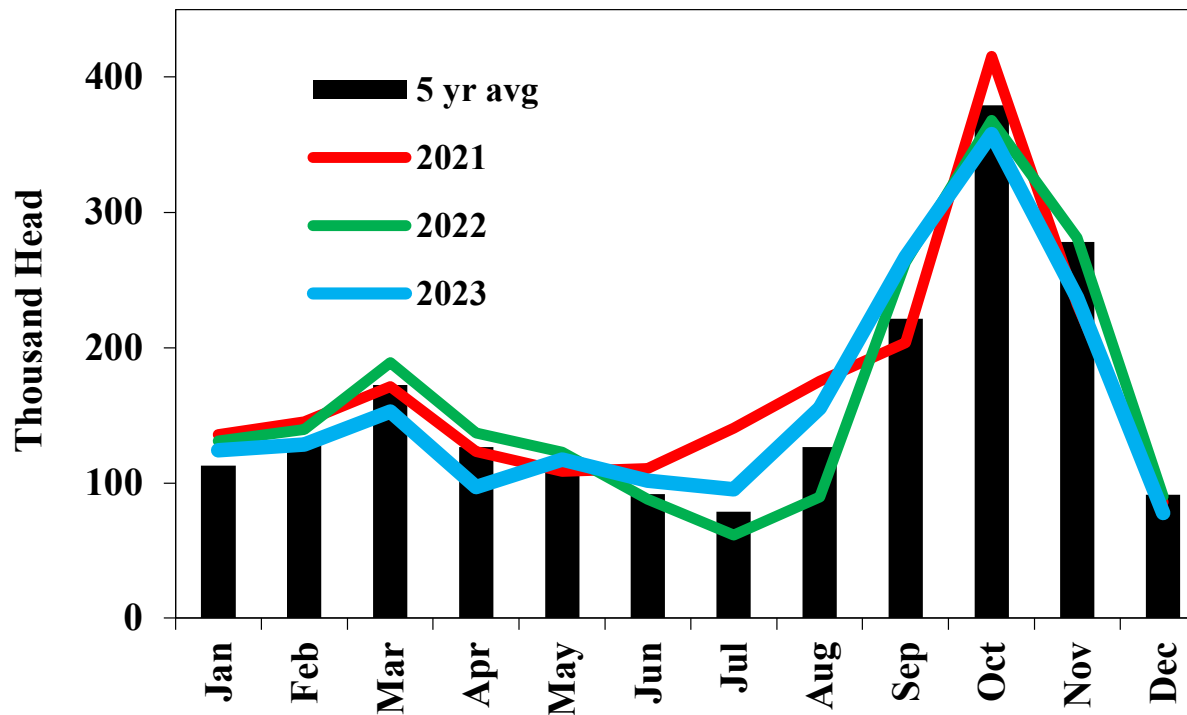
Alberta and Saskatchewan Cattle on Feed



Source: CanFax COF

Dec Placements -14%, -15% from 5 yr avg

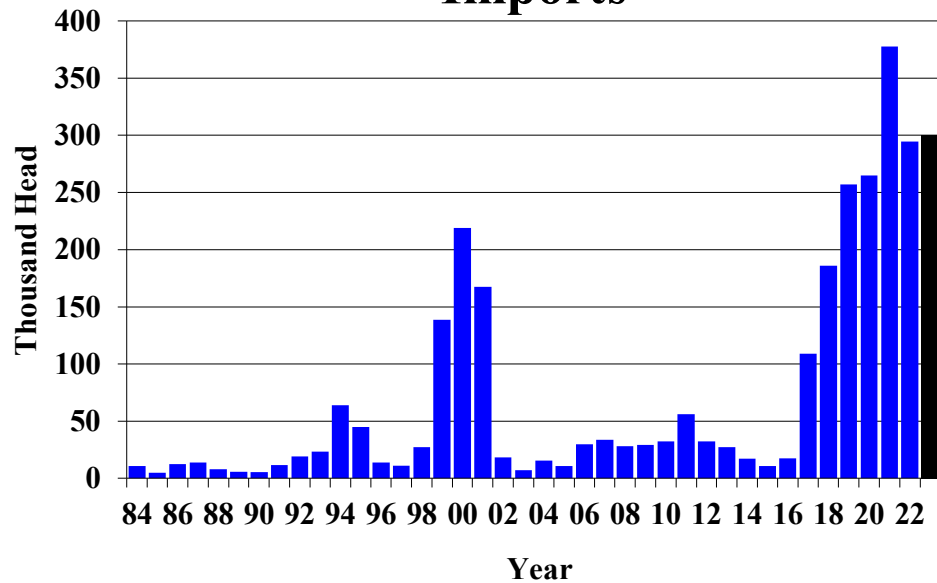
Alberta and Saskatchewan Feedlot Placements



Jan 2024 auction volumes
down 30+%!

