

Darrell R. Mark, Ph.D.**Asst. Professor, Department of Agricultural Economics, University of Nebraska****Canadian Cattle Imports Up, But Prices Remain Strong**

Weekly data on the number of feeder and slaughter cattle imported from Canada since trade resumed in late July 2005 through November 26, 2005 reveals that after a gradual initial increase, imports of Canadian cattle are higher than the 2000-2002 average. Figure 1 shows that feeder cattle imports have been consistently higher than the 3-year historical average before the trade ban. In fact, during this 19 week time period (July 23 to Nov 26), feeder cattle imports from Canada were 169,701, up 89% from the 2000-02 average. However, this year's feeder imports thus far are 25.9% lower compared to 2002 when record Canadian feeder cattle were imported due to drought in Canada. While weekly feeder cattle imports have been almost consistently higher than the historical average, slaughter cattle imports remained below its historical average until October. Figure 2 shows that fed cattle imports during August and September were generally between 10,000 and 12,000 head per week, compared to an historical weekly pace between 15,000 and 20,000. While Canadian fed cattle imports were higher than the average during October, it appears that fed imports may be beginning their seasonal decline for December. For the 19 week period of imports during 2005, fed cattle imports have totaled 239,075 head, 25.5% lower than the 2000-02 average.

Weekly import data does not include all live cattle imports and is subject to revision in monthly trade data. Because September is the most recent monthly trade data available, weekly and monthly data can only be compared for August and September. Doing so suggests that total cattle imports (feeder and slaughter cattle) from Canada are substantially higher than the weekly data in Figures 1 and 2 suggest.

While the return of live cattle imports to normal or above-normal levels has likely resulted in some pressure on feeder cattle and fed cattle prices, it is also important to keep the magnitude of the trade impact and current price levels in mind. Historically, the average Canadian feeder and slaughter cattle imports from 2000-02 accounted for 2.77% of U.S. federally inspected slaughter. That might have caused prices to be 4-5%, or \$3-4/cwt, lower than they otherwise would have been, everything else being equal. So far in 2005, total feeder and fed cattle imports from Canada have been equal to 3.15% of U.S. slaughter. This would likely translate to a 4.5-5.5%, or \$3.50-4.50/cwt, price impact, close to the historical level. However, because most of the feeder cattle imports have not yet been finished and slaughtered, it is likely that the price impact so far is actually smaller.

Despite higher live cattle imports, price levels for feeder and slaughter cattle have remained strong in the U.S. The table below shows that current prices for fed cattle are over \$2 higher than last year, and likely higher than many forecasted for the fourth quarter. Prices for yearling steers are also up compared to last year: about \$12/cwt in both Kansas and Nebraska. Similarly, steer calf prices are \$13/cwt higher than last year in Kansas and Nebraska. So, even with the higher Canadian cattle imports, tight domestic cattle supplies and relatively good retail beef demand have apparently supported cattle prices.

Figure 1. Average Weekly Feeder Cattle Imports from Canada, 2000-2002 (Pre-BSE Trade Ban) & 2005

