

Today, we review two recent reports, the USDA's National Agricultural Statistics Cold Storage report (released August 22 and available [here](#)) and the mid-year summary of the Canadian cattle numbers by Statistics Canada (published yesterday).

At the end of July, the amount of beef in frozen stocks was more than expected, while pork tonnage was less than anticipated. Year-over-year, beef in U.S. freezers was up by 12.3%. Total frozen pork tonnage slipped by 1.2%. Chicken in commercial freezers, as expected, remained rather large (record large for the end of July, eclipsing the prior high set in 2002 by about 1%).

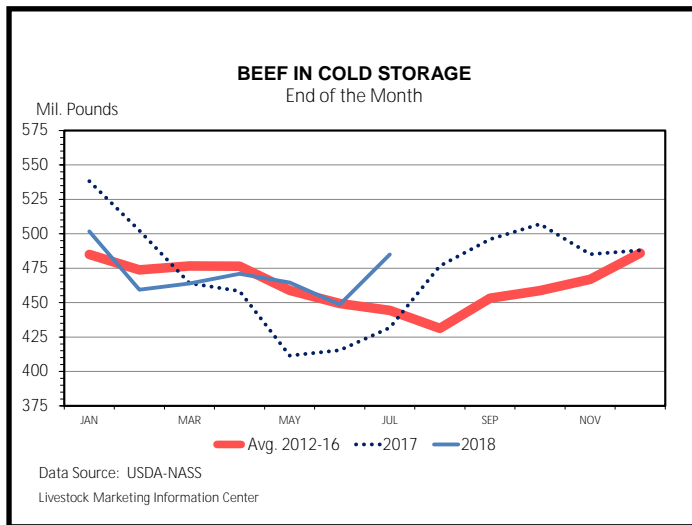
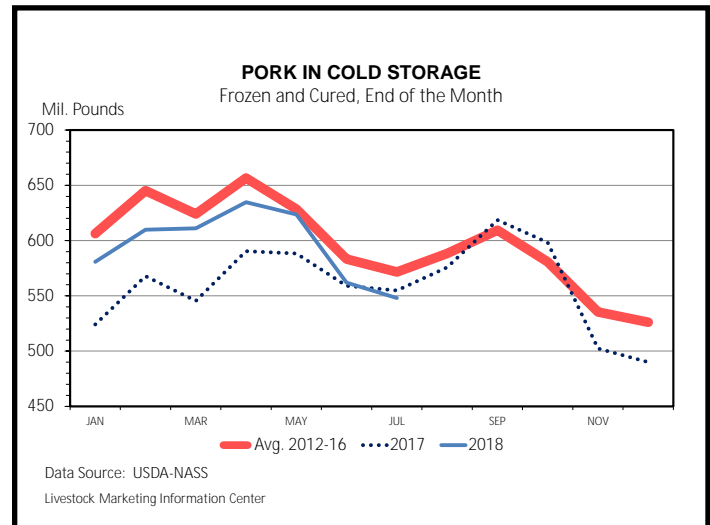
Behind the aggregate pork cold storage numbers were some substantial year-over-year changes, and some were in different directions. For example, frozen pork bellies increased 119%; total hams fell by 18%; loins dropped by 18%; and trimmings increased 33%. Note that even though belly stocks were dramatically above 2017's, they were below 2016's (down 24%). Overall, compared to a year ago at this time, market participants have not been willing to speculate on higher pork prices by freezing products, but they are on bellies.

As of July 1, Canadian cattle numbers slipped compared to a year ago. In 2017, the herd broke a downtrend and increased slightly. But abnormally dry conditions to moderate drought have struck major cowherd areas of several Canadian provinces this year, reducing forage and dramatically increasing hay prices. The latest Canadian Drought Monitor is as of July 31st

(available [here](#)), and there are indications conditions have deteriorated since then.

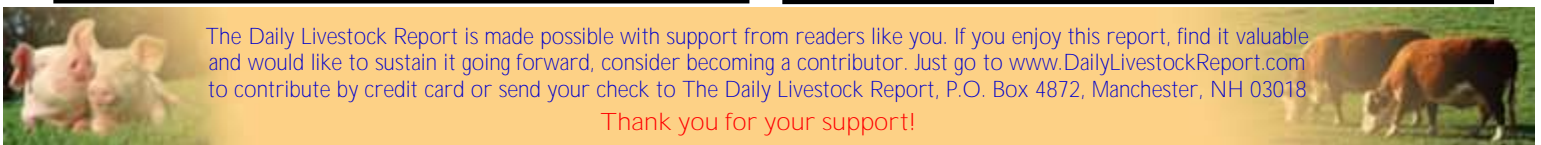
The number of all cattle in Canada eroded by 100,000 head (down 0.8%) between July 1 of last year and this year. Animals on dairy operations increased by 2.6%, while those on beef operations dropped by 1.4% (down by about 149,000 head). Concerning both numerical and percentage declines, the most substantial drop was on cow calf operations (down by 187,000 head or 2.7%). Cattle on feeder and stocker operations fell by 1.5% (nearly 33,000 animals), while those in feedlots (feeding operations in the table below) were slightly above 2017's.

Since 2014, the July 1 report has shown a drop in all cattle numbers of 585,000 head or by 4.5%. Over that timeframe, the number of animals in Canadian beef farms has declined by nearly 624,000 head (down 5.7%). In tandem, the July 1 Canadian cattle feeding count has fallen by just over 34,000 head (down 2.1%).



Canada Cattle Inventory by Class and Farm Type (2014-2018)						
Survey Date	Farm Type	Total Cattle				
		2014	2015	2016	2017	2018
At July 1		Thousand Head				
	On all cattle operations	13,020.00	12,615.00	12,530.00	12,535.00	12,435.00
	On dairy operations	1,874.30	1,855.80	1,850.60	1,865.10	1,913.70
	On beef operations	11,145.70	10,759.20	10,679.40	10,669.90	10,521.30
	On cow calf operations	7,115.90	6,869.50	6,884.60	6,891.20	6,704.60
	On feeder & stocker operations	2,415.90	2,319.30	2,239.80	2,204.40	2,237.10
	On feeding operations	1,613.90	1,570.40	1,555.00	1,574.40	1,579.60

Date Source: Statistics Canada



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