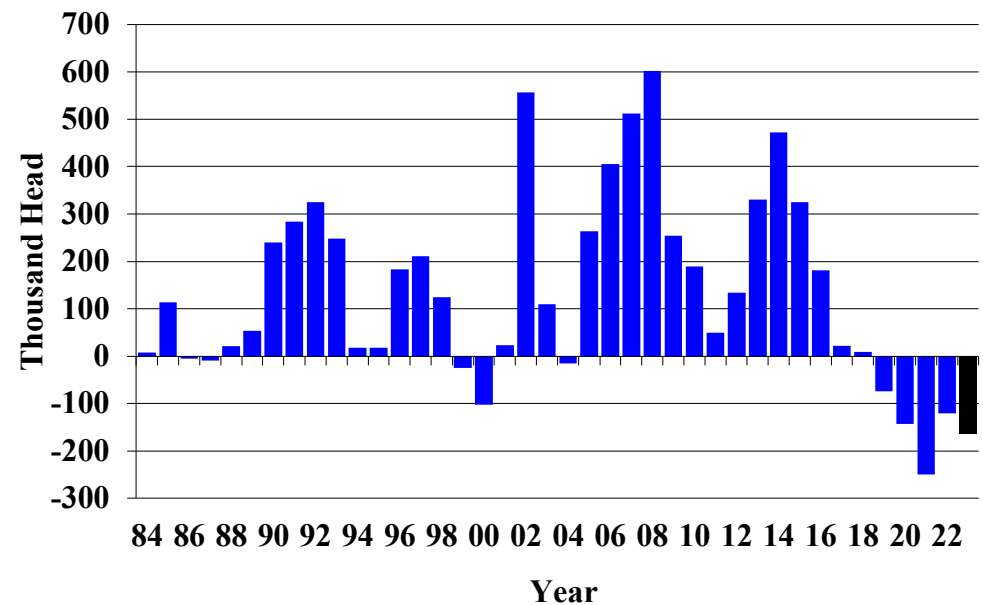
Feeder Trade: Imp 295 – Exp 130 = 165K

Canadian Feeder Cattle & Calf Imports



Source: Statistics Canada

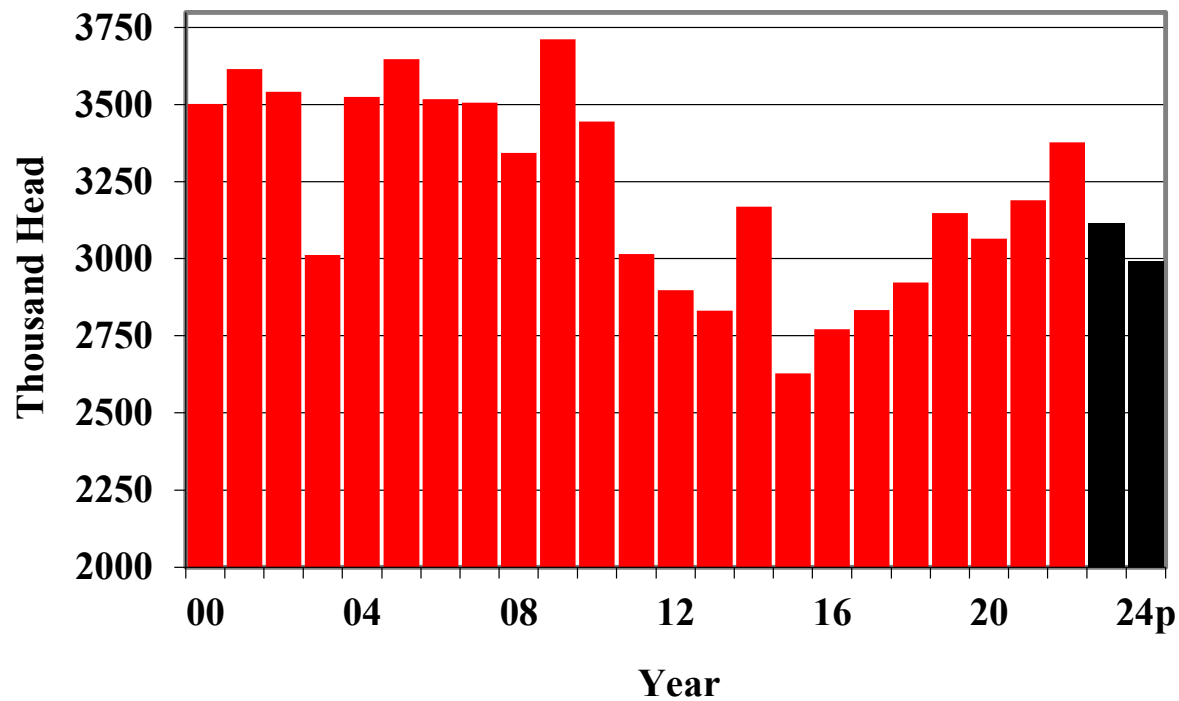
Net trade of Feeder Cattle



Source: Statistics Canada

of cattle fed in Can -8% in '23 & '24P -4%

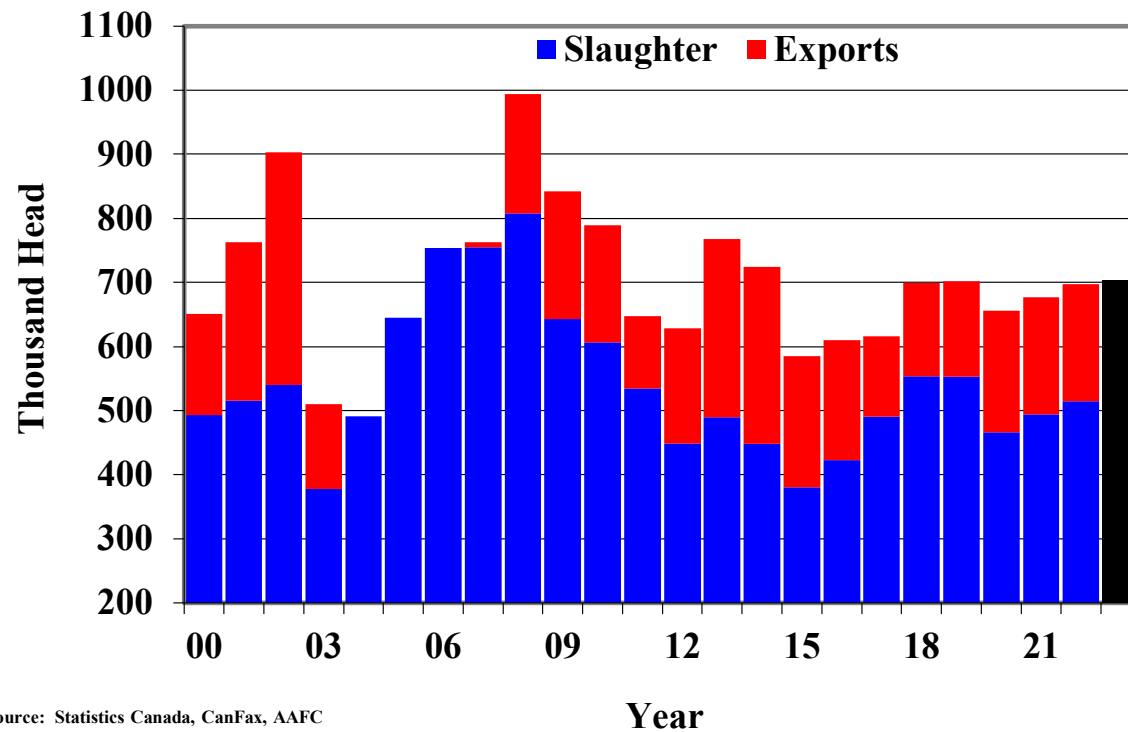
Canadian Fed Marketings 1990-2024P



Source: Statistics Canada, CBGA, AAFC, CanFax

Cdn Cow Marketings +1% (sltr +7, exp -16%)

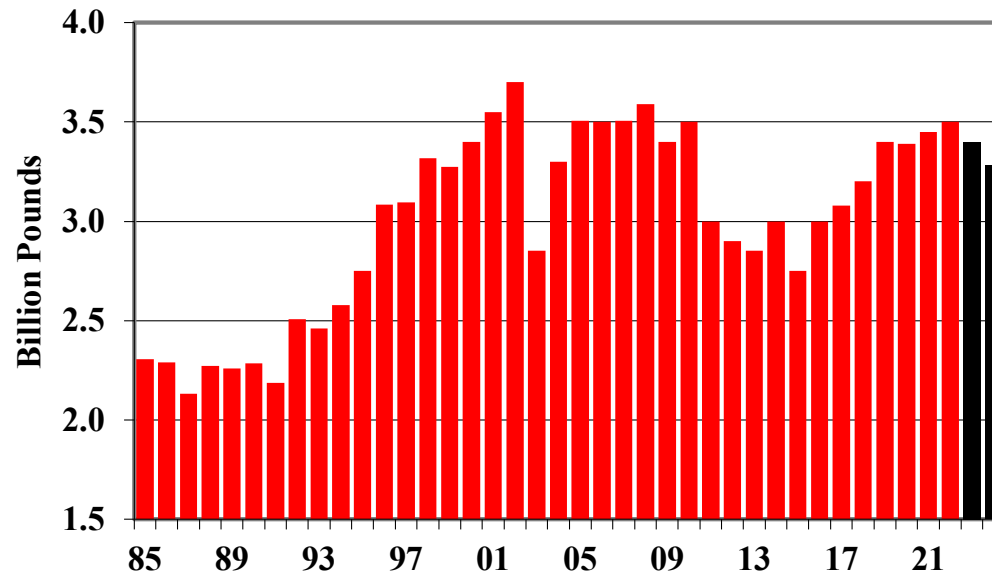
Canadian Slaughter Cow Marketings



Source: Statistics Canada, CanFax, AAFC

Cdn Beef Production -4% in '23 & '24

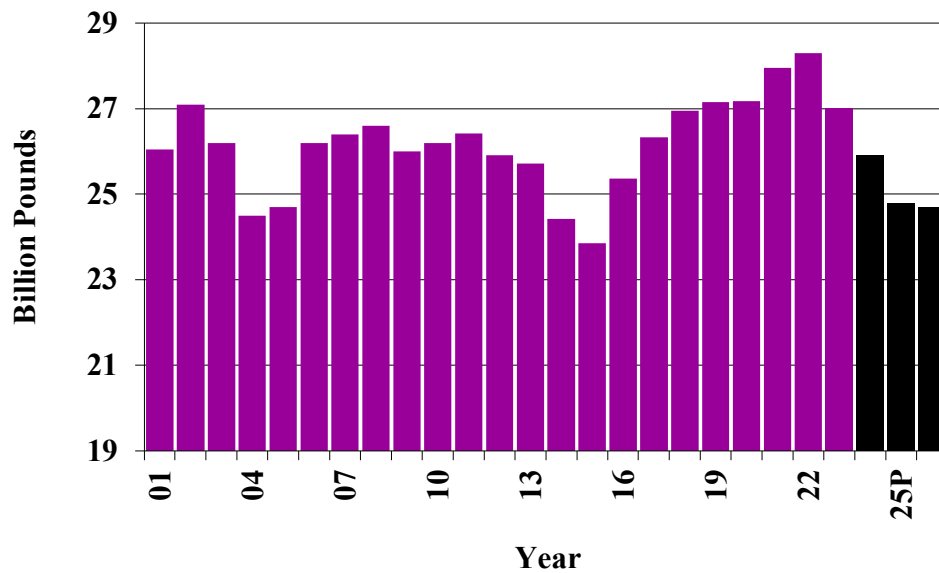
Canadian Beef Production
1985-2024P



Source: Canfax, AAFC, Statistics Canada

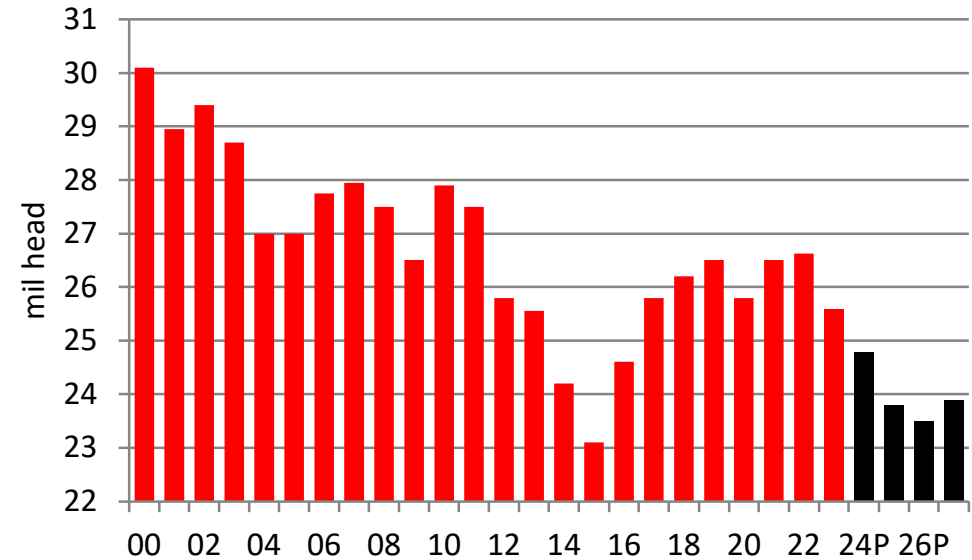
U.S. Beef production -5% in '23, -4% in 2024; -4% in 2025 (13% in total)

