

A woman wearing a light-colored cowboy hat, a dark jacket, and a patterned scarf stands in the center of a large field filled with brown and black cattle. The background shows rolling green hills under a blue sky with light clouds. The text 'Cattle Market Update' is overlaid in a large, white, serif font across the middle of the image.

# Cattle Market Update

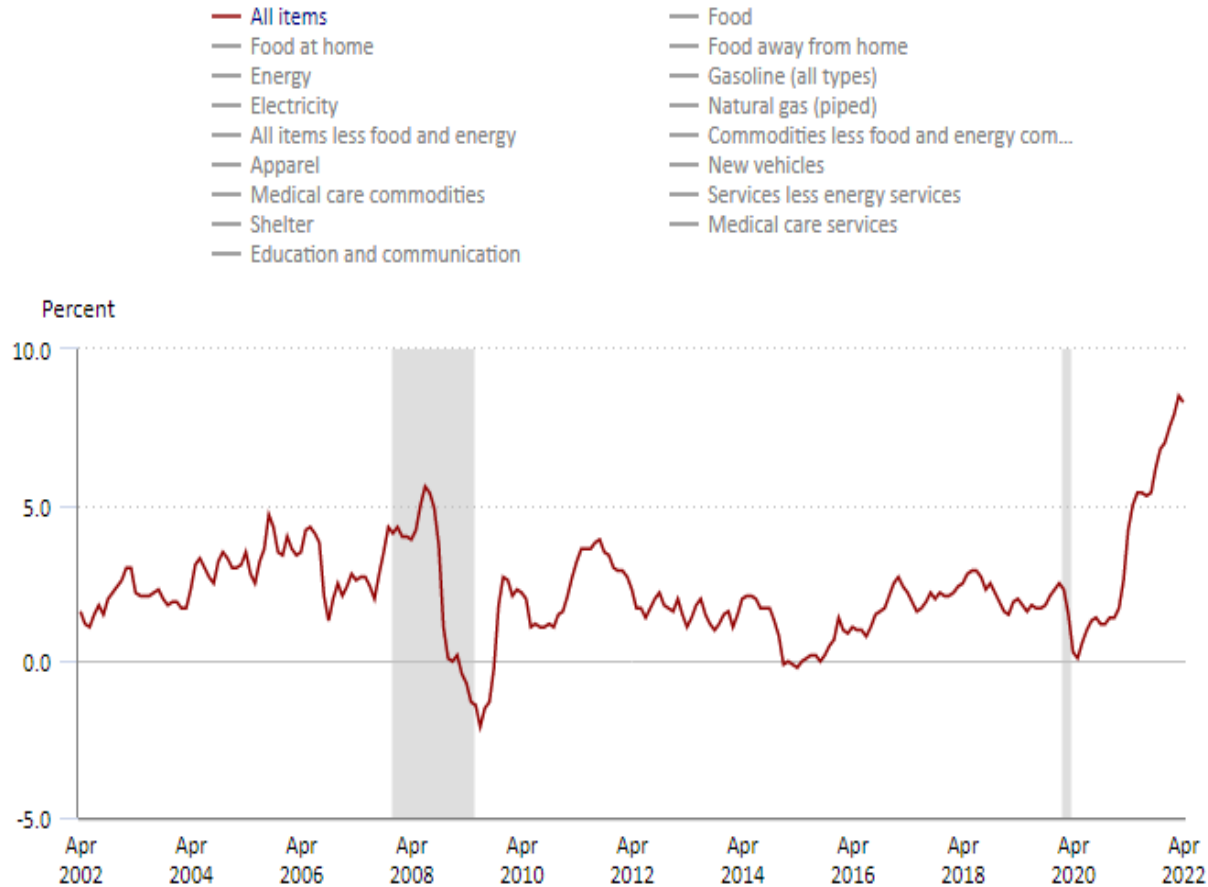
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JUNE 2022

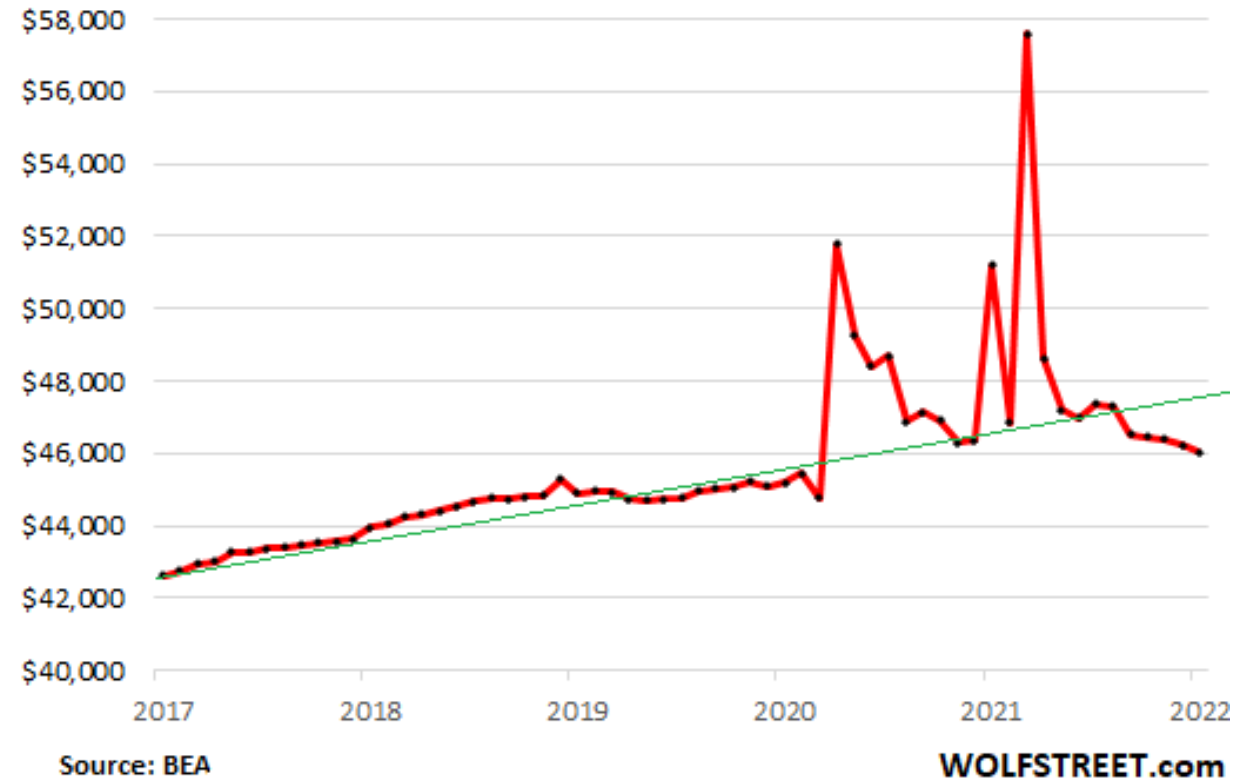
@AWASKO

# Inflation skyrockets, real income suffers

12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted



Per Capita "Real" Disposable Income, all Sources  
Seasonally adjusted annual rate, 2012 dollars



Source: BEA

WOLFSTREET.com

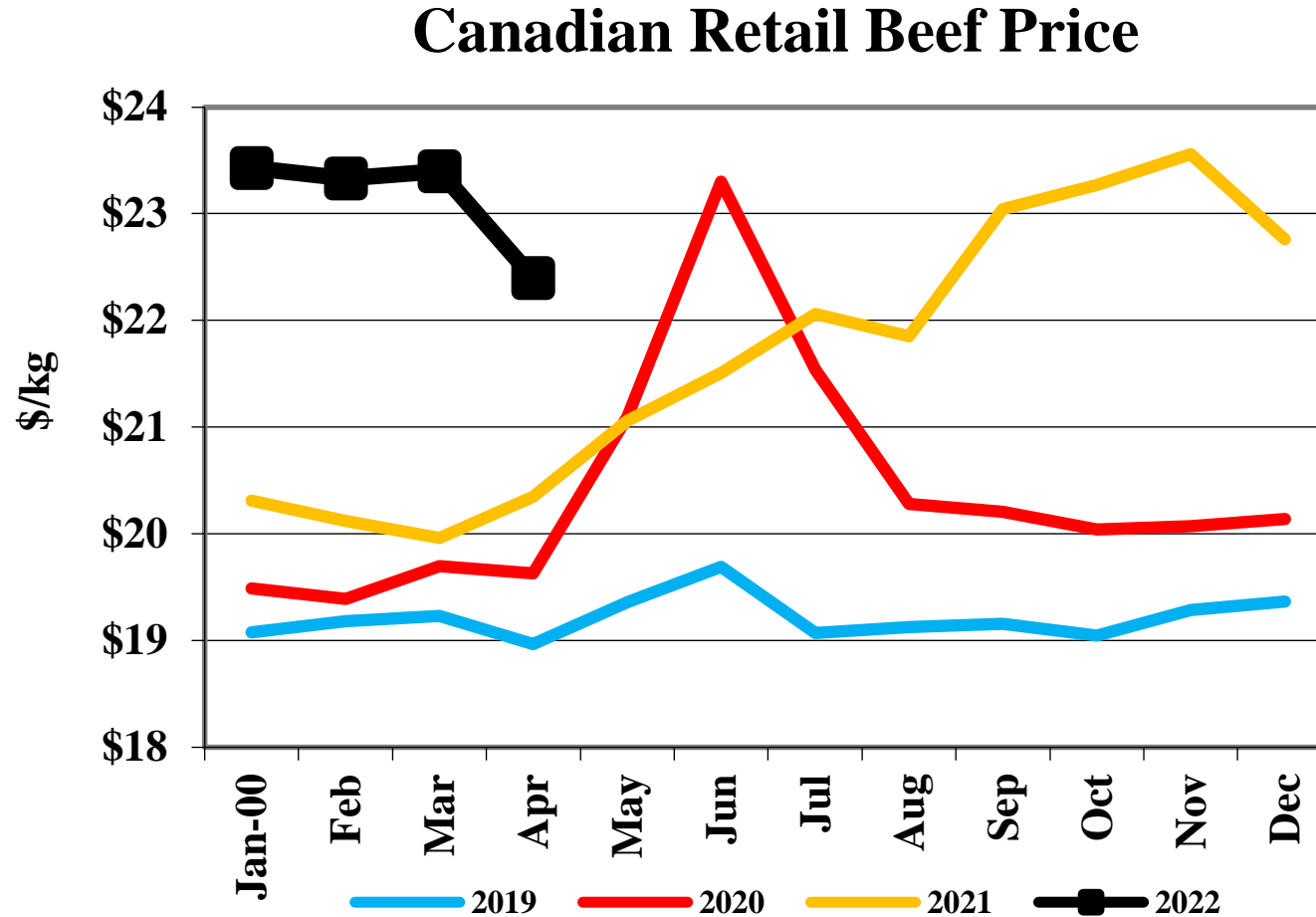
Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.



