

The Canadian Cattle on Feed report was released last week, covering the month of March. Cattle on feed in Canada has been notably above a year ago in the first quarter of 2019, and has been above 1 million head in 3 of the last 6 months compared to the five year average of about 900 thousand head.

Placements posted a sharp year-on-year decline, 16% below March of 2018. Marketings were up 6% for the month. Placement weights shared the story that calves under 600 pounds were not placed aggressively and took the hardest hit, down 35% compared to last year. Animals 800 pounds and heavier saw a 19% drop in numbers compared to last year and 700-799 pound animals were down about 10%. The only category showing a year-over-year gain was 600-699, up 5% driven by a 9% increase in the number of heifers placed in this category. Total heifers placed fell 9%, while steers fell 18%.

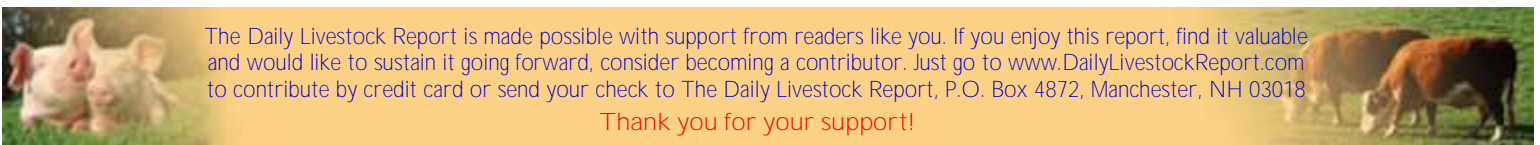
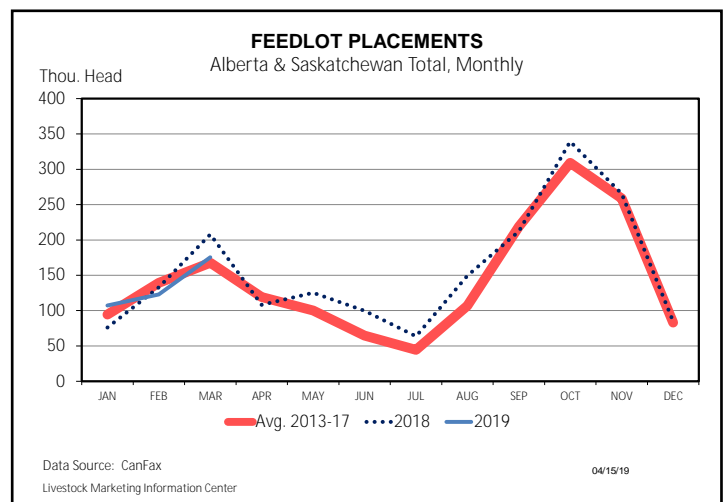
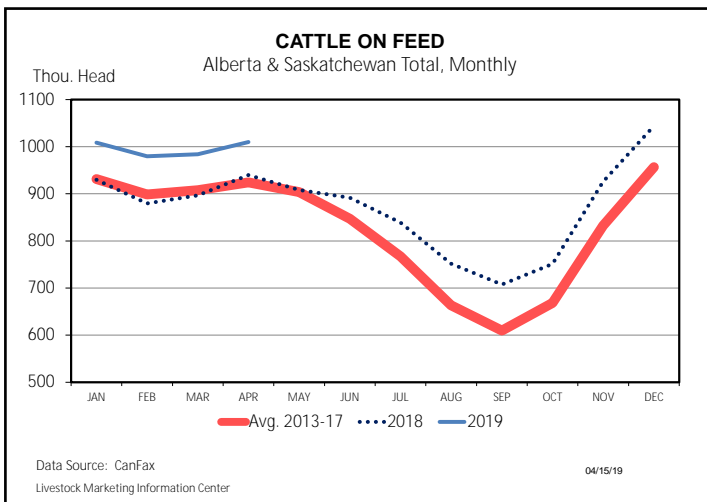
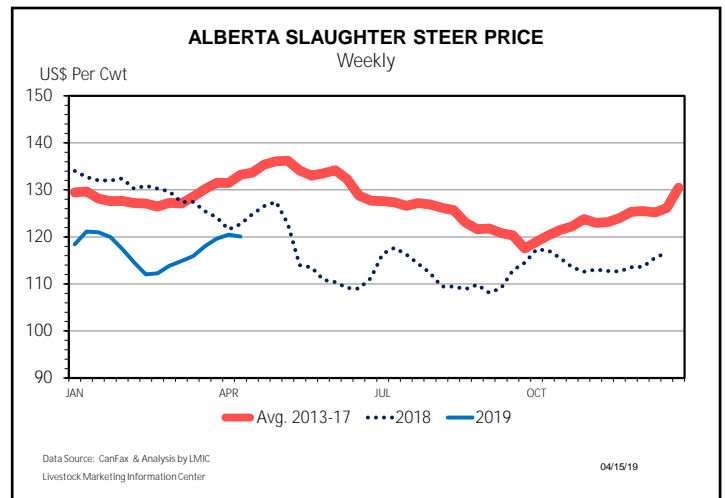
Canada's cattle inventory is contracting sooner than the U.S. On January 1, Cattle inventory showed the number of beef cows were down slightly. In addition the 2018 calf crop was down 1.4% the first decline in 2 years. Placements in late summer and fall of 2018 were much higher than a year ago. March declines seem large, but it appears many of those cattle were placed earlier.

This also congruent with the large increase in cattle on feed 90 and 120 days or longer in Canada. March showed over half a million head have been on feed 120 days and longer, the largest since April of 2000. The bulk of those cattle will be marketed in the next 60-90 days or so.

Canada ships just under half a million head to the U.S. for immediate slaughter each year. With an average slaughter capacity of near 750,000 (according to Agriculture and Agri-food Canada), it is

likely some of those cattle will need to make their way to the U.S. for processing. At the time of this writing, January was the most recent monthly data, showed increases in slaughter ready imports from Canada were up nearly 30% above a year ago. This includes cull cows which have also seen higher volumes, but the majority of the volume is steers and heifers. The weekly data released by USDA-AMS shows since the end of January, slaughter-ready cows, steers and heifers are up 42%.

Alberta steer prices (converted to U.S.\$) were listed at \$120/cwt last week about \$5/cwt below the 5 market fed steer price.



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