**U.S. Beef Production
1990 to 2026P**



Source: USDA, Cattlefax

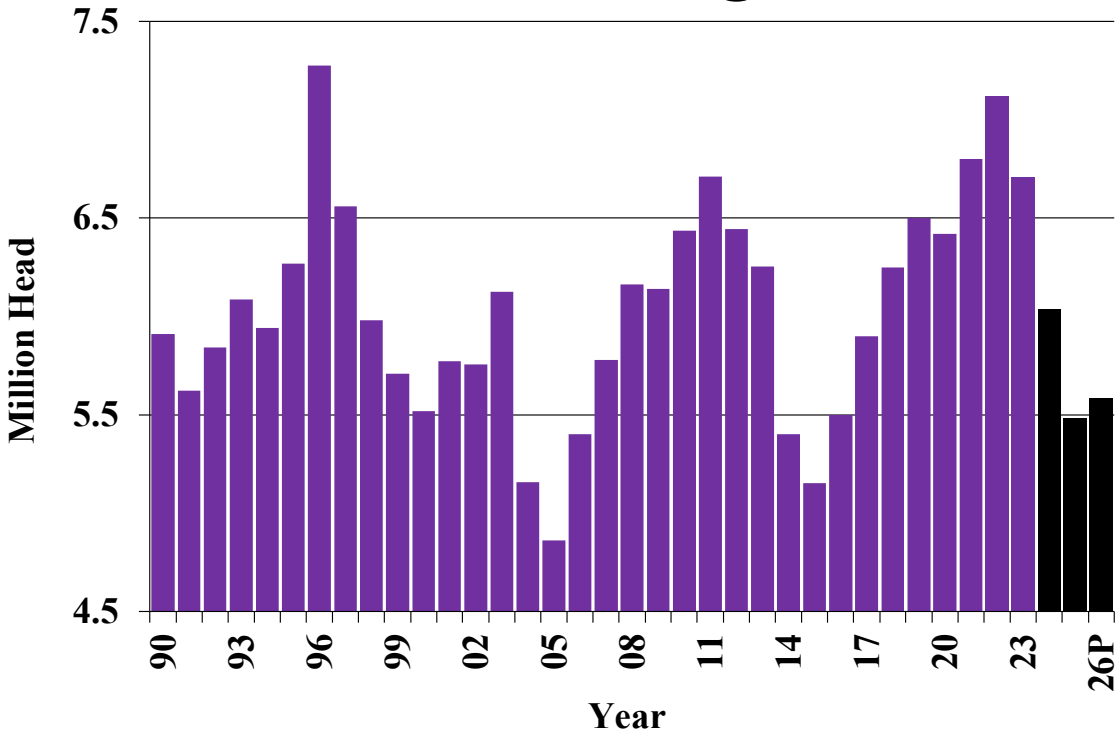
US Steer & Heifer Slaughter



Source: USDA

U.S. Cow Sltr: -6% in '23, -10% '24 & -9% '25

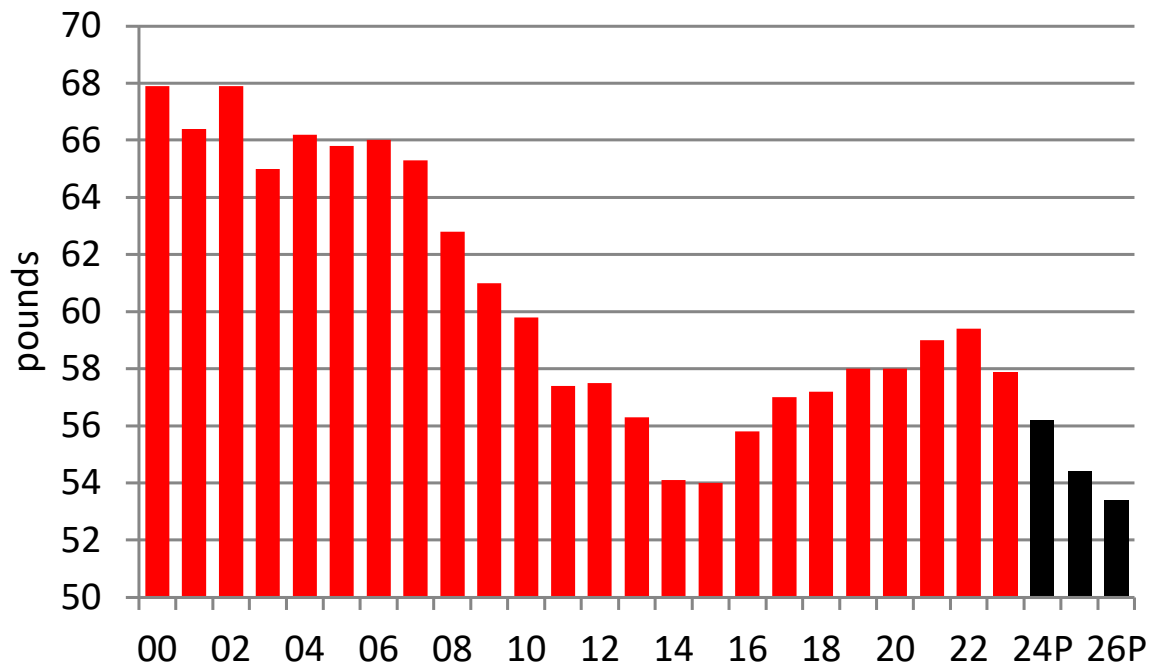
US Cow Slaughter



Source: USDA, Cattlefax

Per Capita beef supplies will get smaller than last cycle

US per capita Net Beef Supplies



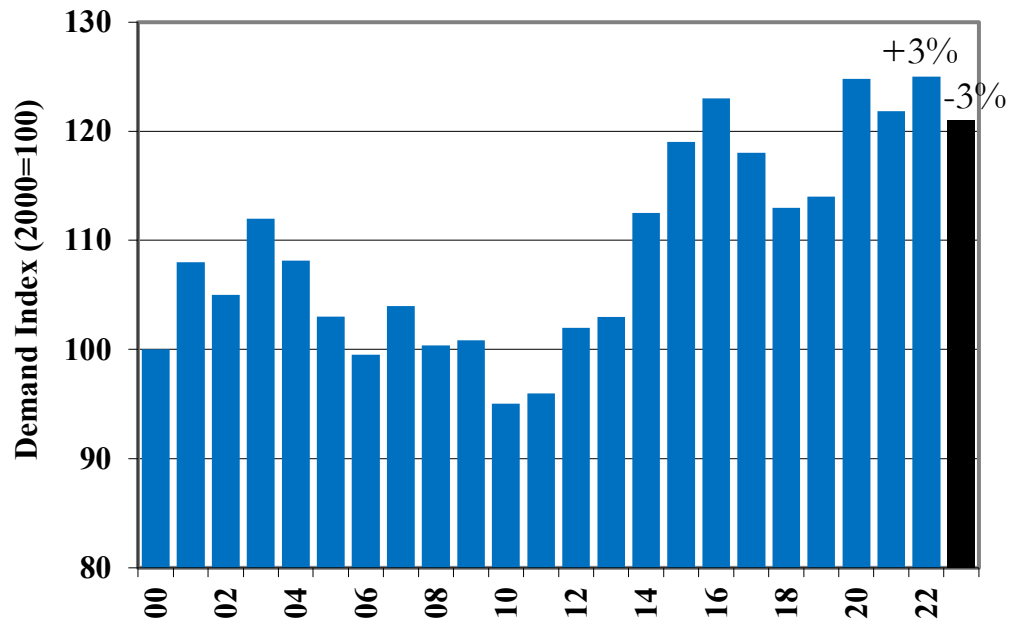
↓
Will drop 6 lbs/person
from 2022 peak (10%)