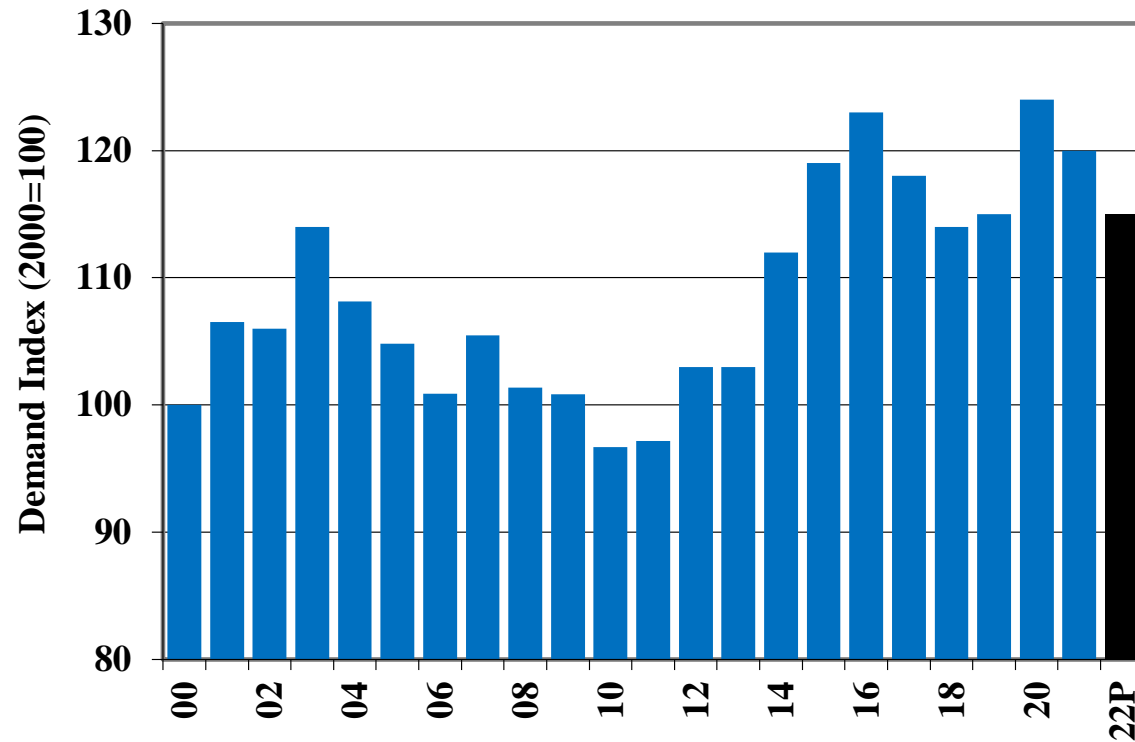
# Retail Beef prices 15% higher than YA



Source: Statistics Canada

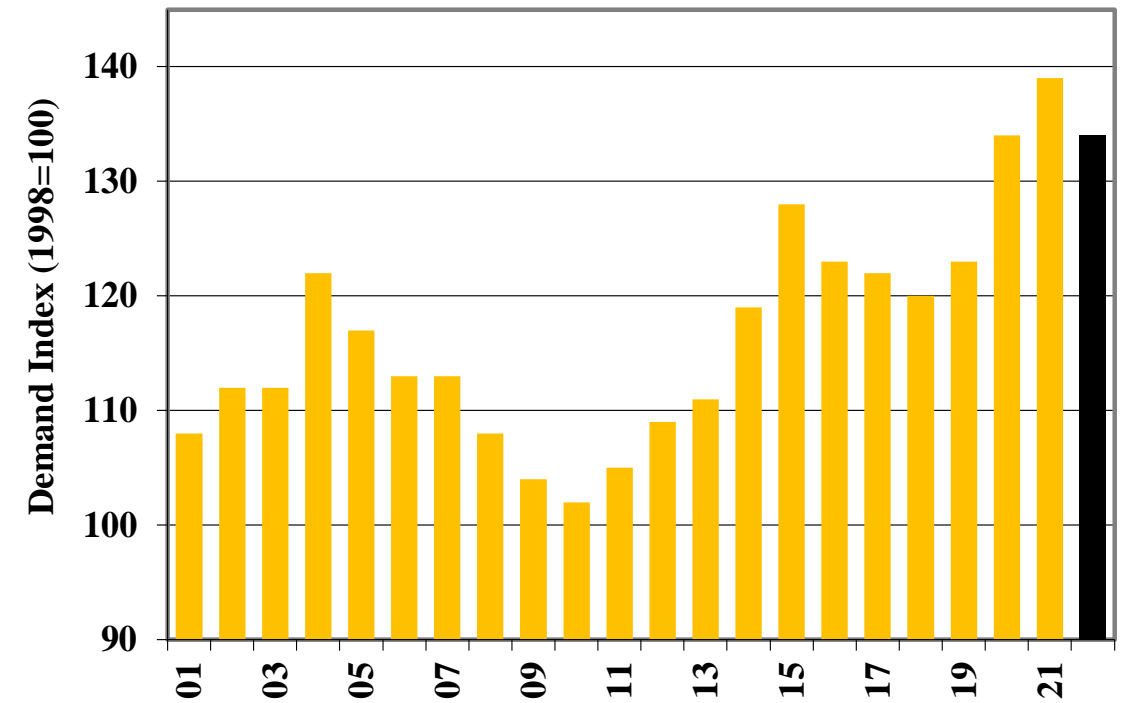
# Canadian Beef Demand -3% in 2021

## Canadian Retail Beef Demand Index



Source: Statistics Canada, CanFax, US Beef Demand Study Group

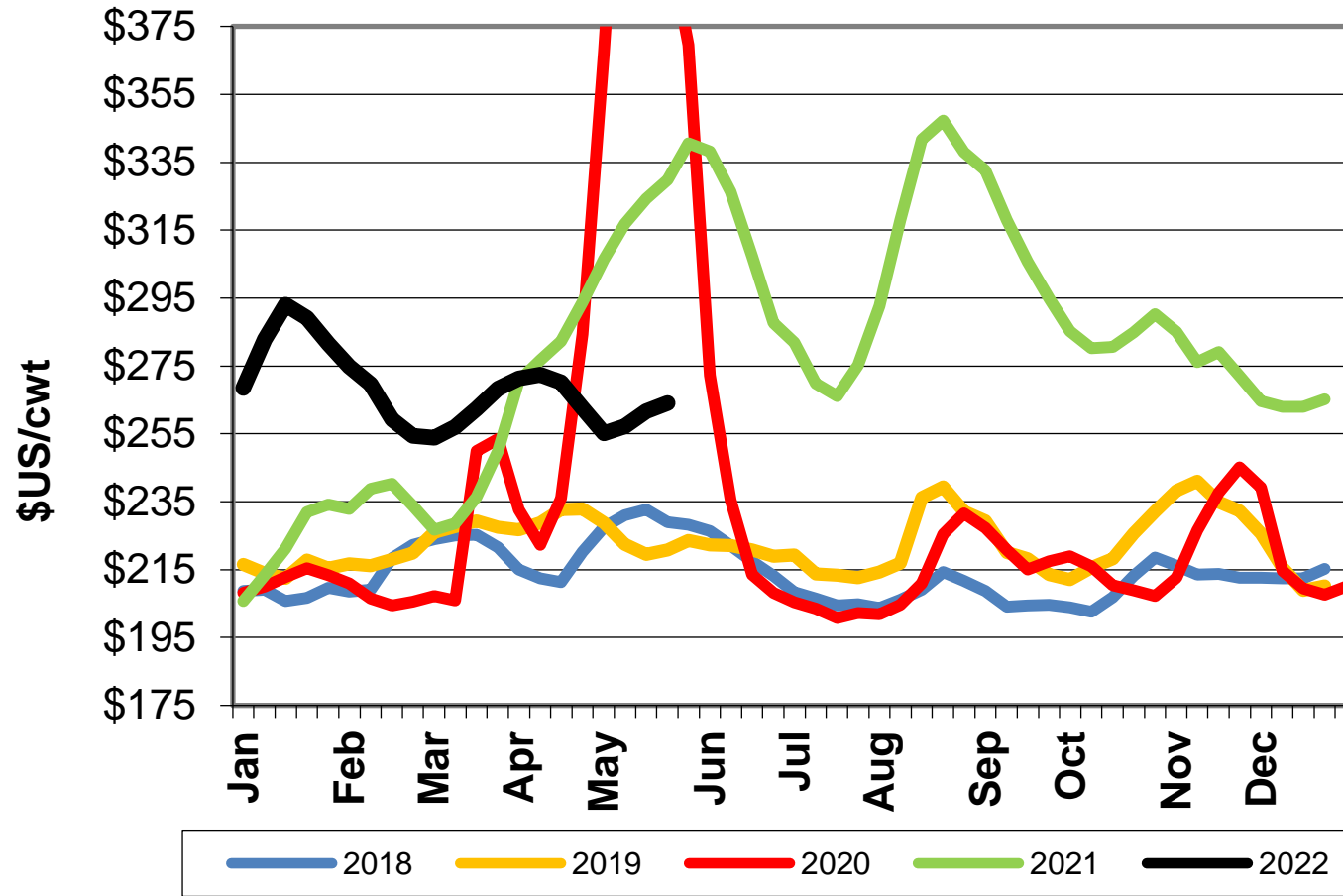
## US Consumer Beef Demand Index



Source: USDA, K-State

# Wholesale Beef Prices have Moderated

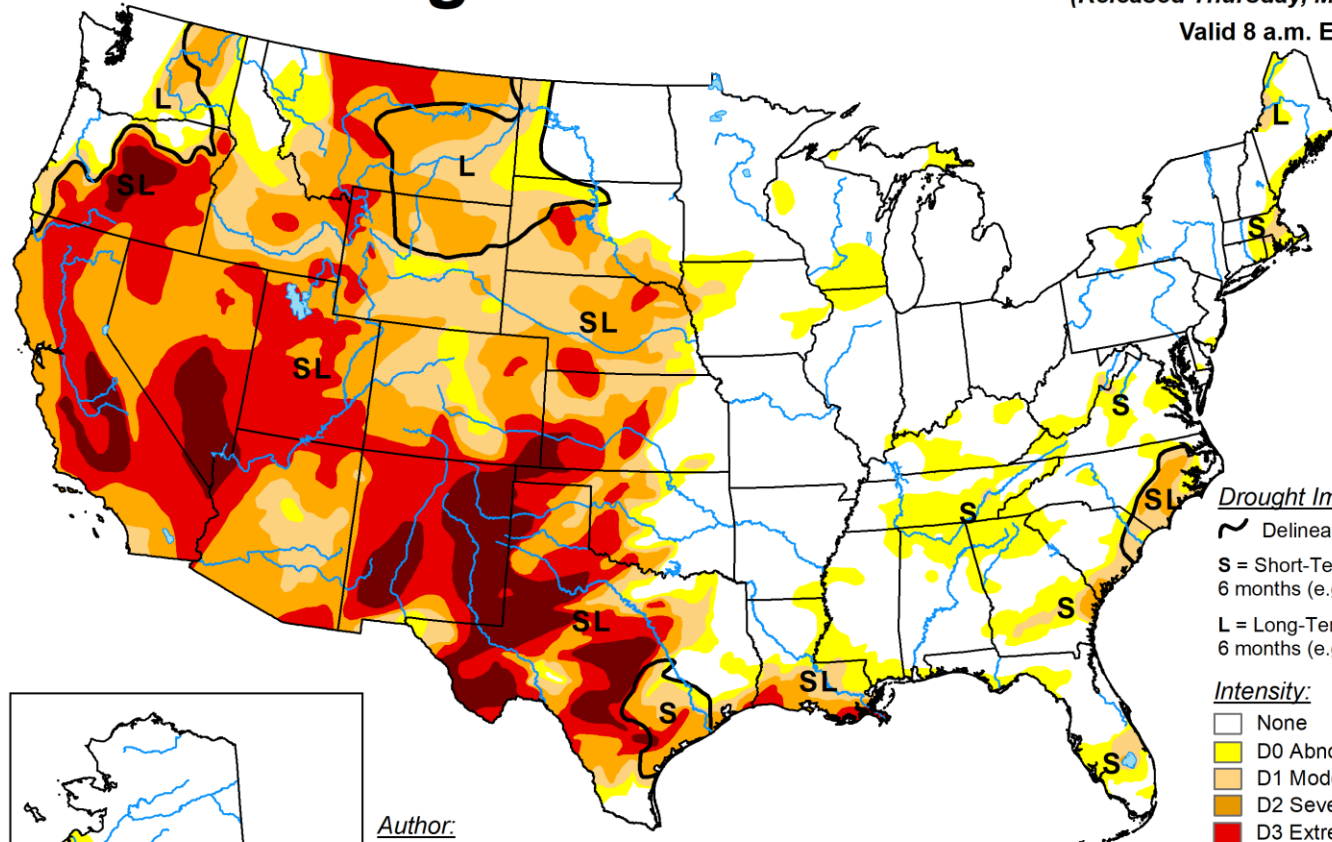
## US Weekly Choice Cutout



Source: USDA

# U.S. Drought Monitor

May 24, 2022  
(Released Thursday, May. 26, 2022)  
Valid 8 a.m. EDT

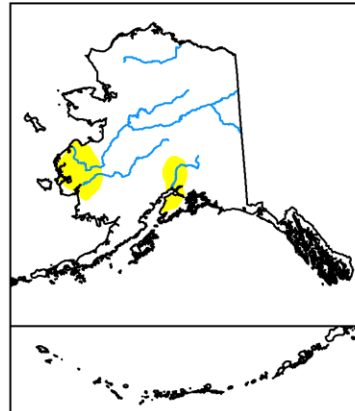


### Drought Impact Types:

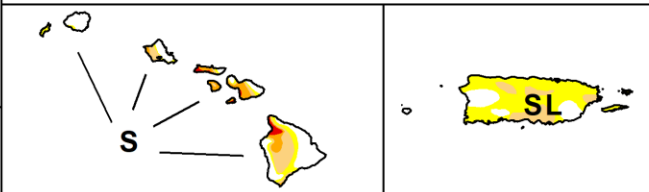
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

### Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:  
Richard Heim  
NCEI/NOAA



