

Daily Livestock Report

Market Comments

As US and officials from Canada and Mexico spend the next month and a half discussing how to overcome the disagreements regarding the MCOOL (Mandatory Country of Origin Labeling) legislation, we thought it would be worthwhile to see **how US cattle imports from Canada have fared since the legislation came into effect.** The charts to the right and on page 2 show that so far the legislation has been quite effective, if you measure effectiveness by the degree to which it has been able to stifle cattle trade in North America. One thing to keep in mind when looking at the data is not just the date when MCOOL went into effect (September 30) but also the provision in the last farm bill that all cattle imported in the US before July 15 would be considered of US origin while those imported after that date would be considered of foreign origin, thus impacting the terms with which they were sold to packing plants. This 'grandfather clause' naturally had the most impact on feeder cattle imports, since by the time those animals came out of feedlots they would be considered of non-US origin and be treated as such by packing plants.

According to the USDA data published through the end of 2008, cattle imports from Canada and Mexico were sharply lower in the second half of the year. For the period July 14 - December 27, 2008, total US imports of Canadian feeder cattle were 187,866 head, 113,468 head or 38% lower than the same period the previous year. Imports of slaughter Canadian steers and heifers during the same period were 262,929 million head, 138,877 head or 35% lower than a year ago. As for Canadian cow imports, it is hard to make any good year to year comparisons because imports only started in November of 2007. As for Mexico, most of the imports are feeder cattle going to southern US feedlots. For the period July 14 - December 20, imports of Mexican feeder cattle were 323,105 head, 203,968 head or 39% lower than year ago levels. Ironically, the reductions in imports from both countries came at a time when a significant devaluation in the value of the Peso and Canadian dollar normally would have been conducive of increased imports from these two countries. Under normal circumstances, one would expect cattle imports to actually increase rather than be cut by almost 40%. Live hog trade has been impacted just as severely as we have discussed in this report in previous issues and one can understand the action Canada and Mexico took by referring the matter to the World Trade Organization. And at a time when demand for cattle is down, it will be hard to quickly reverse current trends.

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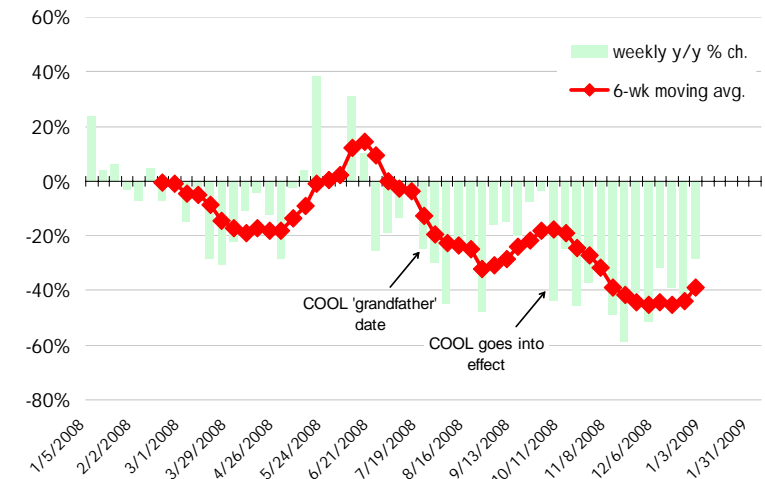
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E-Livestock Volume	7-Jan	6-Jan	31-Dec
LE (E-Live Cattle):	12,463	19,607	7,862
GF (E-Feeder Cattle):	1,864	1,158	483
HE (E-Lean Hogs):	14,069	18,290	10,152

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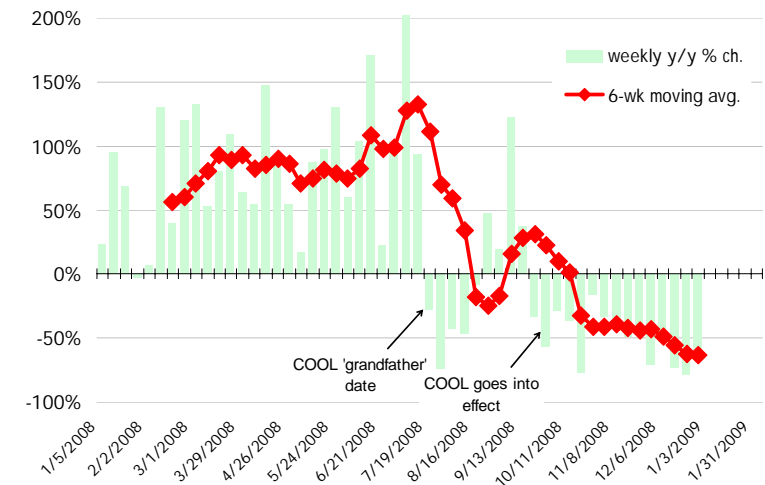
US IMPORTS OF CANADIAN STEERS AND HEIFERS

Y/Y % CHANGE, WEEKLY AND SIX MONTH MOVING AVG.



US IMPORTS OF CANADIAN FEEDER CATTLE

Y/Y % CHANGE, WEEKLY AND SIX MONTH MOVING AVG.



US IMPORTS OF MEXICAN FEEDER CATTLE

Y/Y % CHANGE, WEEKLY AND SIX MONTH MOVING AVG.