Source: USDA

Demand and Trade

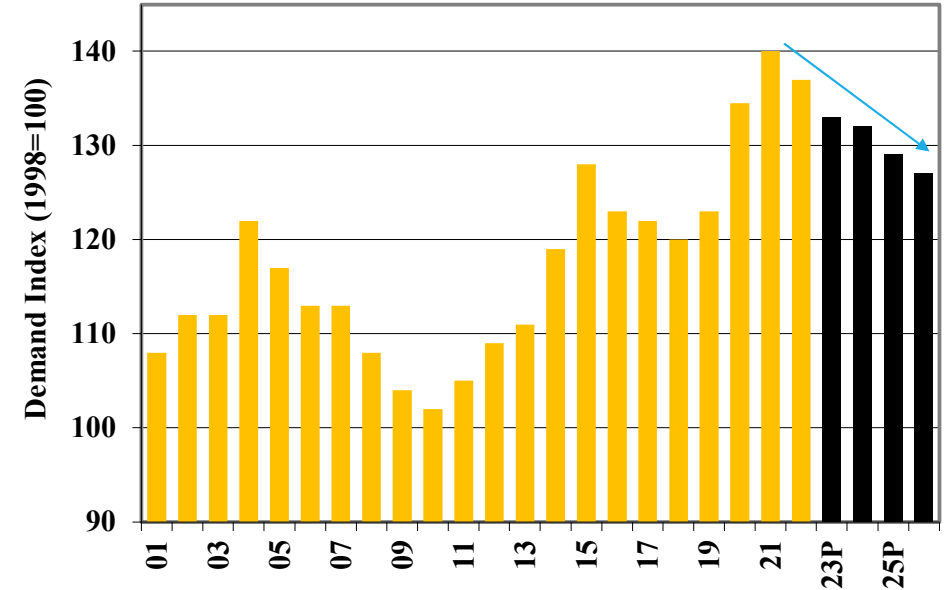
Beef Demand expected to ease

Canadian Retail Beef Demand Index



Source: Statistics Canada, CanFax, US Beef Demand Study Group

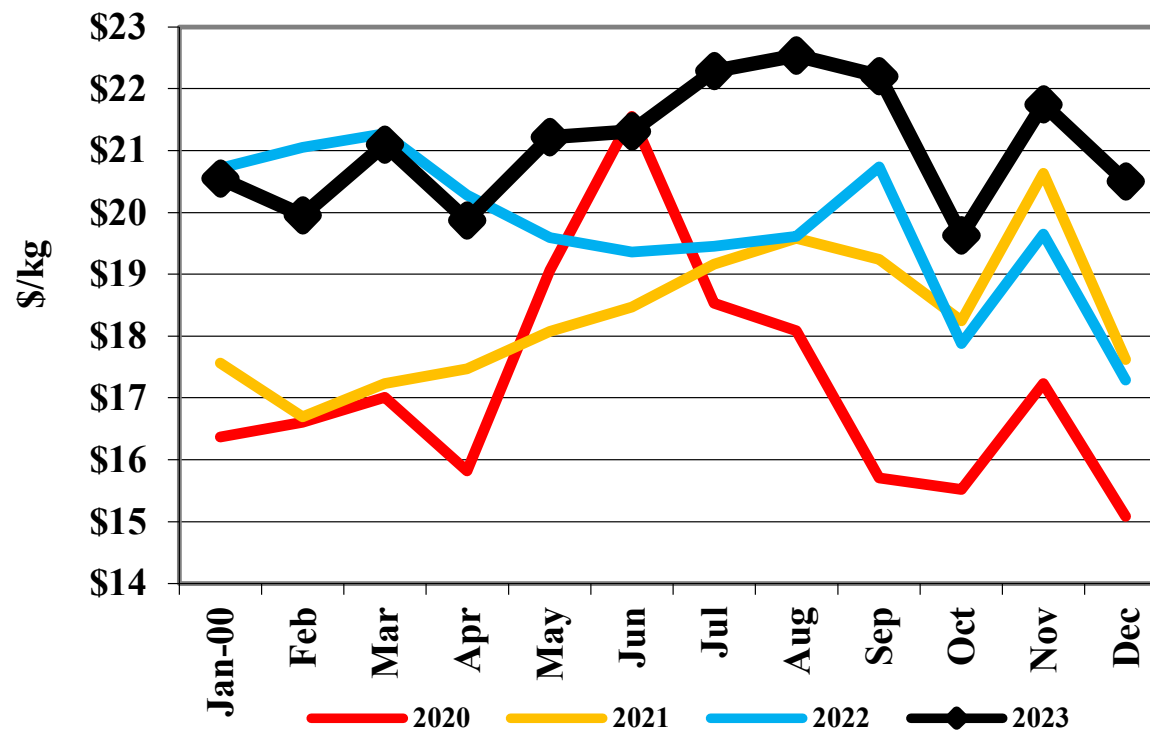
US Retail Beef Demand Index



Source: USDA, K-State

As beef supplies shrink, retail is higher (‘23 was +7%)