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

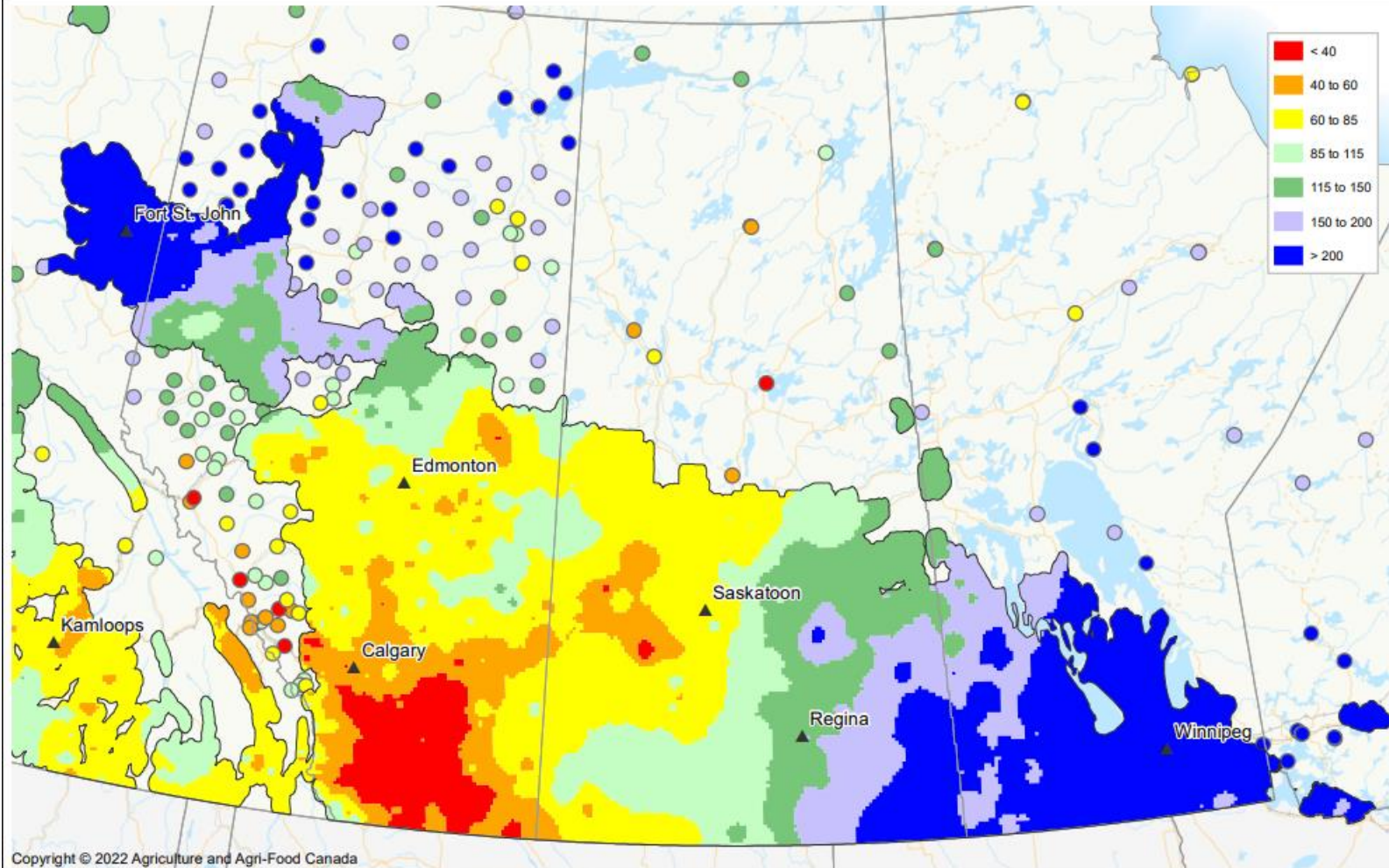


[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)



## Percent of Average Precipitation

April 1, 2022 to May 31, 2022



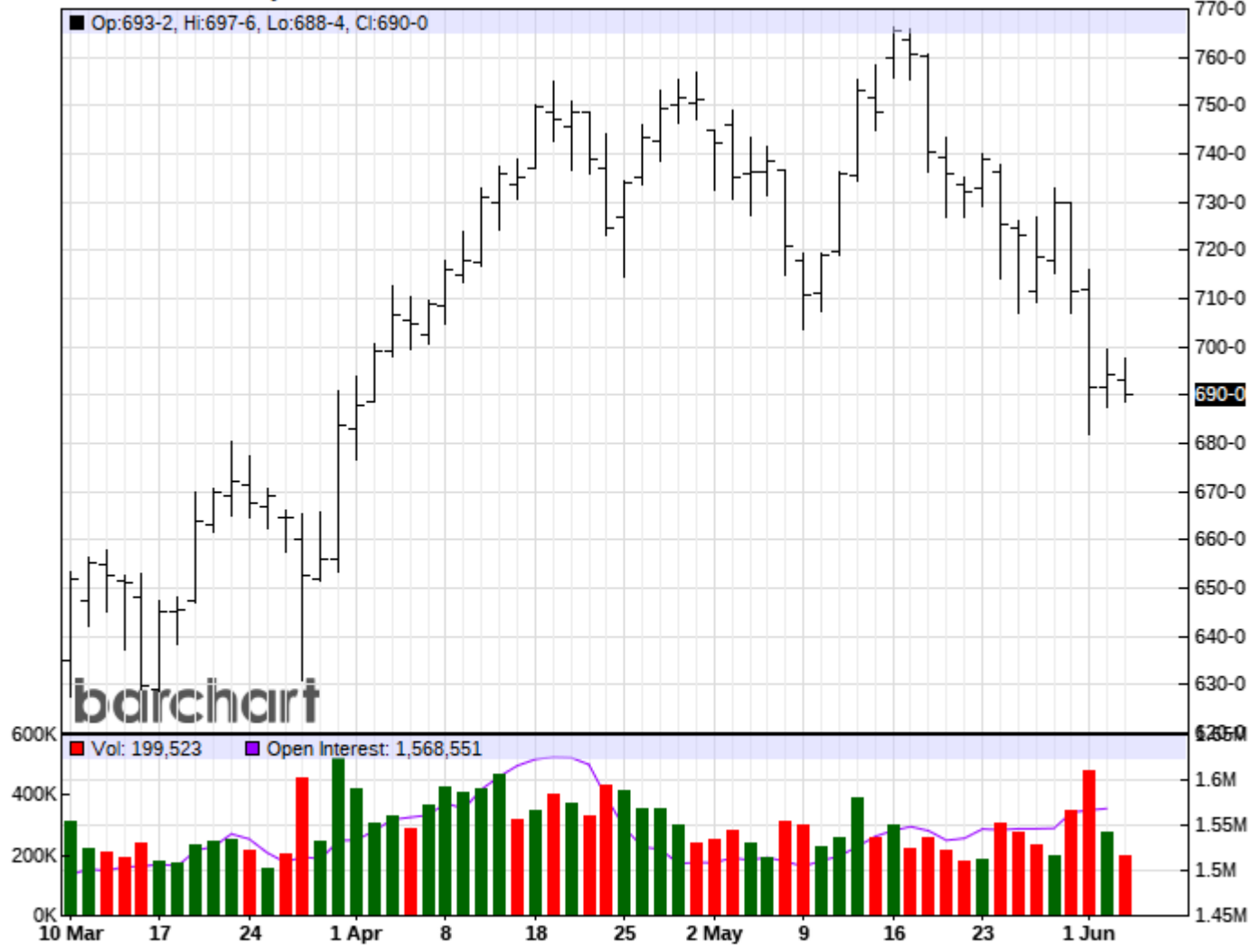
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Prepared by Agriculture and Agri-Food Canada's Science and Technology Branch. Data provided through partnership with Environment Canada, Natural Resources Canada, Provincial and private agencies.  
Produced using near real-time data that has undergone some quality control. The accuracy of this map varies due to data availability and potential data errors.

Created: 2022-06-01  
[www.agr.gc.ca/drought](http://www.agr.gc.ca/drought)

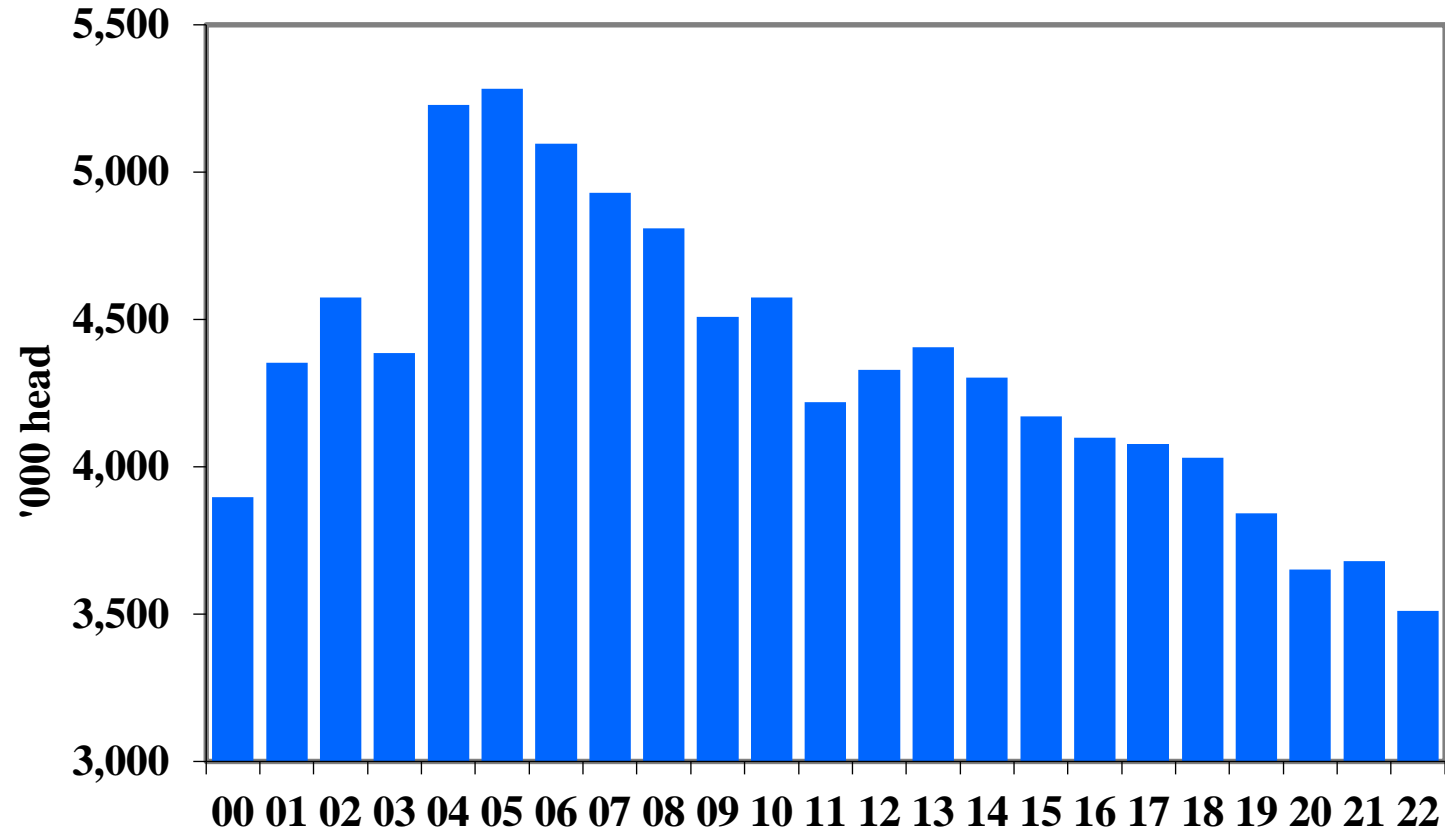
# New crop corn is off its highs

ZCZ22 - Corn - Daily OHLC Chart



# Feeder Supply Outside Feedlots -5%

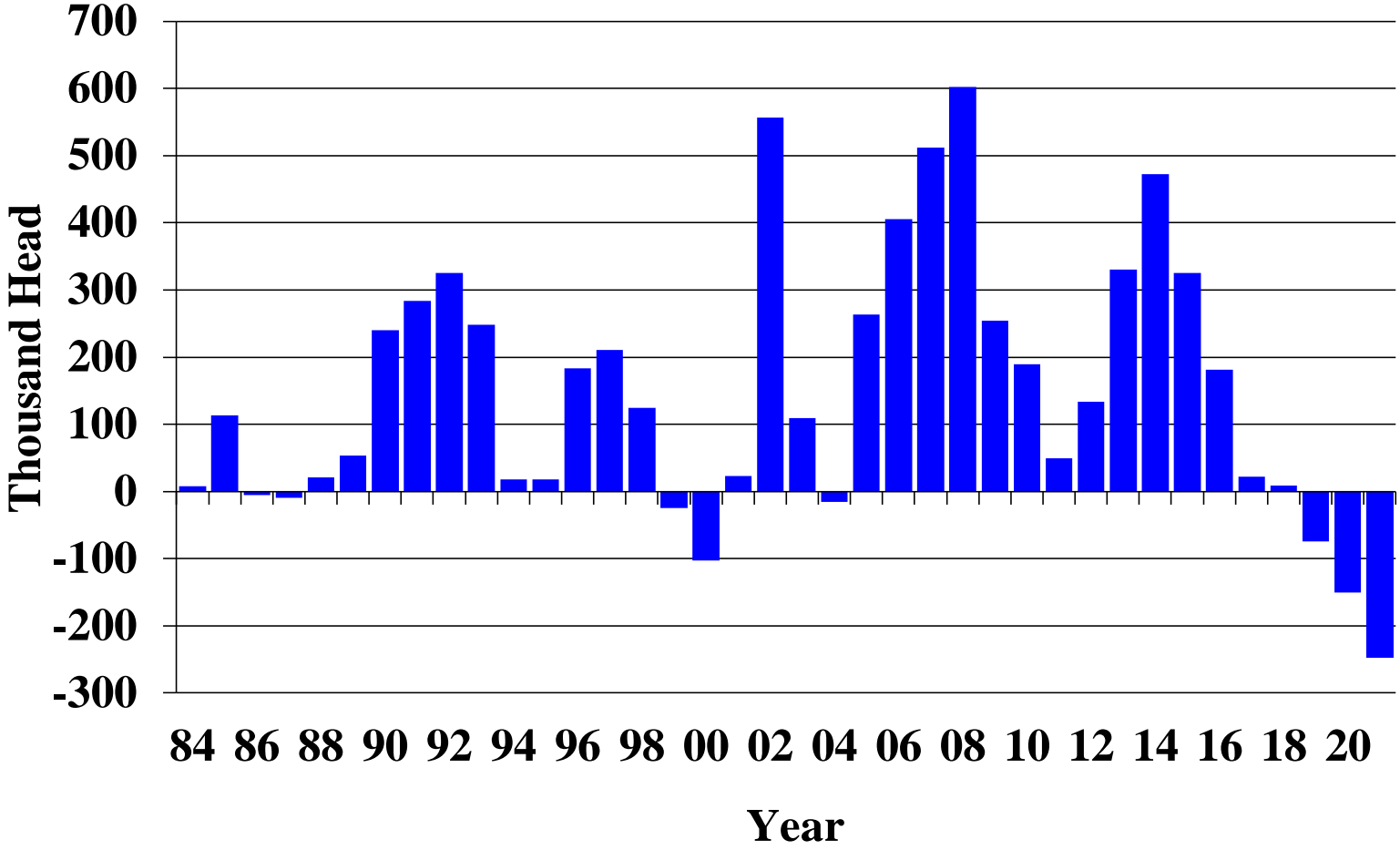
## Canadian Feeder and Calf Supply Outside Feedlots - January 1



