

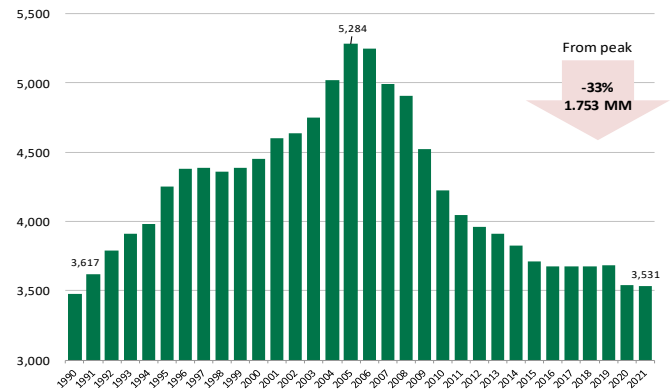
Canadian cattle and hog inventory data were published a couple of days ago and they allow us to get some perspective of the production base in the country and the potential for higher imports into the US in the next 12-24 months. The US is the primary destination for Canadian exports of livestock and meat products but the Canadian beef and pork industry has been shrinking in the last 10-15 years and the latest statistics show that little has changed in that regard. **Increasing global and domestic demand and a smaller production base implies that the entries of Canadian livestock and meat products into the US are unlikely to increase and could potentially decline in 2021 and 2022.** Below are a few key numbers :

Cattle: The total Canadian inventory of cattle and calves as of January 1, 2021 was estimated at 11.150 million head, 115k head or 1% smaller than the previous year. The inventory of beef cows was estimated at 3.531 million head, 13.2k head or 0.4% lower than a year ago while the dairy herd was down 2.9k head or 0.3% smaller than last year. The beef cow herd in Canada declined some 141k head in 2019 and the hope was we could see a modest rebound in 2020. However, COVID disruptions and extreme uncertainty appear to have taken a toll and **the beef cow herd in Canada is now at the lowest point in 30 years.** The smaller beef cow herd of the last couple of years has resulted in an ever smaller calf crop. The calf crop for 2019 was estimated at 4.336 million head, down 11k head from the previous year and in 2020 the calf crop was estimated at 4.299 million head, down 36.5k head or 0.8% lower than the previous year. Producers expect to retain 21.7k or 4% more heifers for beef cow replacement but they intend to retain 10.3k or 2% fewer heifers for dairy herd replacement. The higher retention rate and the smaller calf crop will limit the number of cattle available to feedlots in 2021. It should also **limit the amount of Canadian beef and Canadian cattle coming to the US.** Last year both the number of cattle and the amount of beef imported from Canada declined. On the other hand, more US cattle and beef was exported to the Canadian market. For all of 2020, US beef exports to Canada were 286 million lb. (carcass wt.), 18 million lb. or 7% higher than the previous year. Beef imports from Canada were 825.4 million lb., 22.5 million lb. or 3% lower than the previous year. US imports of Canadian cattle in 2020 declined 50k head or 7%. The charts to the right show net us imports of beef and cattle from Canada in the last five years (net means imports minus exports).

Hogs: **The Canadian hog breeding herd has been fairly steady in the last few years but it remains substantially lower than 15 years ago.** The total inventory of hogs and pigs in Canada as of January 1, 2021 was estimated at 14.025 million head, 55k head or 0.4% higher than the previous year. The breeding herd at 1.257 million head was 13k head or 1% higher than a year ago. The inventory of heavy hogs was estimated 111k head or 4.3% higher than a year ago but feeder pig supply was 94k head or 1.8% smaller. As with the US, this suggests adequate supplies in the near term but tighter supplies into the spring. Net US pork trade with Canada in 2020 was about even, with imports at 572 million lb. and exports at 580 million lb. US hog imports (includes feeder pigs) were 5.3 million head, 4% higher than a year ago but half of what we used to import in 2007-2008.

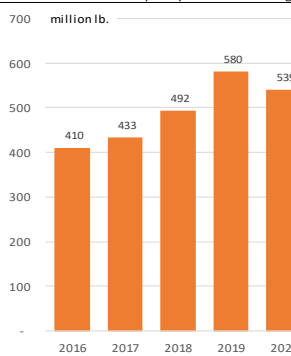
JANUARY 1 INVENTORY OF BEEF COWS IN CANADA, '000 Head

Source: Statistics Canada



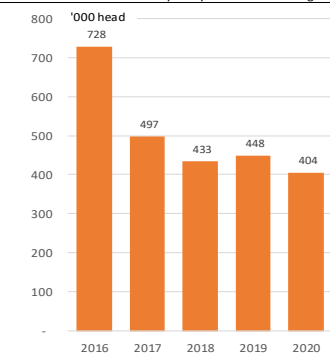
Net Beef Imports from Canada

Source: USDA-NASS. Analysis by Steiner Consulting



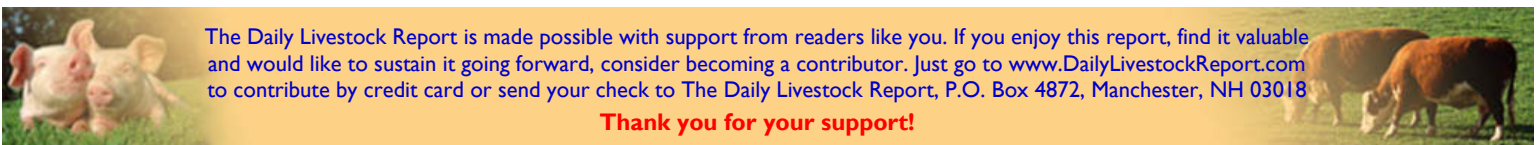
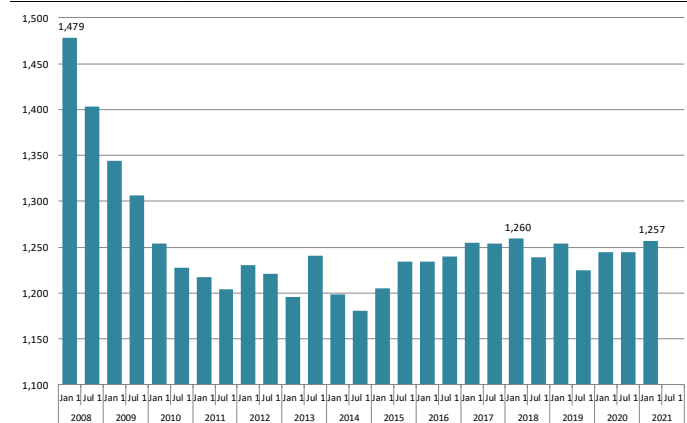
Net Cattle Imports from Canada

Source: USDA-NASS. Analysis by Steiner Consulting



CANADA BREEDING STOCK. SOWS + BOARS. '000 HEAD

Source: Statistics Canada. Analysis by Steiner Consulting



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