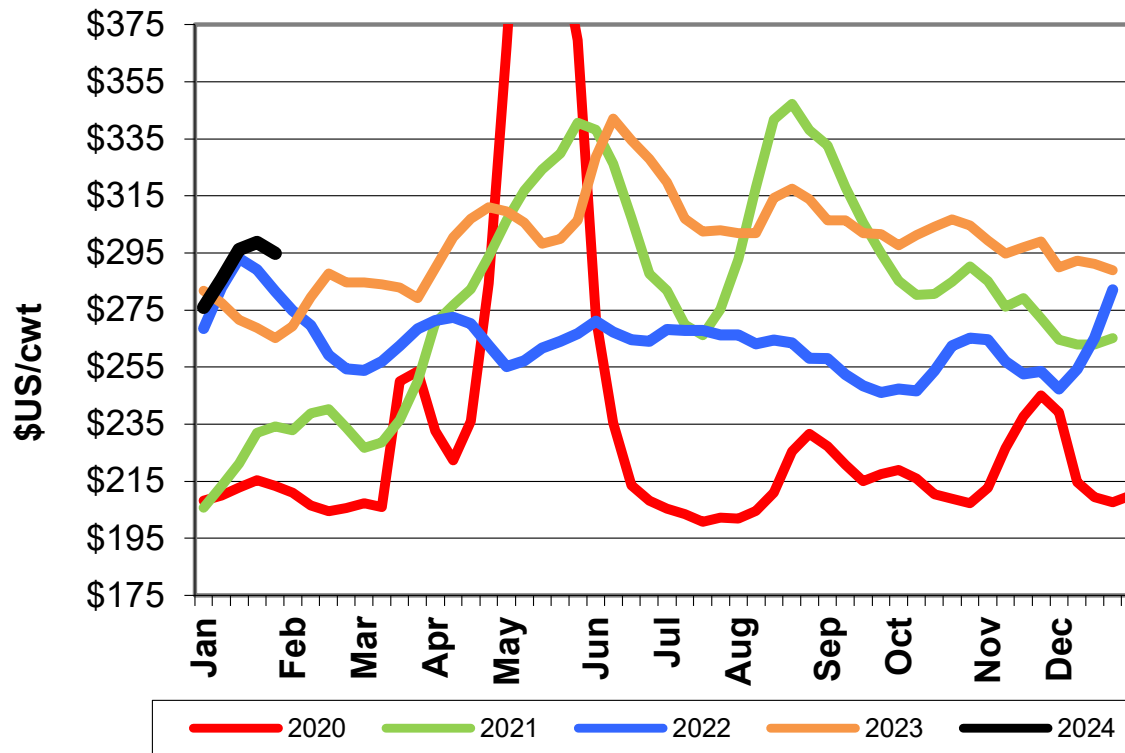
Canadian Retail Beef Price



Source: Statistics Canada

'23 Wholesale price 14% higher, '24P +3%

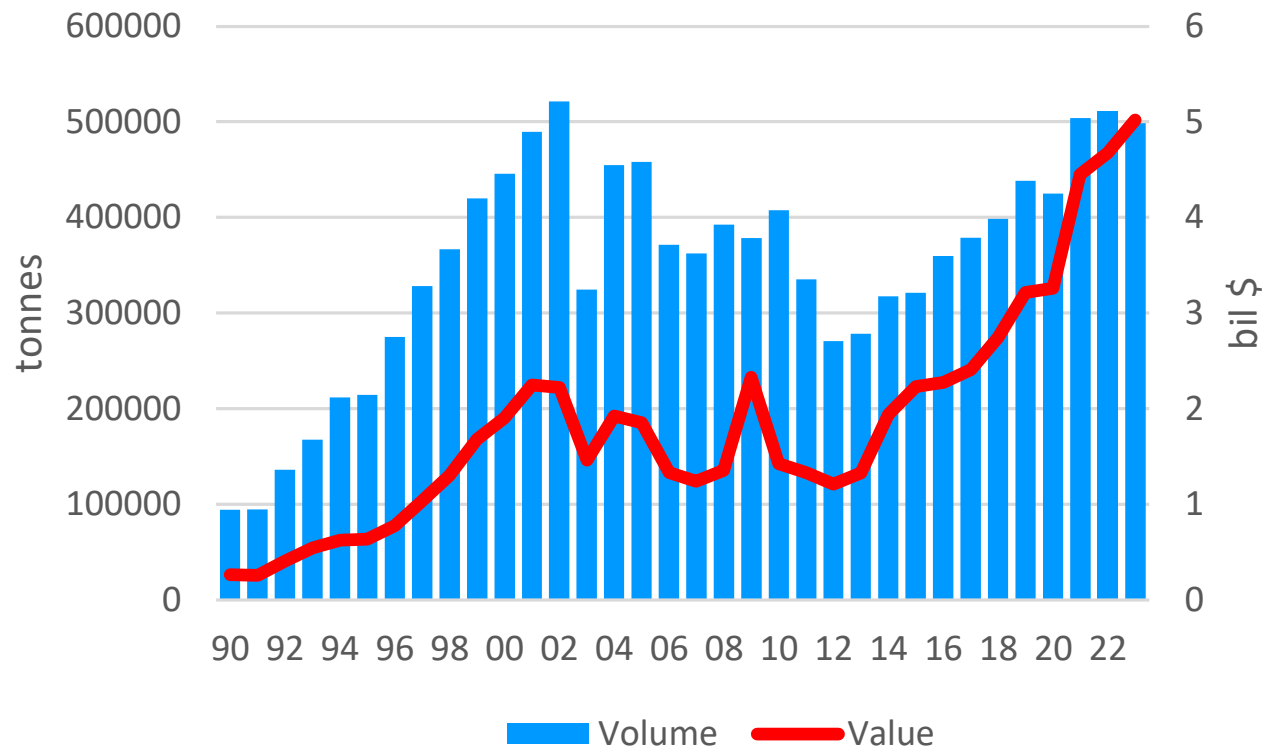
US Weekly Choice Cutout



Source: USDA

'23 Beef Exports -2%, Value +7% at \$5B

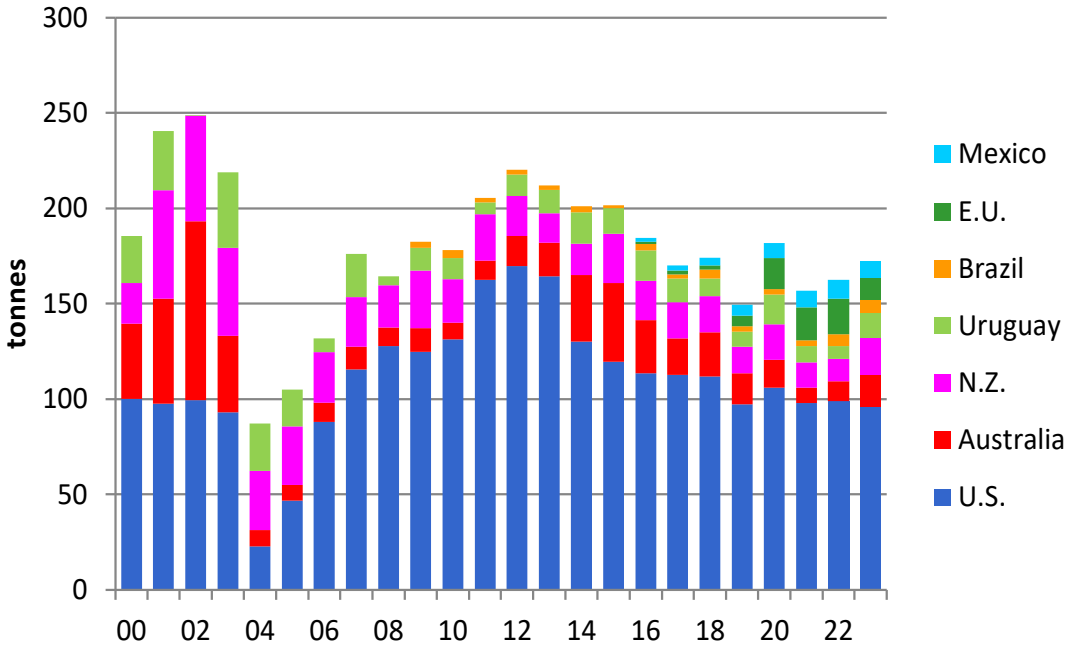
Canadian Beef Exports



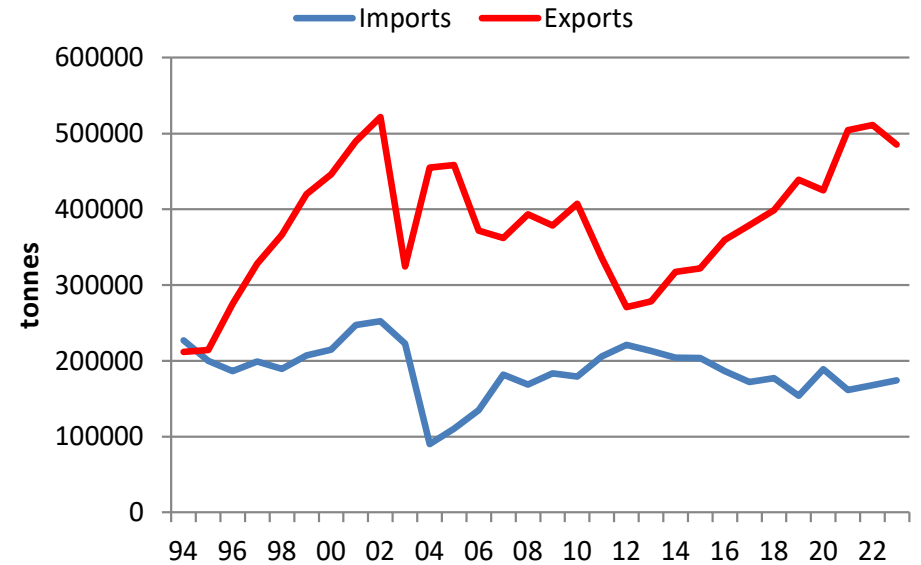
Adding cattle and beef export value together will put 2023 over \$6.4B – a new record in terms of \$