Source: Stats Can, Canfax COF

# 2021 Largest net importer of feeders

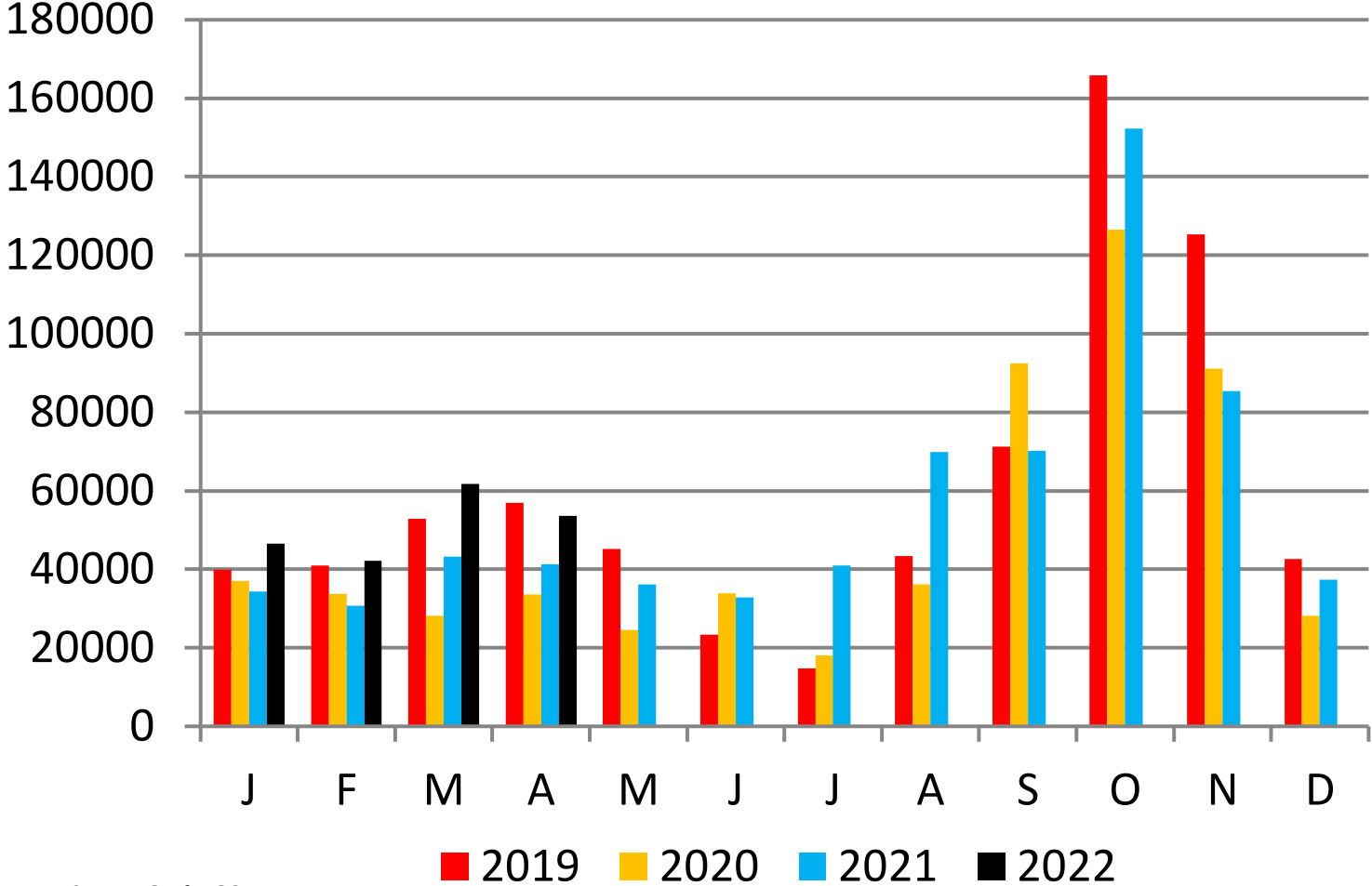
## Net trade of Feeder Cattle



Source: Statistics Canada

# Heifer placements in 2022 up 36%

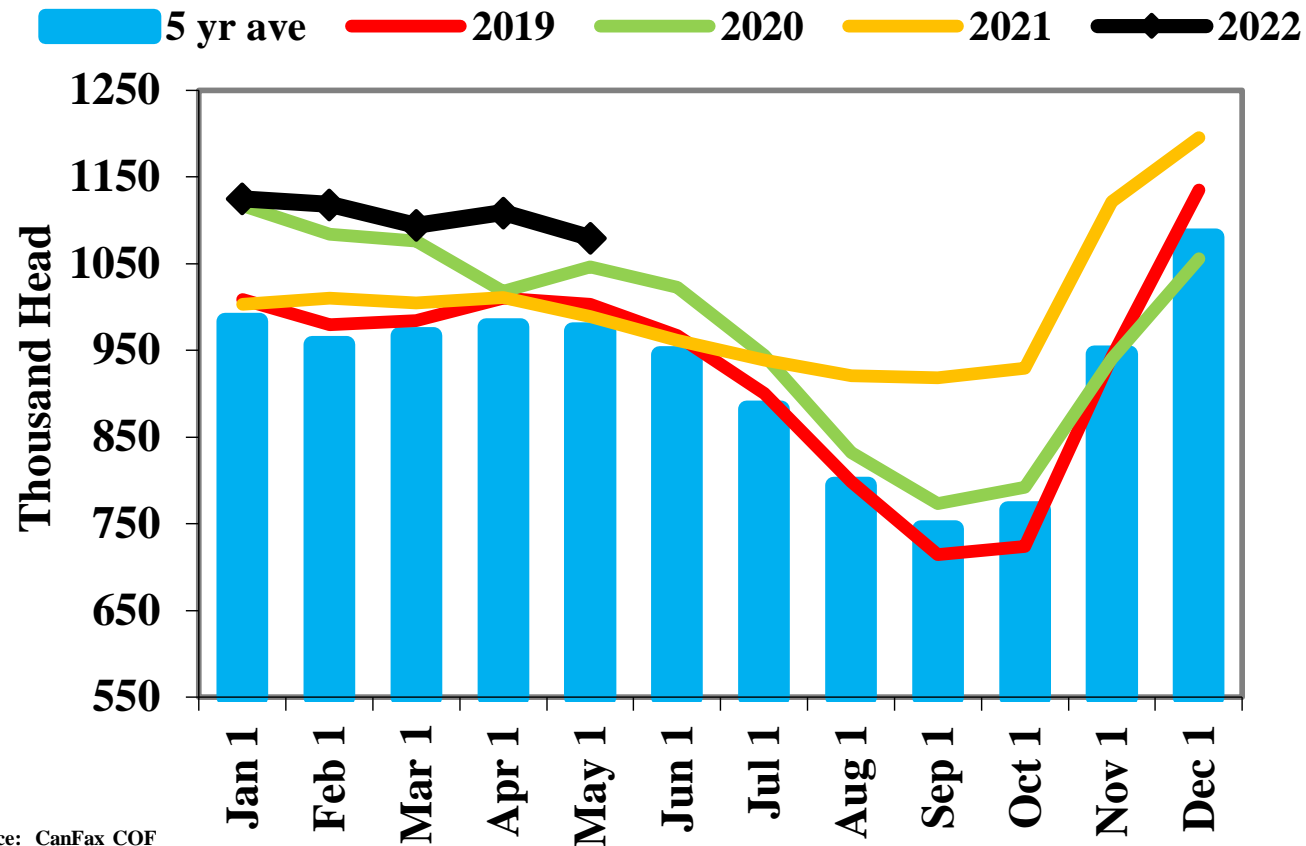
## AB/SK Heifer Placements



Source: Canfax COF

# W Can May 1 Cattle on Feed up 9%

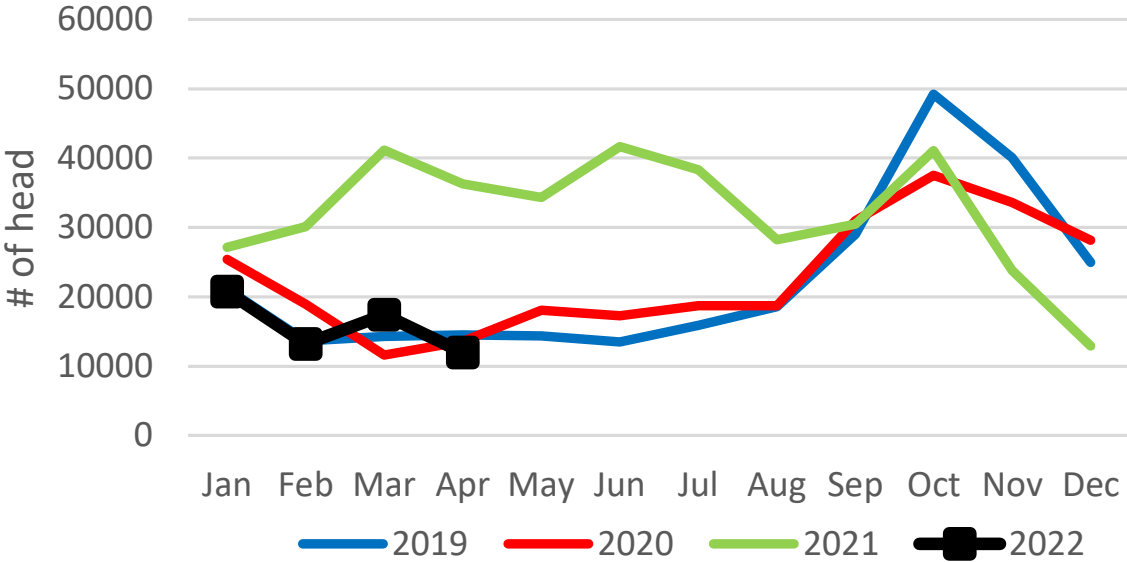
## Alberta and Saskatchewan Cattle on Feed



Source: CanFax COF

# So far in 2022 Feeder trade has reverted back to net exports

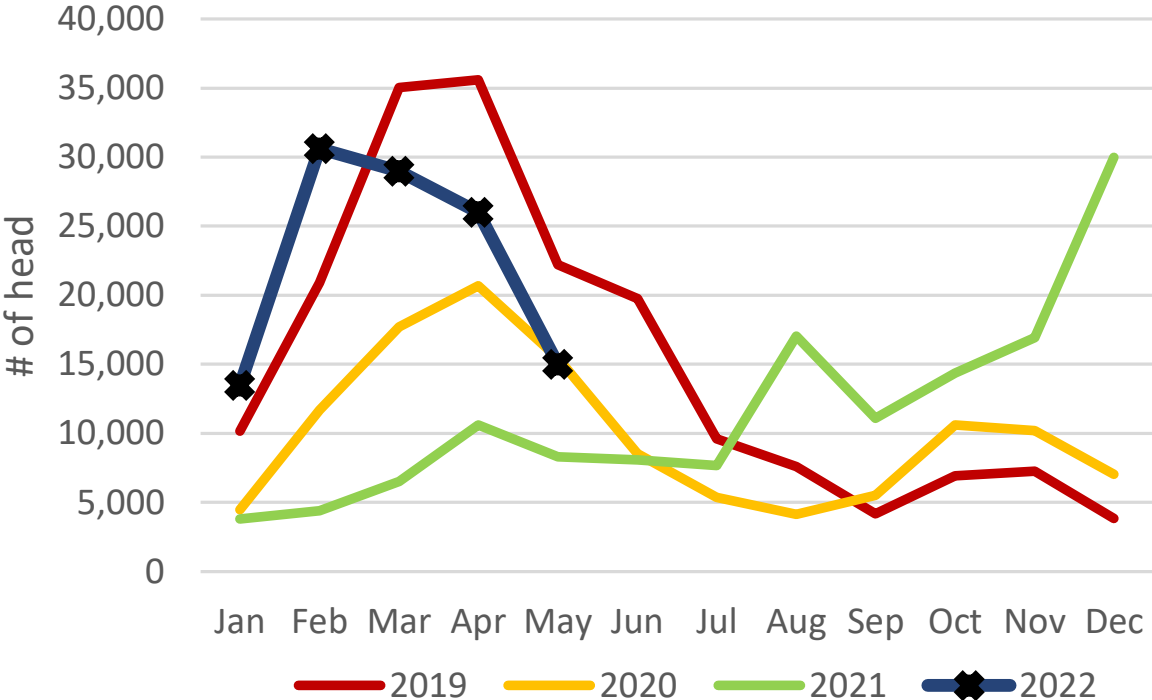
Live Imports from the U.S. (non purebred)



Imports half of YA at 75K

Proj Net exp todote 40K (last year 140K net import)

Feeder Exports to the U.S.

