

Beef Imports Slide While Exports Surge Higher



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In August, for the first time in my memory, beef exports were larger than imports with the exception of 2003 when Canadian beef was embargoed because of mad cow disease before the cow with mad cow disease was found in Washington state.

For August of 2007, net beef imports were 4.9 percent of production in the U.S. For August 2008, net beef imports were a negative 1.1 percent, or we had a change for the year amounting to 6 percent of beef production.

For January-August 2007, net beef imports were 4.6 percent of production. For the same eight months a year later, net beef imports as a percent of production were down 2.6 percent.

Beef imports from Australia for January-August were down 32.8 percent, from Uruguay down 88.6 percent, from Brazil down 25.2 percent and from Argentina down 42 percent.

Beef exports for January-August to Mexico were up 15.2 percent, to Japan up 49.9 percent, to Canada up 32.4 percent, to South Korea down 17 percent, to Taiwan up 37.6 percent, to Hong Kong down 1.6 percent, to Vietnam up 478.2 percent, and to other countries up 71.5 percent.

The larger beef exports are the major reason why demand for live cattle has performed better this year than demand for beef at the consumer level.

Live feeder cattle imports from Mexico for January-August were down 37.5 percent from a year earlier. From Canada, live cattle imports were up 37.6 percent. Total live cattle imports for the first eight months of 2008 were up 3.5 percent from 12 months earlier.

The value of beef exports per head of cattle slaughtered for August of 2007 was \$60.80 per cwt. For August of this year, the amount grew to \$114.83 per cwt. The value of exports and beef variety meats for August of 2007 was \$79.88

per head slaughtered. A year later, the value climbed to \$142.94 per head.

For January-August, the value of beef exports and variety meats per head slaughtered was \$72.54 in 2007 and \$101.32 in 2008.

Feeder cattle prices were pushed lower again this week. Feeder steers and heifers were steady to \$1 per cwt lower closing mostly steady with last week. Steer and heifer calves were \$2-5 per cwt early but closed \$2-3 per cwt lower compared to last week at Oklahoma City.

The price for medium and large frame No. 1 steers by weight groups were: 400-500 pounds \$130.10-117 per cwt, 500-600 pounds \$103.50-105 per cwt, 600-700 pound calves \$88-92 per cwt, 600-700 pound-yearlings \$98-99.25 per cwt, 700-800 pounds \$94-99.75 and 800-950 pounds \$91-95.75 per cwt.

Wholesale beef prices Friday morning showed Choice beef at \$144.65 per cwt, down \$5.21 per cwt from a week earlier. Select beef at \$137.79 per cwt Friday morning was down \$5.85 per cwt from seven days earlier.

The average of the trade estimates shows the October 1 cattle on feed numbers down 4.5 percent, placements during September down 3.6 percent and fed marketings during September up 6.4 percent from 12 months earlier.

The weighted average live price for fed cattle for the five-market area through Thursday at \$89.33 per cwt was down \$2.17 per cwt from a week earlier. The weighted average price for the five-market area negotiated carcass at \$137 per cwt was down \$3.85 per cwt from seven days earlier.

Slaughter this week under Federal Inspection was estimated at 628 thousand head, down 7.2 percent from a year earlier.

The October cattle on feed report came in quite close to expectations. The number on feed was down five percent, the trade expectation was for a decline of 4.5 percent. Placements on feed during September were down 5.5 percent, trade expectations were for a 3.6 percent decline. Feed marketing during September were up 6.8 percent, the trade estimate was for a 6.4 percent increase.

The report is slightly positive but demand for beef with the current economic conditions is likely to continue weak. Δ