2023 beef imports +6%, expect '24 exports to be lower again & imports higher

Canadian Beef Imports



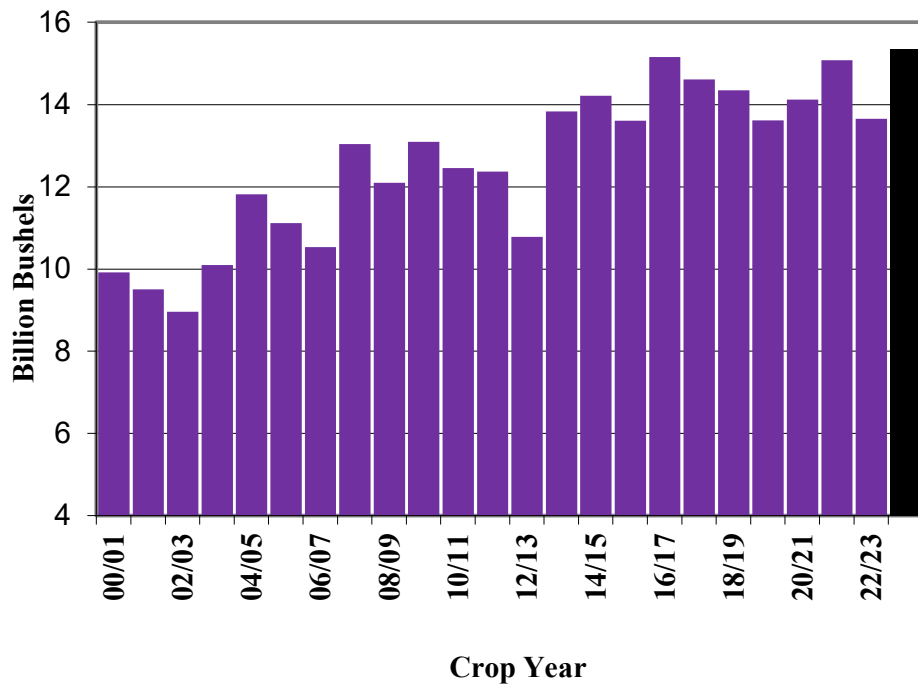
Canada Beef Trade



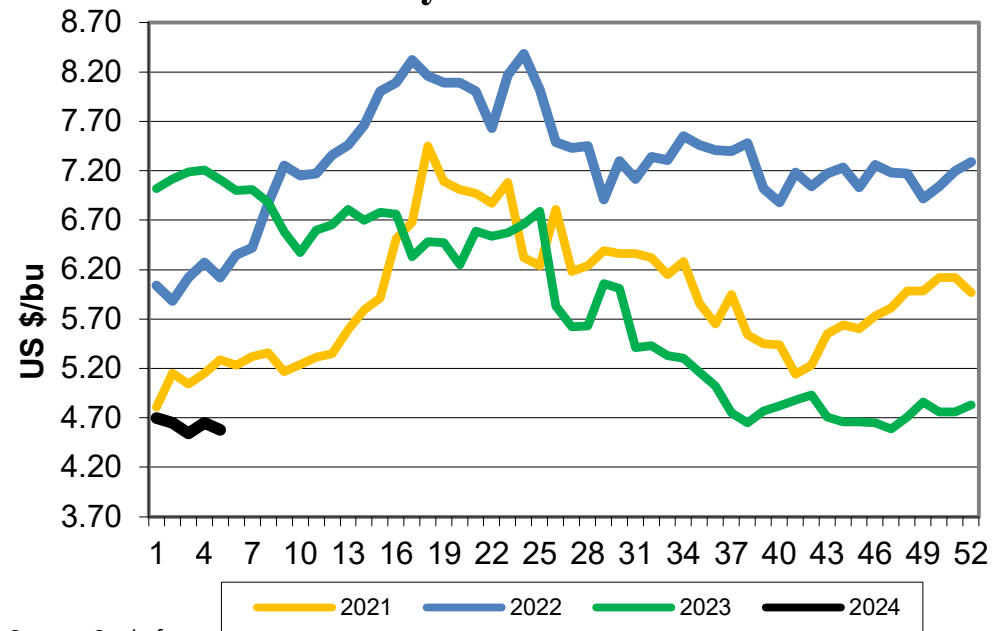
Prices

Biggest U.S. corn crop ever

US Corn Production

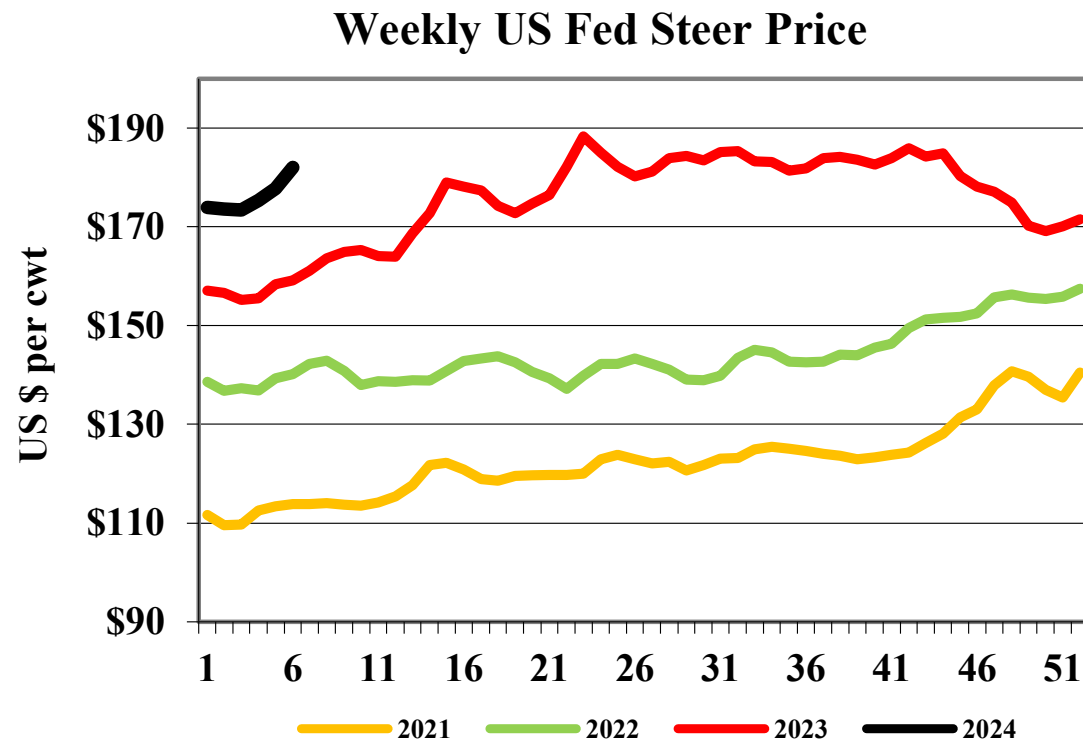


Weekly Omaha Corn Price



Source: Cattle-fax

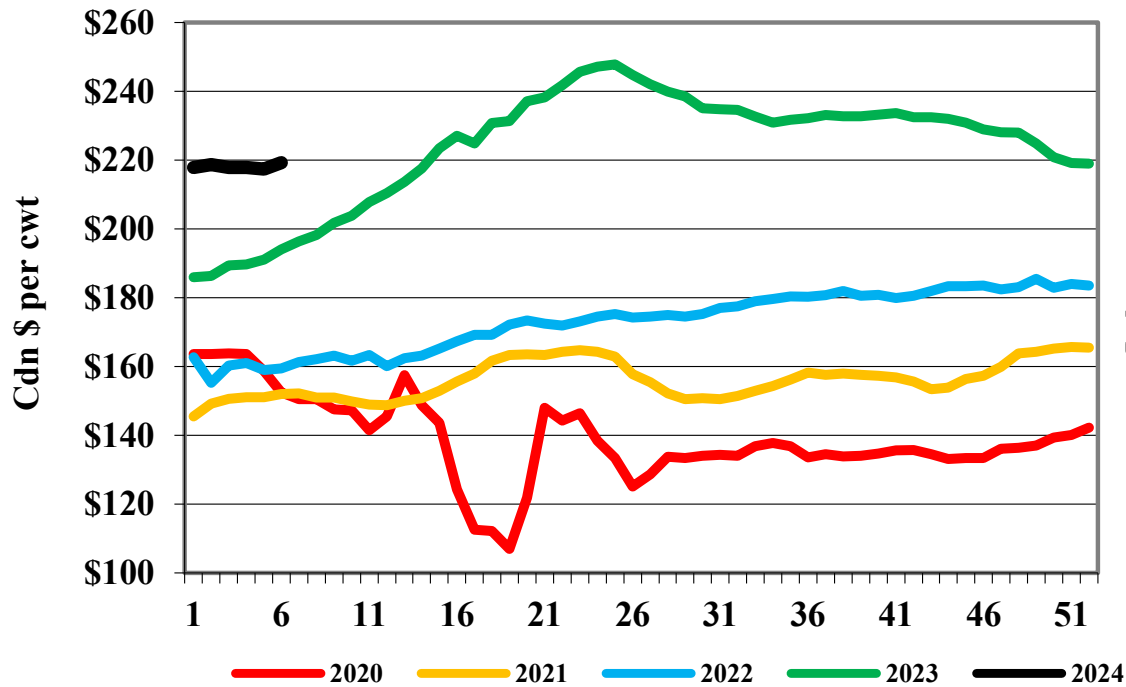
U.S. Fed cattle averaged +23% in '23 at \$177, '24F 5-6% higher at \$185 (\$168-197)



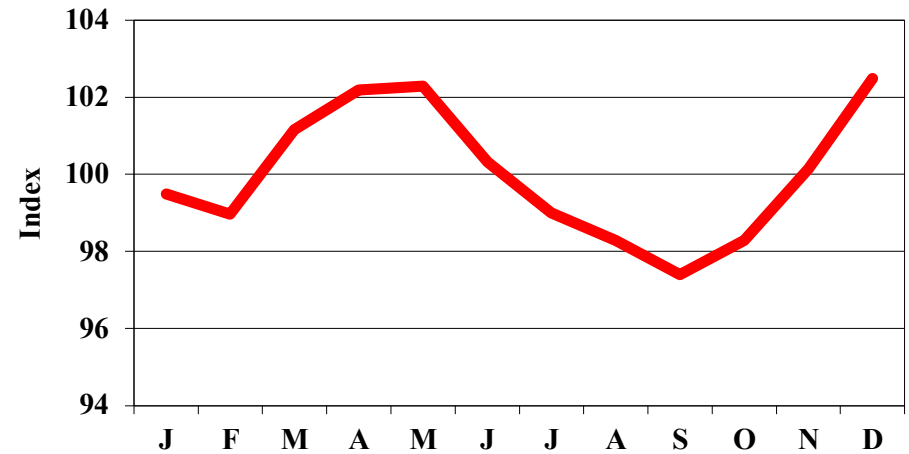
Source: Cattlefax

AB Fed market +30% in '23 to \$224/cwt

Alberta Weekly Fed Steer Price

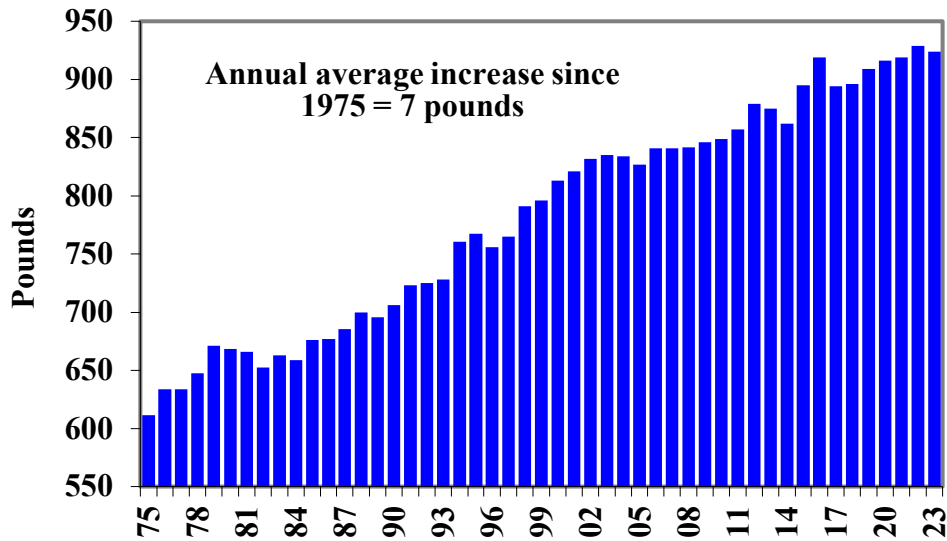


Seasonal Fed Steer Price Index (2004-2023)