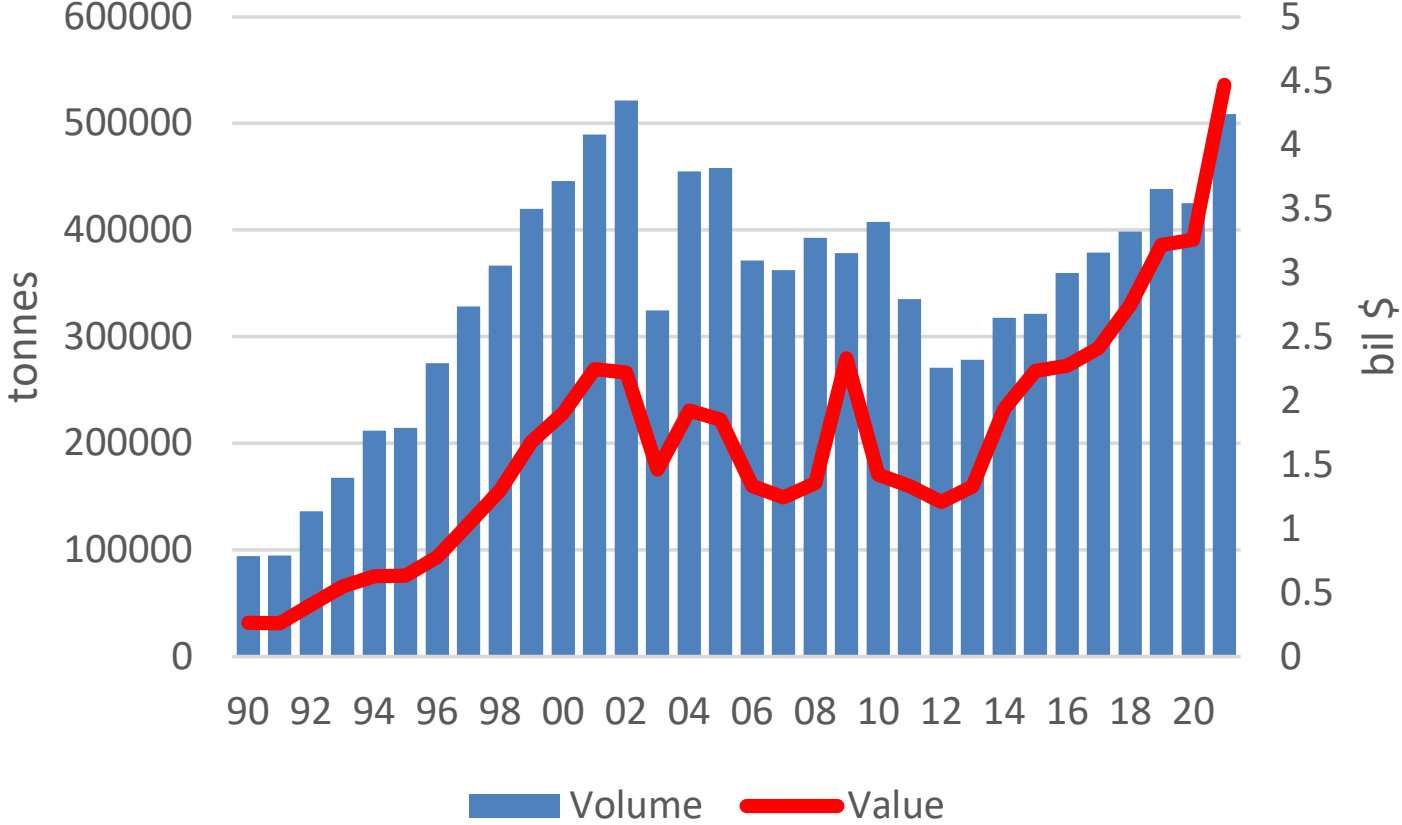


Exports double YA at 114K

Source: Stats Can/Canfax

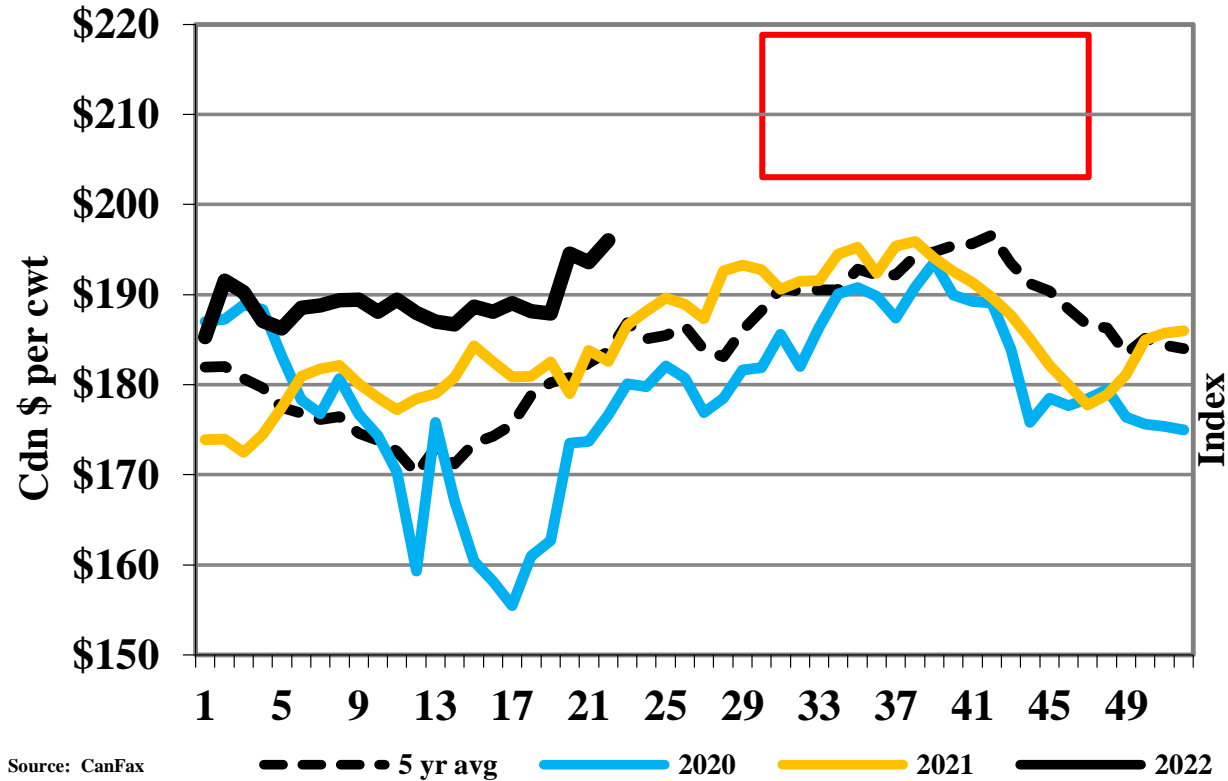
# Record Beef Exports in 2021

## Canadian Beef Exports



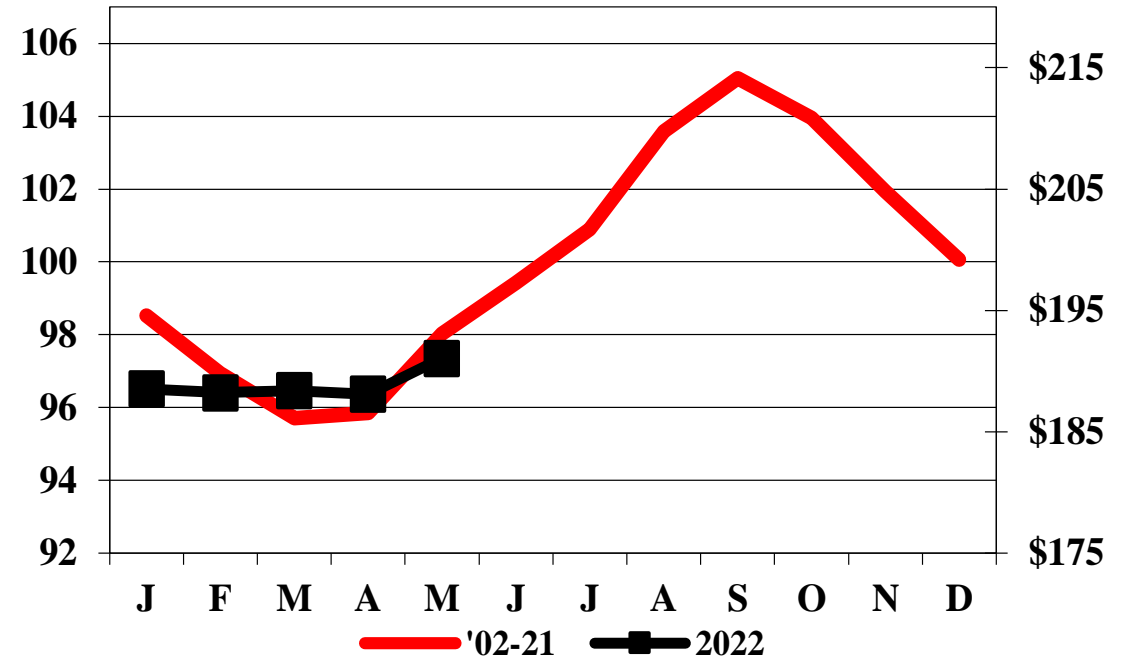
# Feeder Prices Seasonally higher into Aug/Sep

