

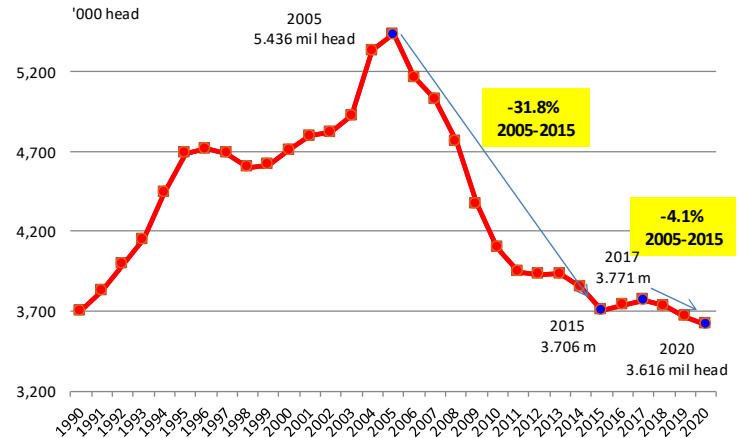
Canadian livestock statistics are updated twice a year and a few days ago Statistics Canada released the latest update. Canada is both a supplier of red meat and livestock to the US market, it also buys a significant amount of product from the US and competes with the US in a number of key markets. As a result, the trend in Canadian livestock numbers is of particular interest for US producers, packers and end users. Below is a quick update on the latest Canadian numbers:

Cattle - The Canadian cattle industry has been shrinking for more than a decade and that trend shows few signs of turning. Other than a very brief herd rebuilding process in 2016 and 2017, the Canadian beef cow herd has been consistently lower since 2005. As the chart to the right illustrates, the beef cow herd declined by 1.730 million head or 31.8% between July 1, 2005 and July 1, 2015. Limited beef supplies in the US and resulting strong prices offered strong incentives to rebuild and the beef cow herd increased by 65,000 head in 2016 and 2017. The return to profitability proved to be short lived and Canadian producers have been liquidating beef cows ever since. **The beef cow herd on July 1, 2020 was estimated at 3.616 million head, down 51,000 head or 1.4% compared to a year ago and 155,000 head or 4.1% lower than in 2017.** The dairy cow herd in Canada remains stable. The July 1 dairy cow inventory was estimated at 967k head vs 968k head last year and 970k head two years ago. There is little impetus to change the current liquidation trend. Heifers retained for beef cow herd rebuilding were last estimated at 631k head, down 0.8% from a year ago and down 8.3% since 2017. The Canadian July survey does not provide an estimate of the calf crop for the year. It is interesting that while the July beef cow herd in Canada has declined by 4% since 2017, the calf crop the last two years has declined by only 0.3%. We expect the calf crop in 2020 to be lower as well. **The supply of cattle on feed in Canada as of July 1 was estimated at 1.650 million head, 3.2% higher than a year ago.** The increase in the number of cattle on feed is due to the slaughter disruptions in US and Canada this past spring. Cattle feeding in Canada remains concentrated in Western Provinces. **As of the latest count, Alberta and Saskatchewan accounted for 71% of all cattle on feed.** In the Eastern Provinces, most feeding is done in Ontario, which accounts for 18% of all cattle on feed in Canada.

Hogs - Different from cattle, whereby the production base has been steadily shrinking in the last 15 years, the Canadian hog industry appears to have found a steady state. The breeding stock on July 1 was estimated at 1.242 million head, up 1.4% from a year ago but only slightly higher than it was in 2017 or 2018. Other than the PEDv impact in 2014, the Canadian breeding stock has been fairly stable for a number of years. This has kept hog production in Canada on an even keel as well. The Canadian pig crop for the Jan-Jun period was estimated at 14.879 million head, 2.7% higher than a year ago. The pig crop for the first half of this year was near unchanged compared to the first half of 2017. Hog exports in the first half of the year were estimated at 2.548 million head, with most of them going to the US. This was 1.9% lower than a year ago. Disruptions in the US market and good export demand for Canadian pork in Q1 likely contributed to the decline in exports. The total inventory of all hogs and pigs in Canada as of July 1 was estimated at 14 million head, just 0.2% higher than a year ago. The inventory of market hogs was 12.759 million head, 0.1% higher than last year. Inventory of feeder pigs under 15 pounds was 1.951 million head, 1.4% higher than last year.

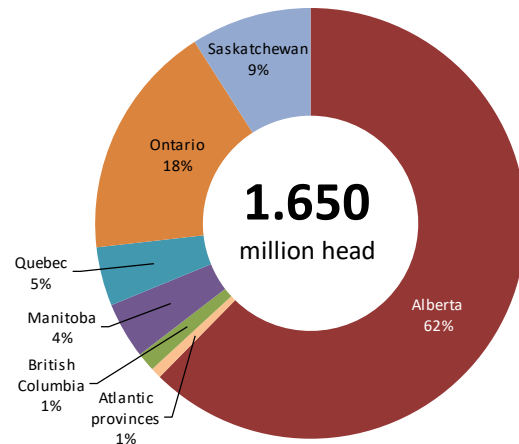
Canada July 1 Beef Cow Inventory

Source: StatCan. Analysis by Steiner Consulting



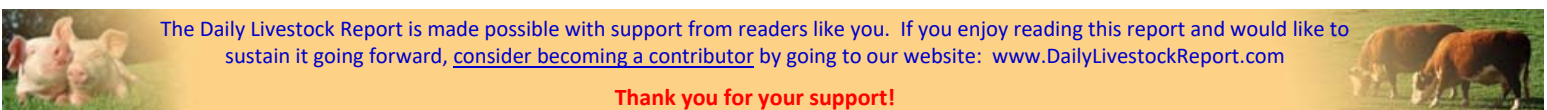
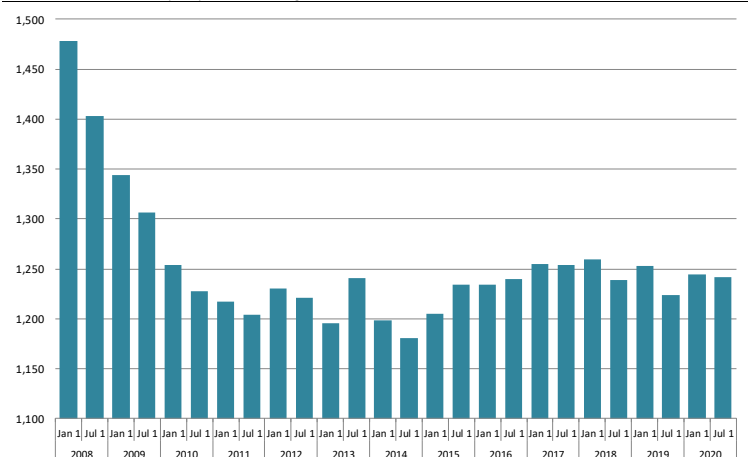
July 1 Canadian Cattle Inventories on Feeding Operations

Source: StatCan. Analysis by Steiner Consulting



CANADA BREEDING STOCK. SOWS + BOARS. '000 HEAD

Source: Statistics Canada. Analysis by Steiner Consulting



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