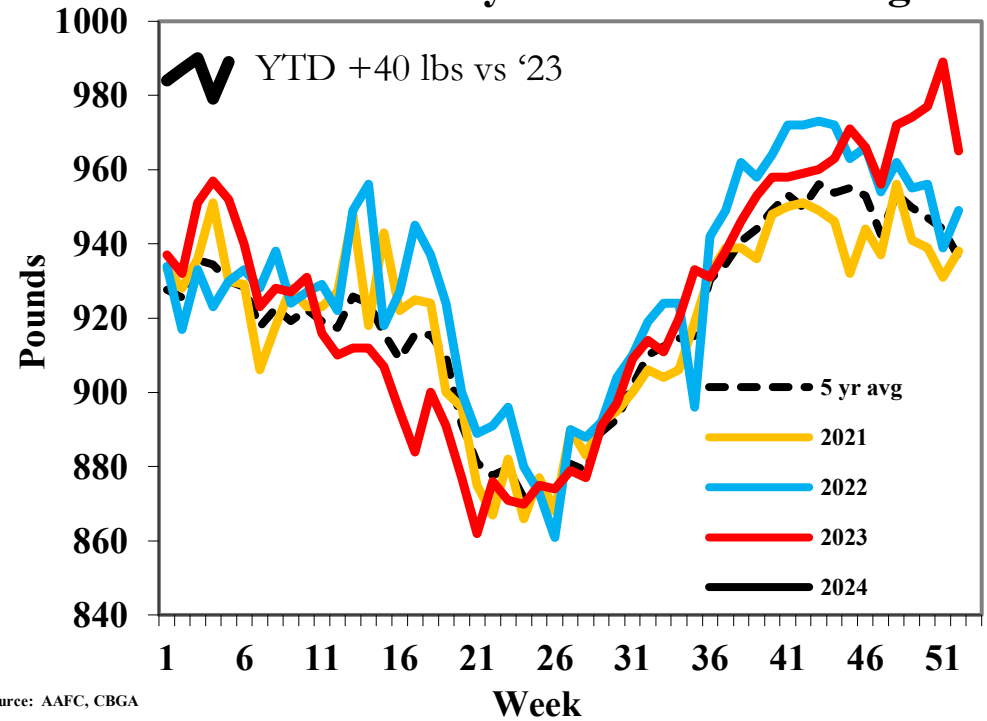
Carcass weights to get heavier

Canadian Annual Steer Carcass Weight 1975 - 2023



Source: AAFC, CBGA

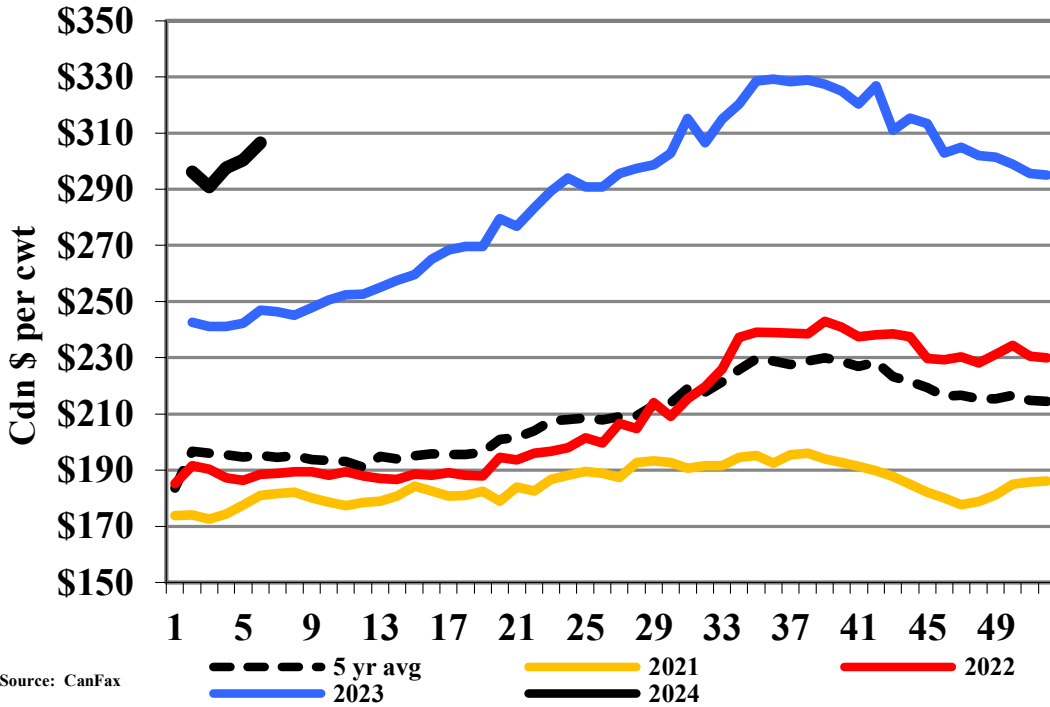
Canadian Weekly Steer Carcass Weight



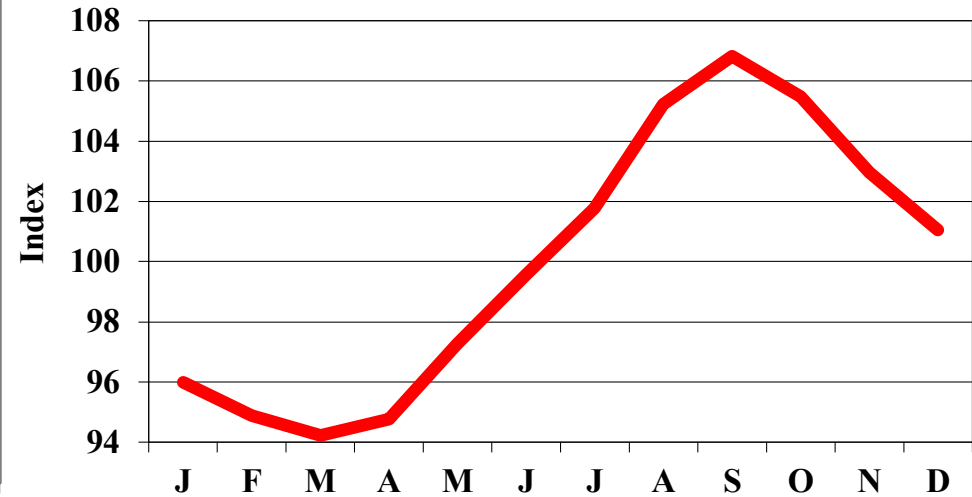
Source: AAFC, CBGA

AB Feeders +37% in '23 to \$287/cwt

AB Weekly 850 lb Steer Price

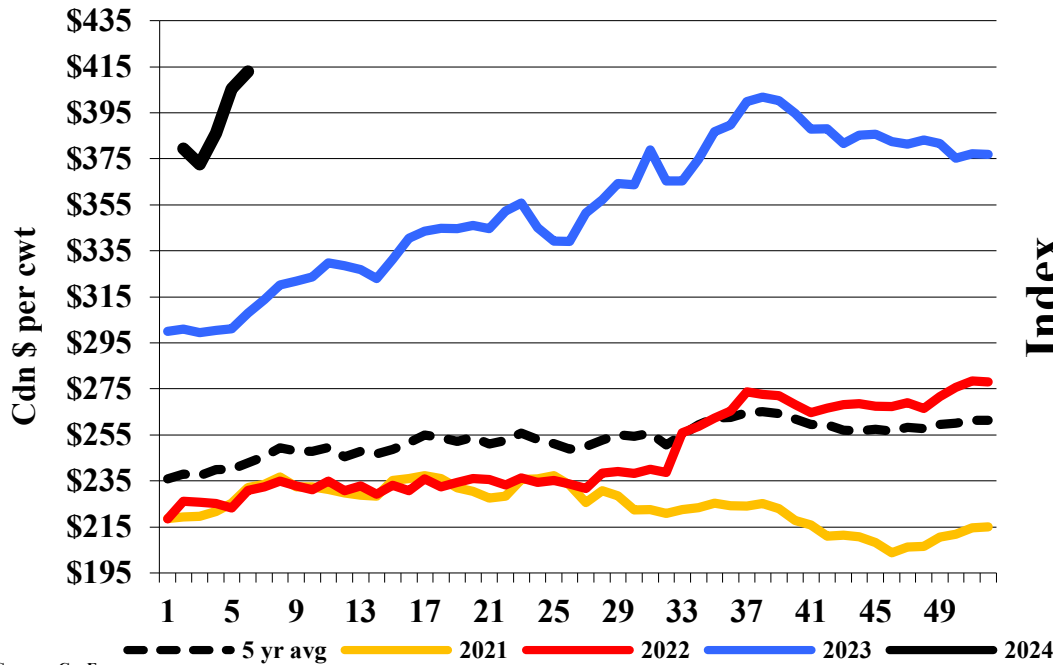


Seasonal 850 lb. Feeder Price Index 20 yr seasonal

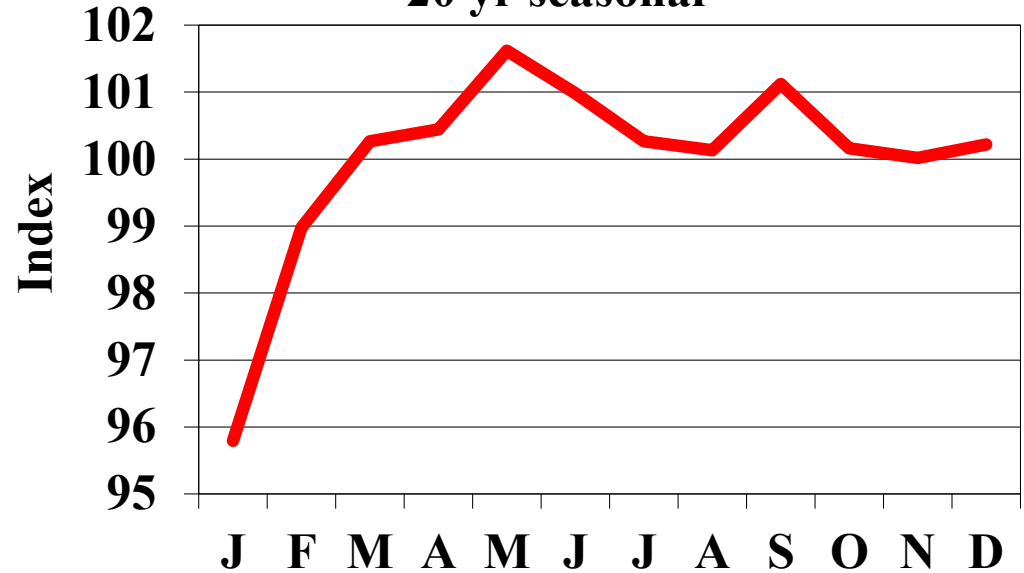


AB calves +44% in '23 to \$354/cwt

Alberta Weekly 550 lb Steer Price



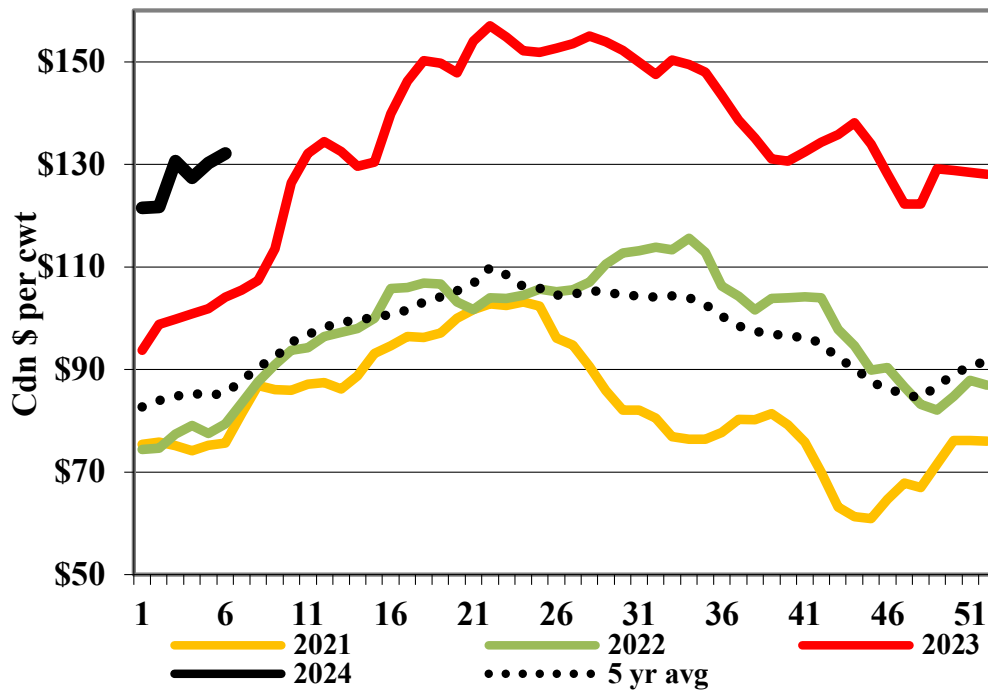
Seasonal 550 lb. Steer Calf Index 20 yr seasonal