## AB Weekly 850 lb Steer Price



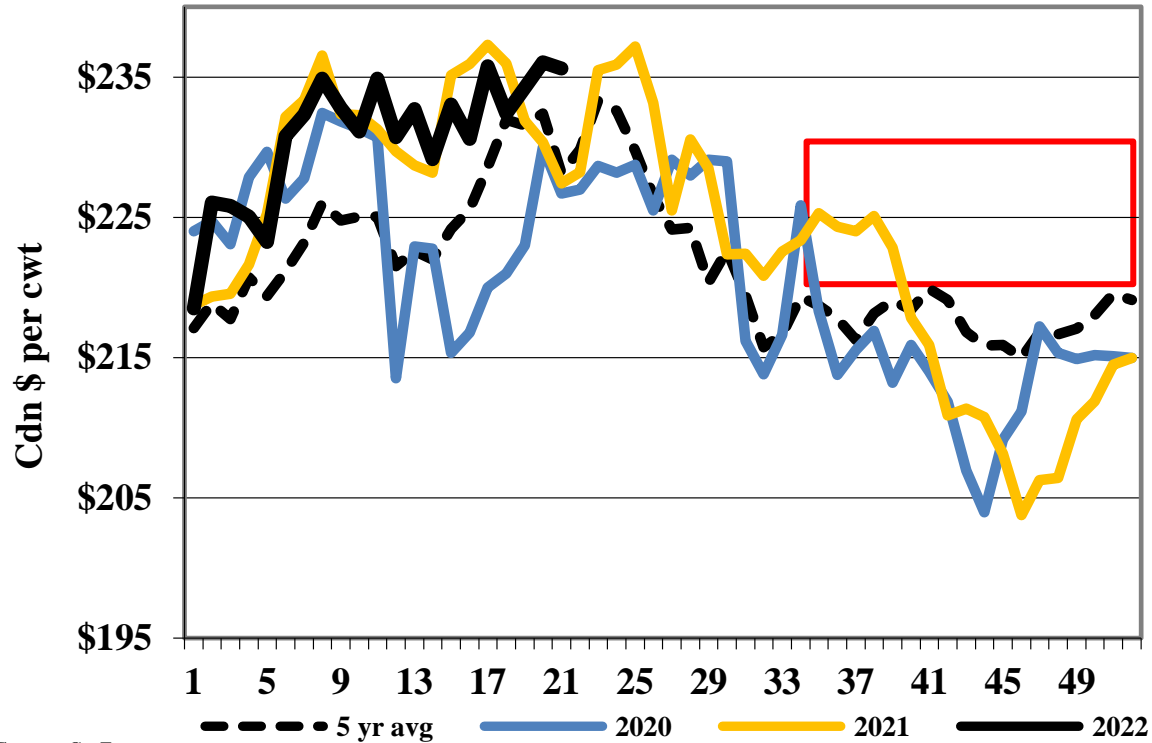
Source: CanFax

## Seasonal 850 lb. Feeder Steer Index

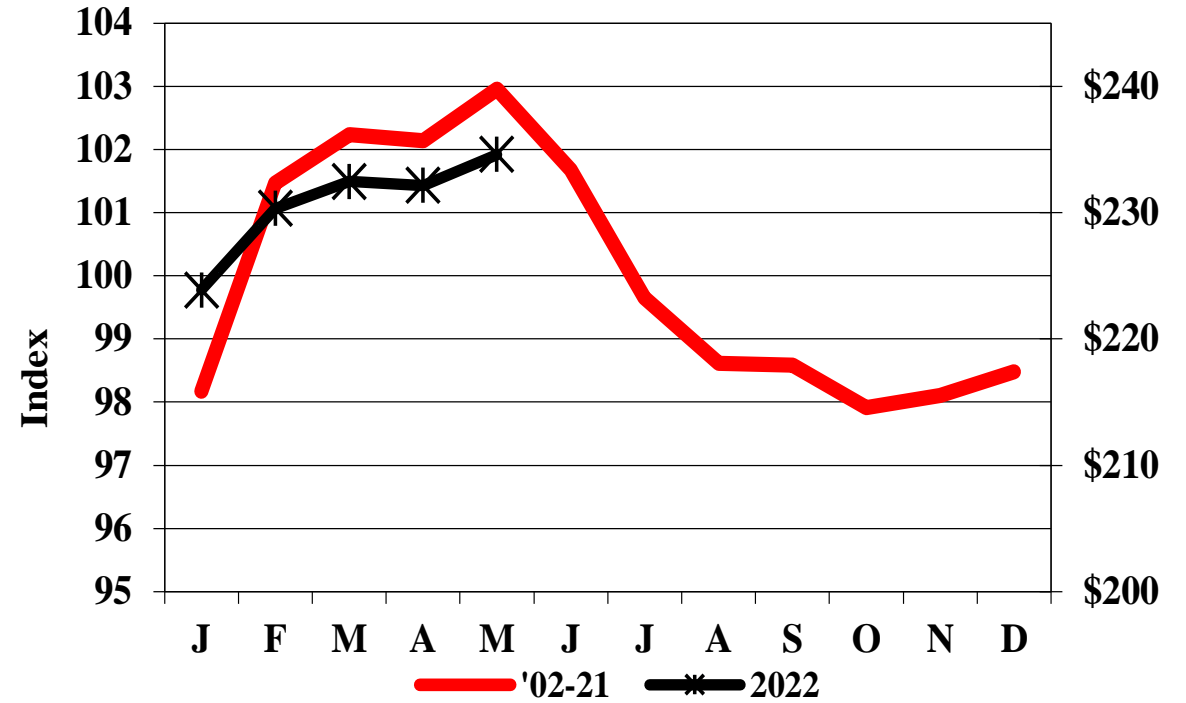


# Supplies are supportive, costs are the challenge

## Alberta Weekly 550 lb Steer Price

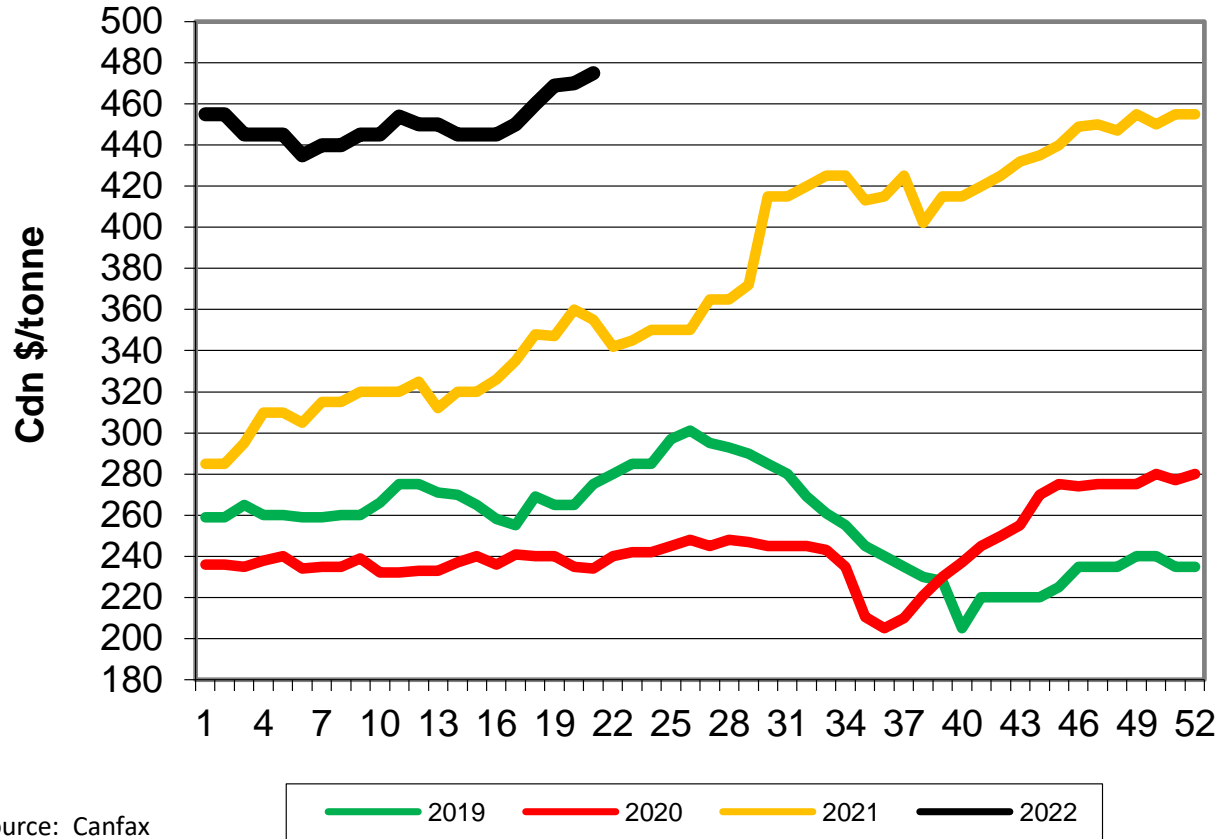


## Seasonal 550 lb. Steer Calf Index



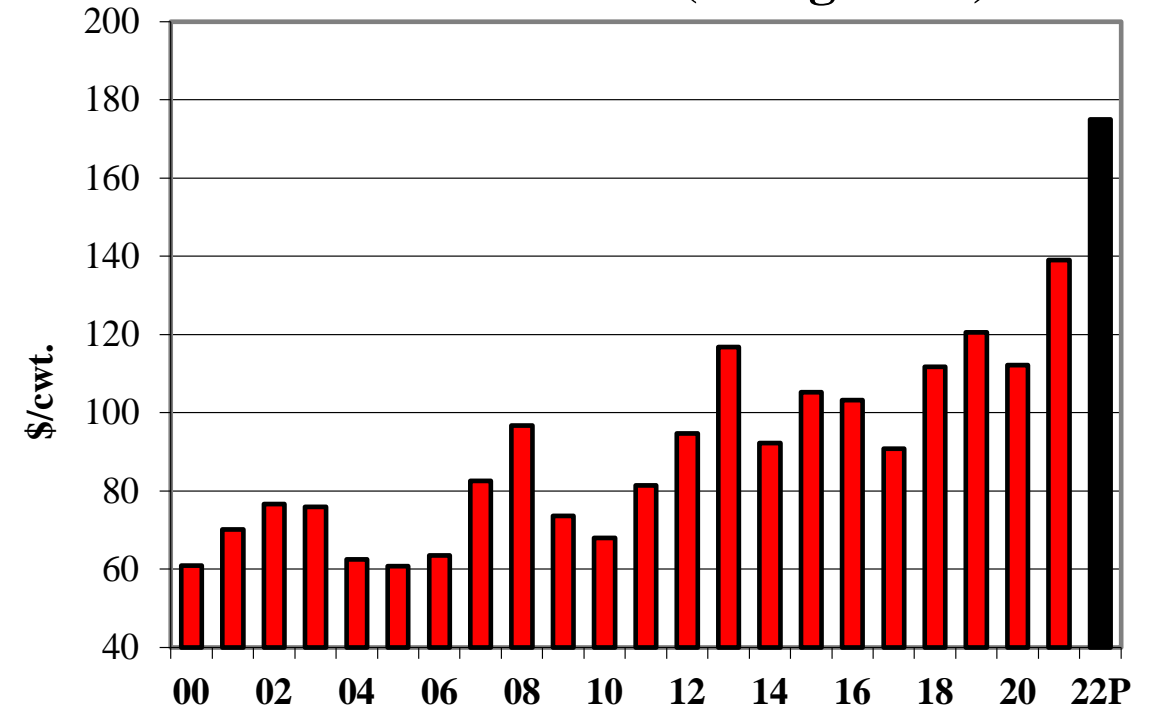
# Record high feed costs in W Canada

## Lethbridge Barley Price



Source: Canfax

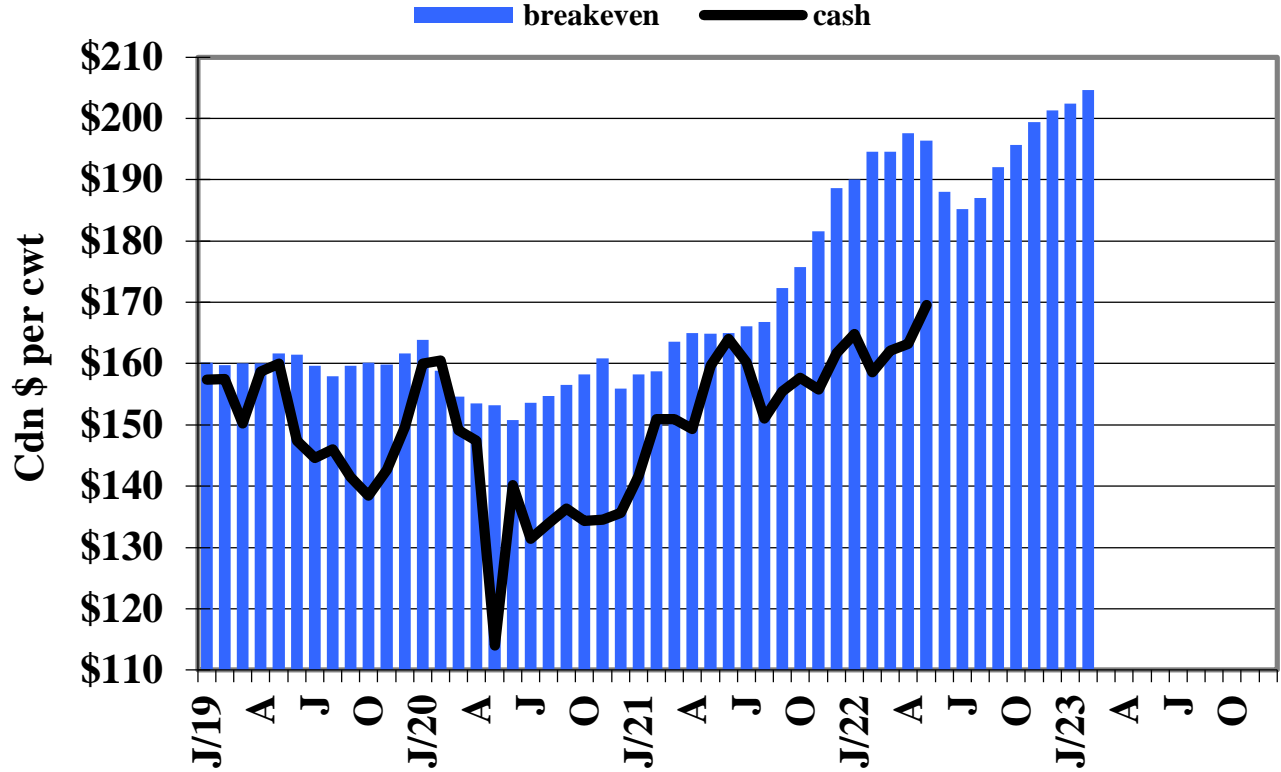
## Alberta Total COG (Yrlng Steer)