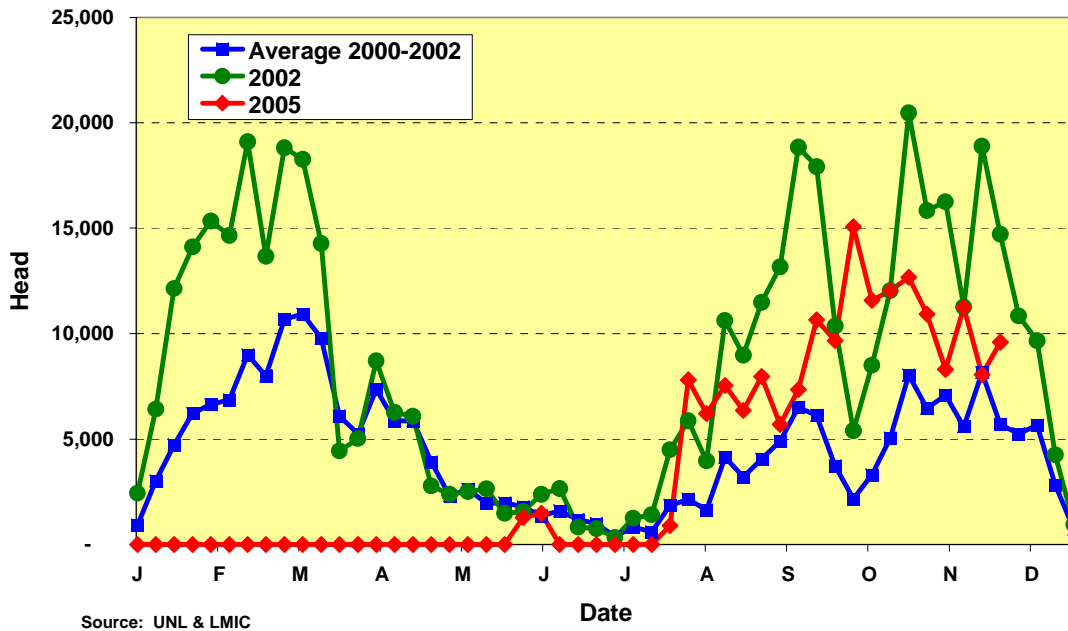
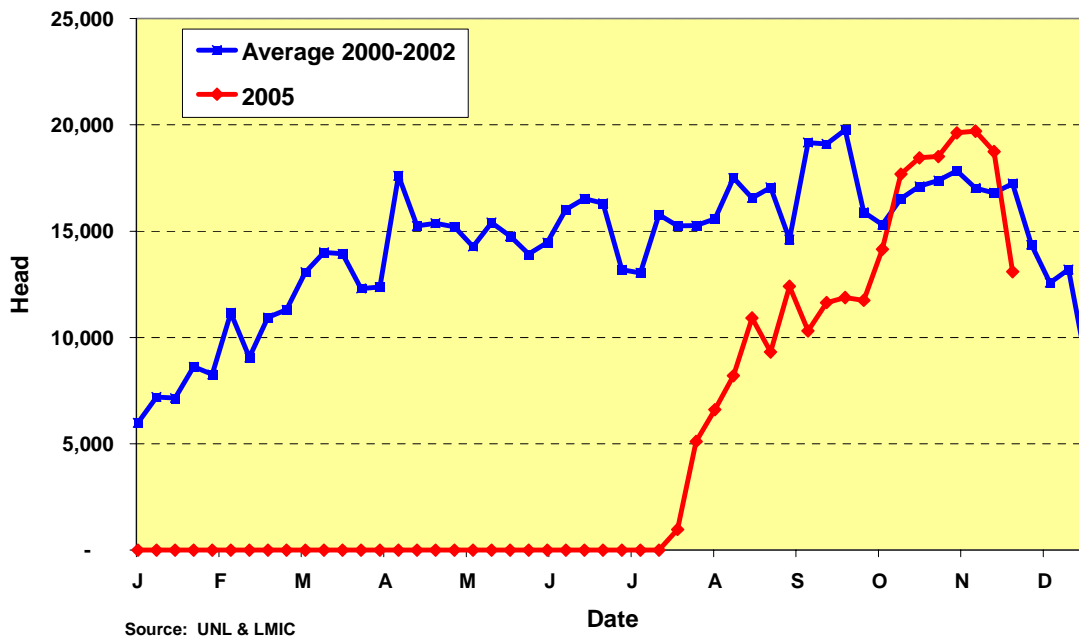


Figure 2. Average Weekly Fed Cattle Imports from Canada, 2000-2002 (Pre-BSE Trade Ban) & 2005



The Markets

Fed cattle prices averaged about \$1/cwt higher in Kansas last week, with live weight prices at mostly \$92-92.50/cwt. Nebraska dressed trade averaged \$4.70/cwt higher at \$148.42/cwt. Last week, Choice boxed beef prices declined \$0.23/cwt from the previous week, while the Choice-Select widened \$0.23 to \$10.35/cwt. Feeder cattle prices were about \$1-3 higher last week in Nebraska and Kansas compared to the week before Thanksgiving.

	Last Week	Previous Week	Last Year
Kansas Fed Steer Price, live weight	\$92.10	\$91.09	\$89.90
Neb. Fed Steer Price, dressed weight	\$148.42	\$143.72	\$140.68
700-800 lb. Feeder Steer Price, Kansas 4 market average	\$118.56	NA	\$106.45
500-600 lb. Feeder Steer Price, Kansas 4 market average	\$133.40	NA	\$120.95
700-800 lb. Feeder Steer Price, Neb. 7 market average	\$122.92*	NA	\$110.87
500-600 lb. Feeder Steer Price, Neb. 7 market average	\$140.55	NA	\$127.25
Choice Boxed Beef Price, 600-900 lb. carcass	\$150.80	\$151.03	\$145.38
Choice-Select Spread, 600-900 lb. carcass	\$10.35	\$10.12	\$5.68

* Calves