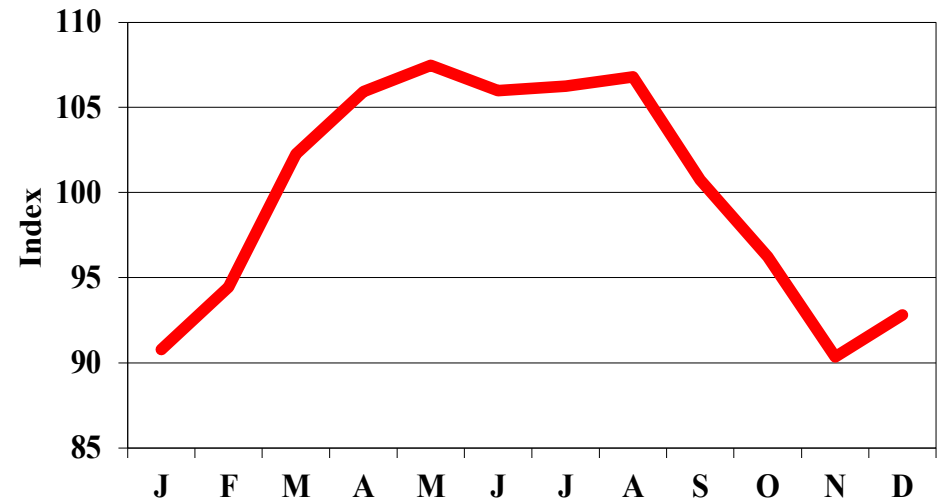
Source: CanFax

AB Sltr Cow market +37% in '23 to \$134/cwt

Western Canada D2 Weekly Cow Price

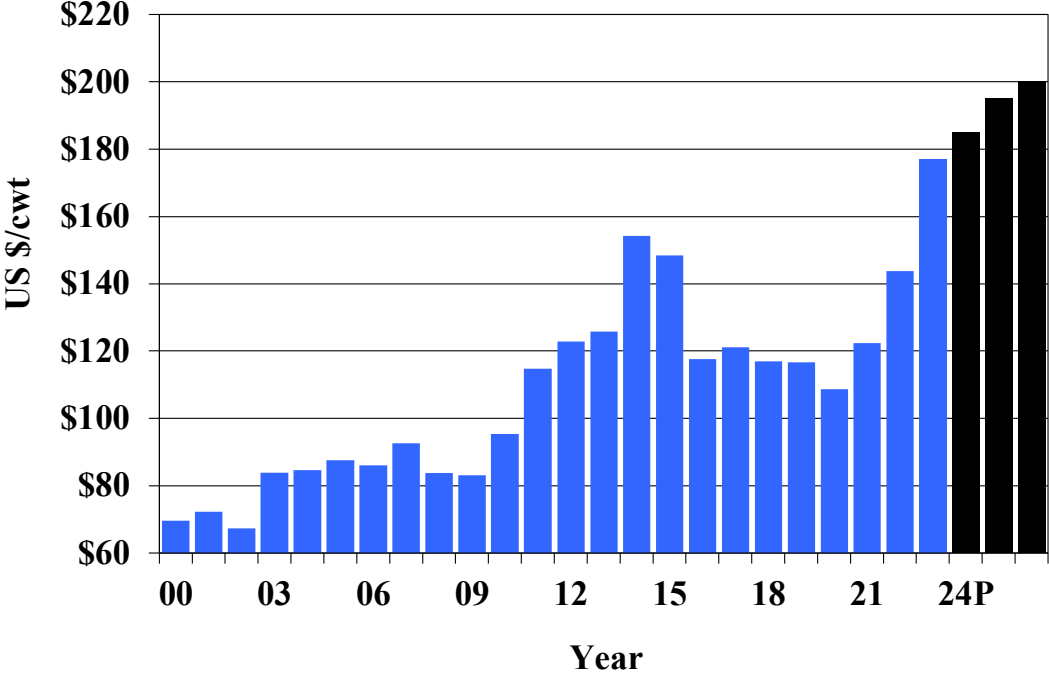


Seasonal D1,2 Cow Price Index (20 yr Index)

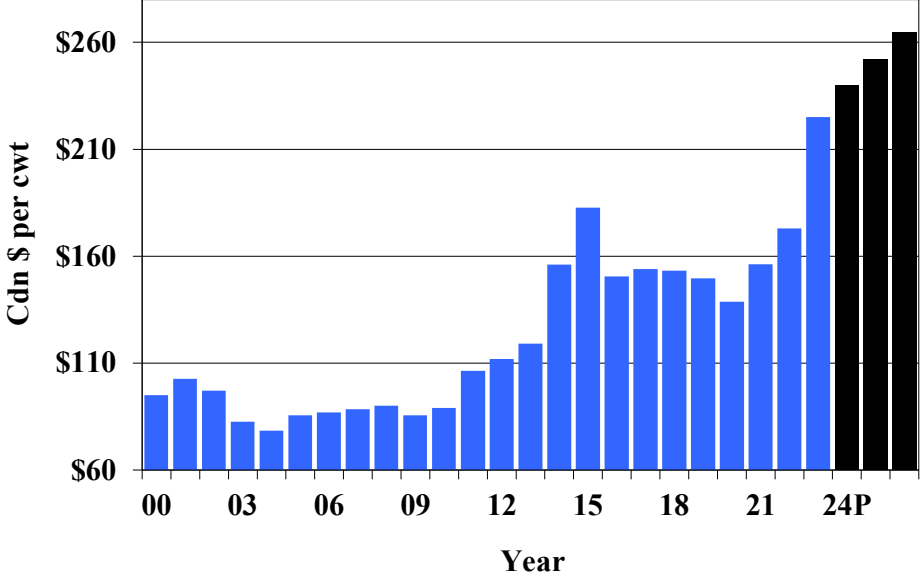


Cycle Price Highs expected in 2026

U.S. Fed Steer Price

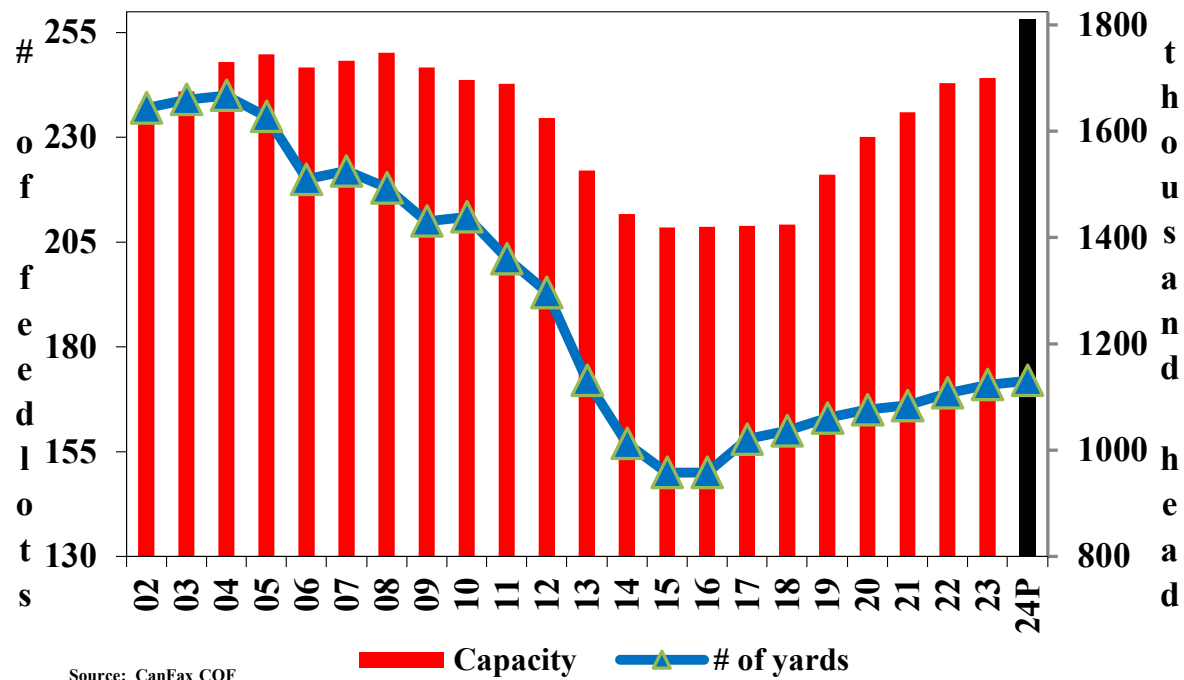


Alberta Fed Steer Price



One time Feedlot Capacity +23% since 2018

AB/SK Feedlot Bunk Capacity vs # of Feedlots



Source: CanFax COF

Factors to watch

- **Beef Demand.** Competing meats – beef to pork ratio presently wide. Retail, food service and export all play a part.
- **Input Costs.** This is a headwind. Interest rates, labour & ‘sticky’ inflation challenges remain.
- **Volatility and Uncertainty.** Price ranges can be wide. Price volatility can be a challenge but it can also offer opportunities – be prepared.
- **Economy/Consumers.** Both domestic and export – how do they handle higher interest rates and cost of living.
- **Drought** – still a concern in N.A.

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