Source: Canfax

# Break-evens for 2023 now over \$200/cwt

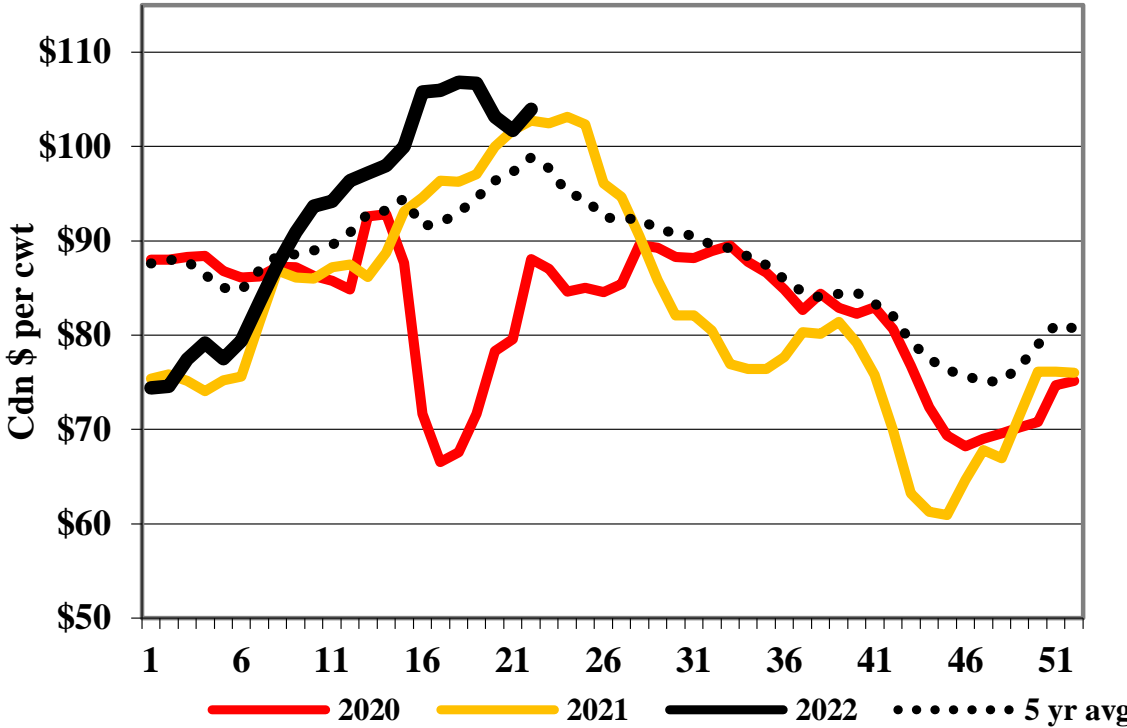
## Break Even vs Market Price Steer Calf - 2019 to current



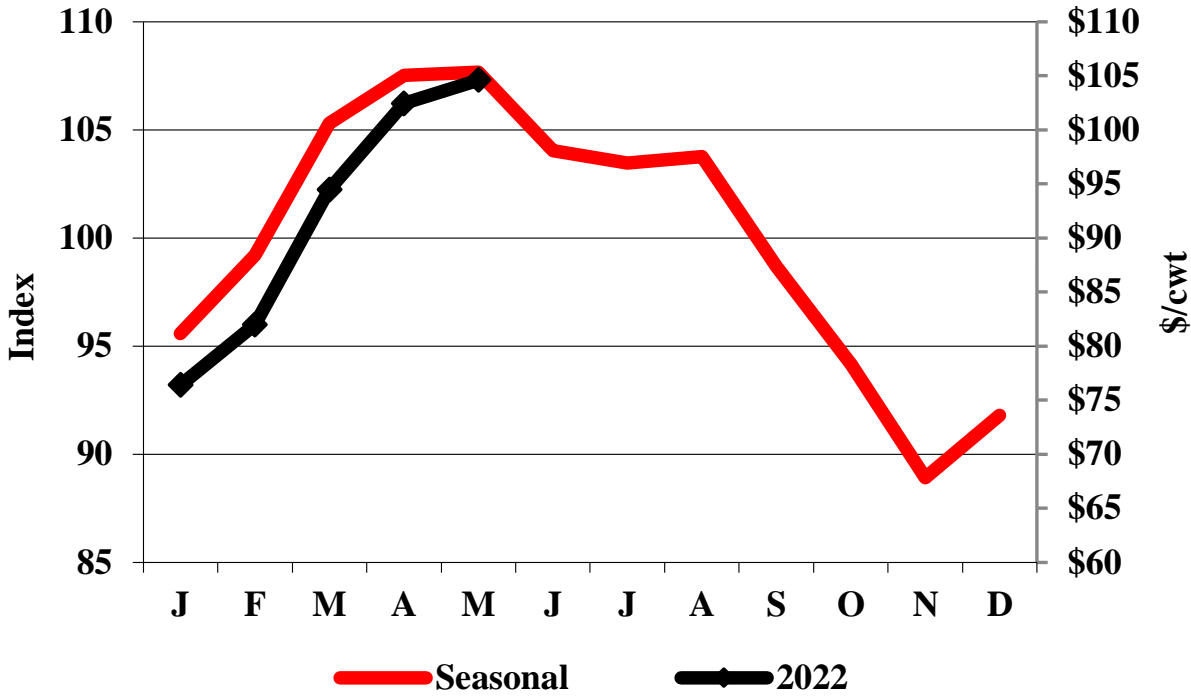
Source: CanFax Trends West

# Local slaughter cow prices peaked in May

Western Canada D2 Weekly Cow Price

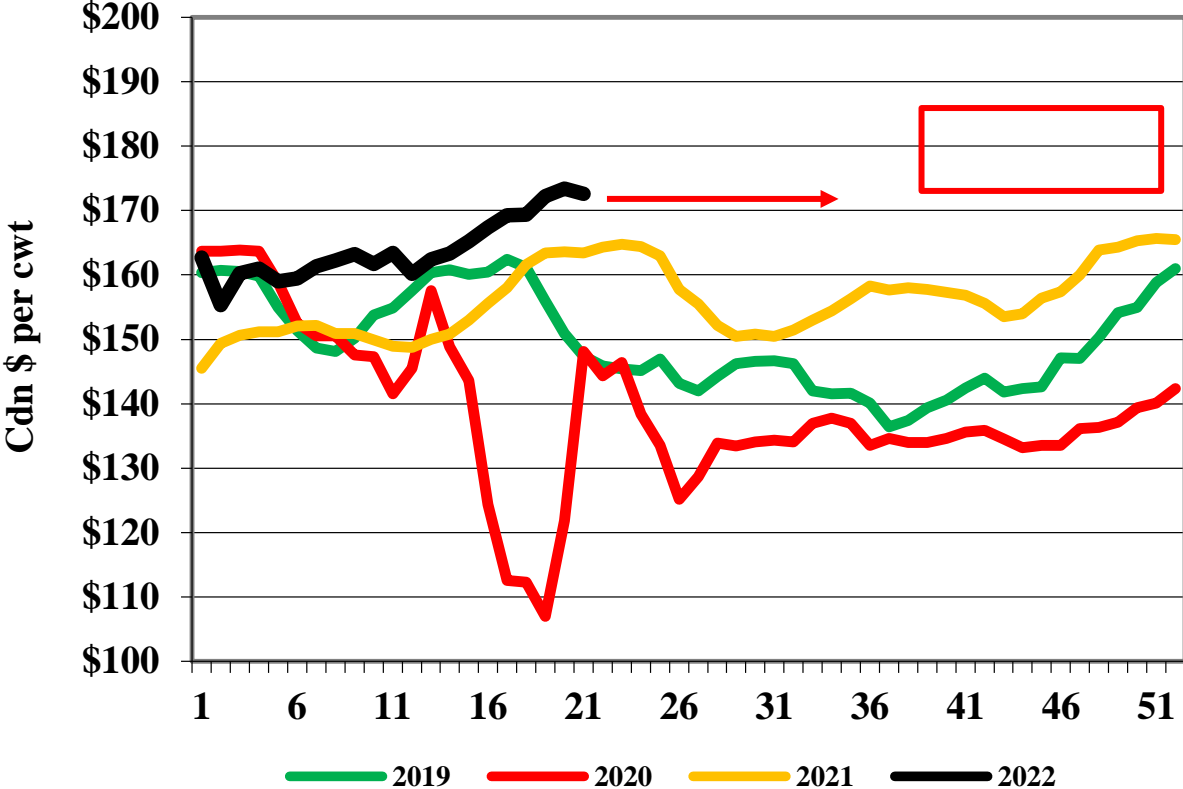


Seasonal D1,2 Cow Price Index (2001-2020)

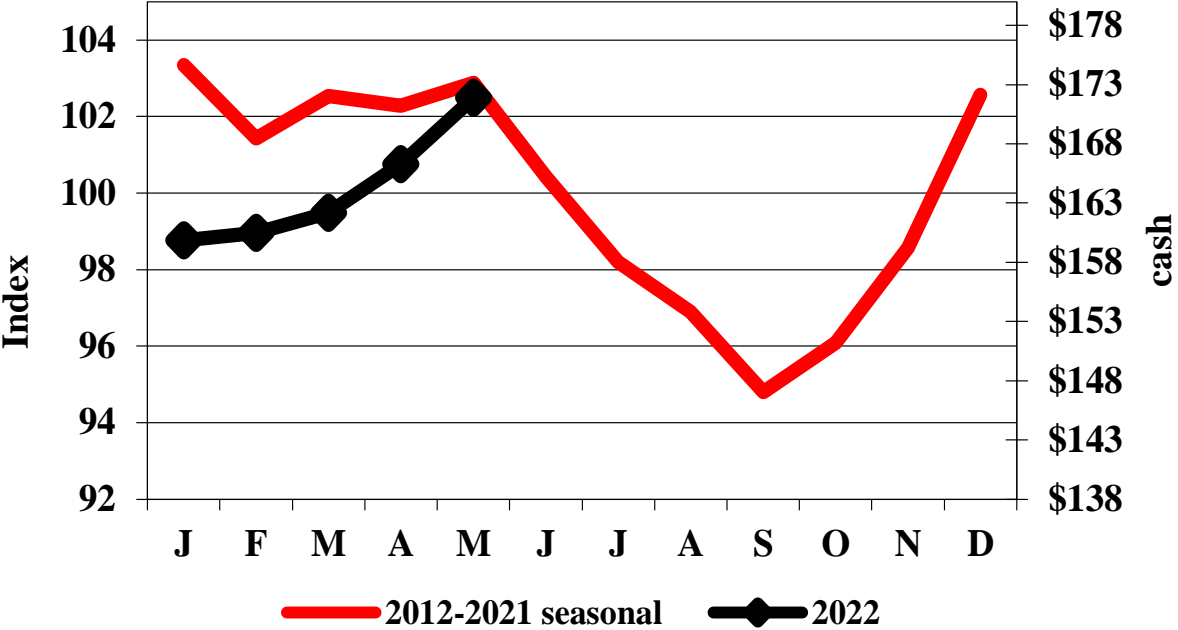


# AB Fed Cattle Summer Chop, then Higher

## Alberta Weekly Fed Steer Price

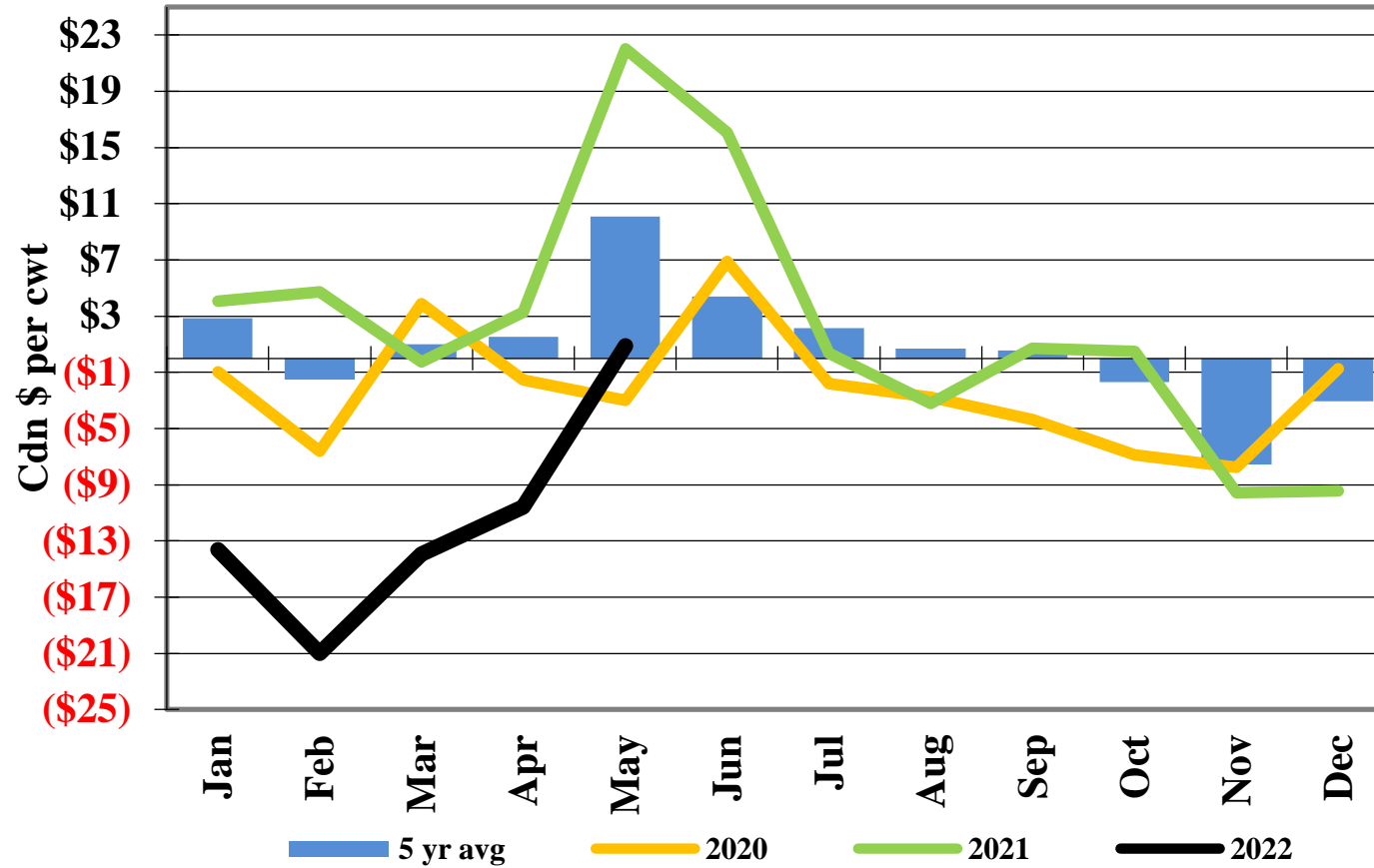


## Seasonal Fed Steer Price Index



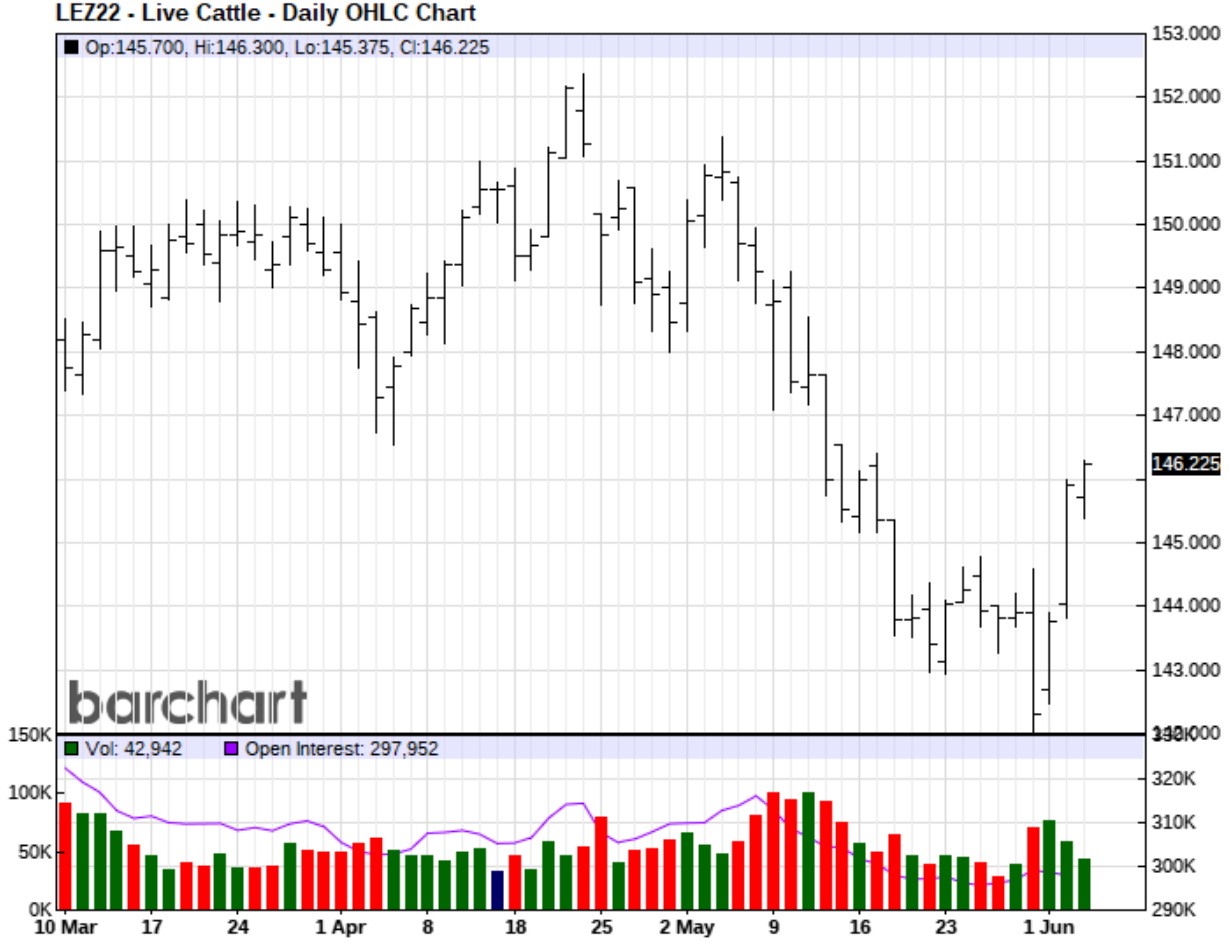
# 5 yr AB annual basis +1 but range is -8 to +10

**AB Fed Basis  
Cash to Futures**

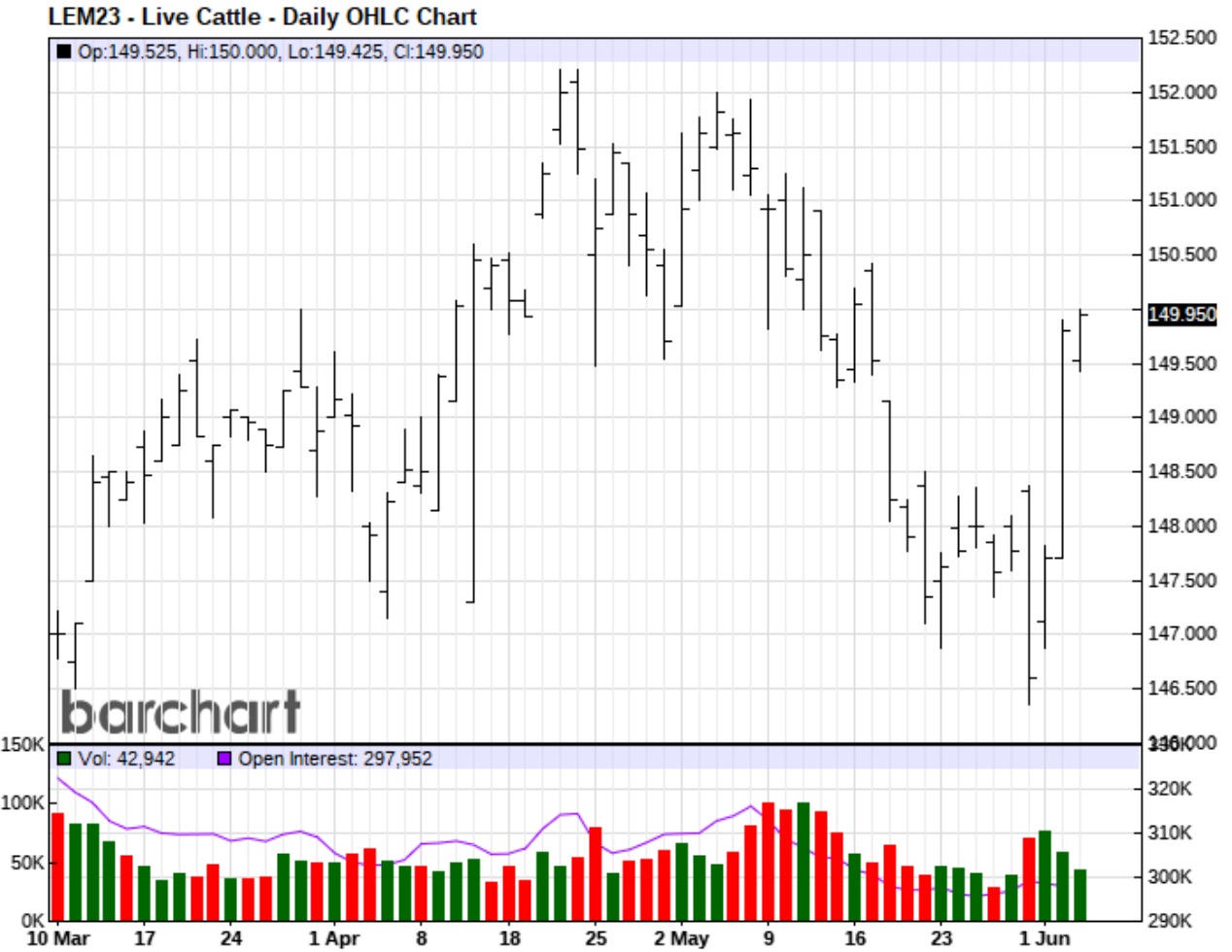


# Deferred LC futures need confidence

Dec 2022

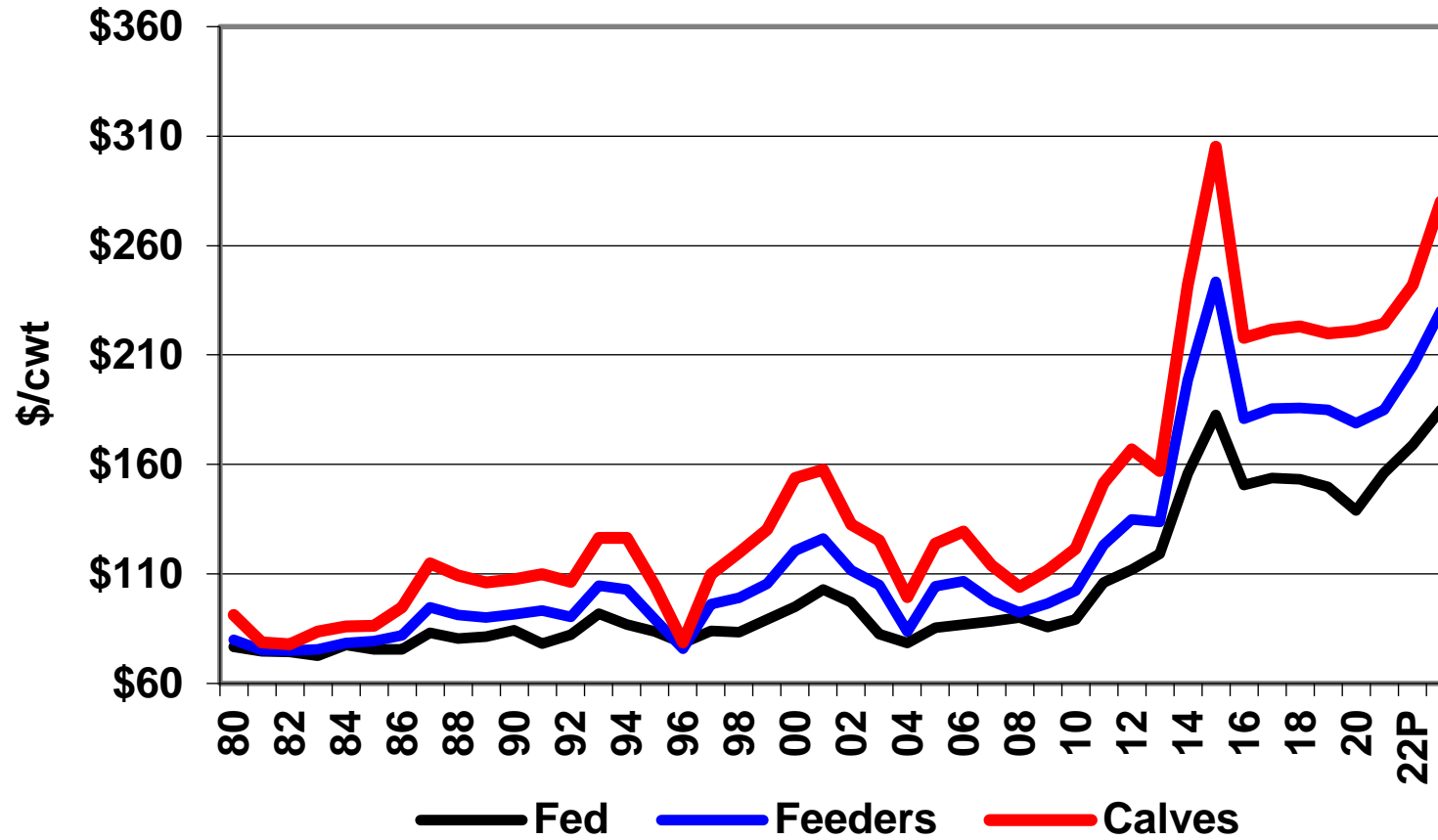


Jun 2023



# 2022 W Can Cattle Prices 10-12% higher

## Annual Cattle Prices - W Can



## Factors to watch

- **Weather.** A shift from La Nina to El Nino needs to occur. Until then drought impacts remain in N.A.
- **Live cattle flows.** Does W Can revert from net importer to net exporter of feeders? So far, yes.
- **Beef exports.** New records were set in 2021 – can this pace be maintained if supplies are smaller or do Canadians eat less than international customers?
- **Beef Demand.** Be careful not to confuse consumption with demand. There will be less beef to consume going forward. Retail prices will stay strong.
- **Costs.** Input costs, inflation, short feed supplies, supply chain issues will still pressure margins in spite of higher cattle prices.