

# **MANITOBA CATTLE AND BEEF INDUSTRY 2010**



*Janet Honey*  
*Prepared for*  
*Department of Agribusiness and Agricultural Economics*  
*University of Manitoba*

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***Data Sources:***

*Agriculture and Agri-Food Canada  
Bank of Canada  
Canadian Food Inspection Agency  
Canfax  
Manitoba Agriculture, Food and Rural Initiatives  
Manitoba Auction Markets  
Statistics Canada  
United States Department of Agriculture*

March 2011

# MANITOBA'S CATTLE AND BEEF INDUSTRY

## History:

### Pre-World War II:

Beef cattle have always been an important farm commodity in Manitoba. Early cattle were dual purpose for meat and milk. The first count of cattle in the province was in 1881 when there were 60,000 cattle and calves. The inventory increased to 812,000 head in 1938, which included 420,000 cows, 93% of which were used for milk production.

### Post-World War II:

By the 1950s, there were more breeds of cattle being produced for beef only, but these were early maturing, stocky and fat. This changed in the late 1960s and 1970s in response to consumer demand for less fat in beef, when larger exotic-cross cattle were developed to provide leaner meat and a higher dressing percentage. In the late 1970s and 1980s, Manitoba lost much of its cattle finishing and slaughter industry to Alberta, where new and renovated plants made cattle slaughter and beef production more efficient.

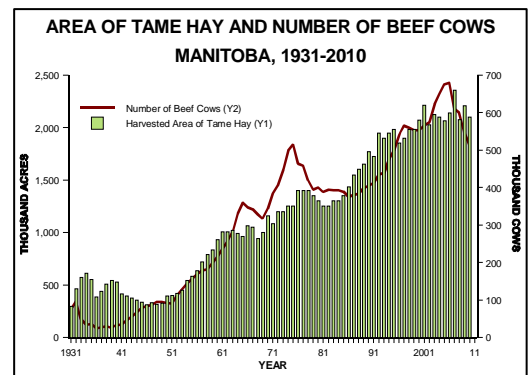
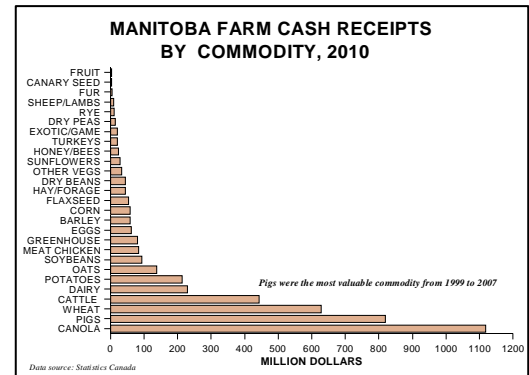
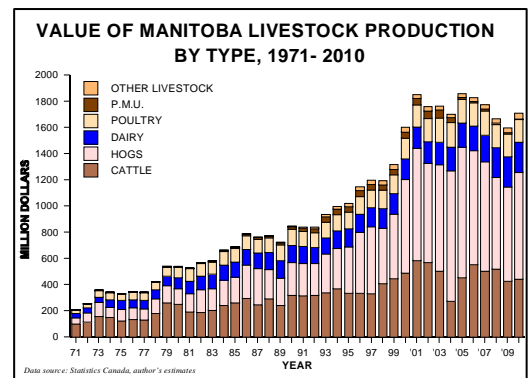
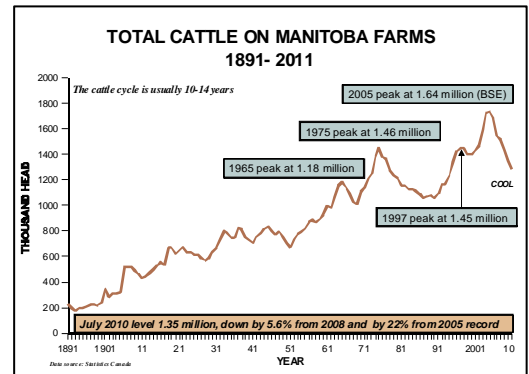
Cattle production in North America tends to follow 10-14 year cycles. According to *Statistics Canada* data, at the peak of the cycle in the 1940s, there were 0.83 million beef and dairy cattle and calves on Manitoba farms in 1945, while at the peaks in 1965 and 1975 there were 1.18 million and 1.46 million respectively. It took until 2002 for the 1975 level to be overtaken.

According to *Statistics Canada* data, Manitoba's beef cow herd increased fairly steadily at an average annual rate of about 2% from 1987 until 1992. Cow numbers then rose by an annual average of 6% to 1997, but decreased by 1% in both 1998 and 1999. The beef cow herd rose by 20% from mid 2000 to a record high on July 1, 2006, but fell again by 24% by mid 2010.

## Farm Type:

With large areas of natural grasslands, Manitoba has the land base to support cow-calf production. Most commercial beef cattle operations are cow-calf with many producers retaining and/or buying calves for further feeding to be sold as "stockers", "short-keeps" or for slaughter. About 2% of commercial operations are feedlots, the largest of which expanded to a one-time capacity of 12,500 head in fall 2006.

According to *Statistics Canada*, of the 1,268,900 beef cattle on Manitoba farms in mid 2010, 940,700 million head or 74% were on cow-calf



operations, 260,200 head or 21% were on feeder/stocker operations and 68,000 head or 5% were in feedlots. The number in feedlots was almost 20% smaller than a year earlier.

### Inventory:

There were 574,000 beef cows on Manitoba farms in mid 2002, but this number increased to 680,000 head by mid 2006 because of the American border closure to Canadian cattle in May 2003 due to Bovine Spongiform Encephalopathy (BSE) found in a Canadian cow. Manitoba's reliance on the United States market for almost all of its slaughter cattle sales made it difficult for producers to find alternative markets in Canada while the border was closed, particularly for cull cows and bulls, so more of these animals than usual remained on Manitoba farms.

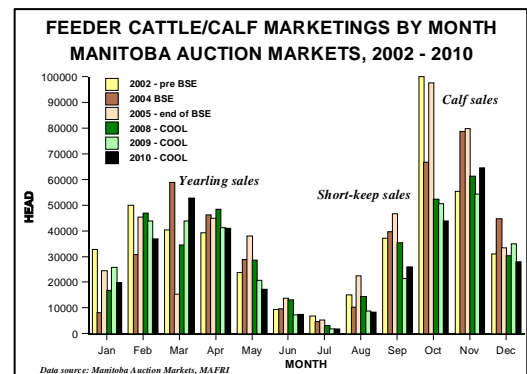
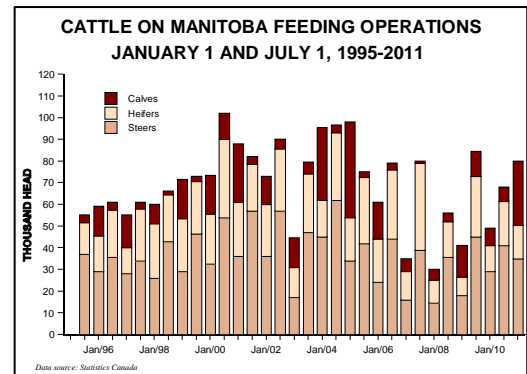
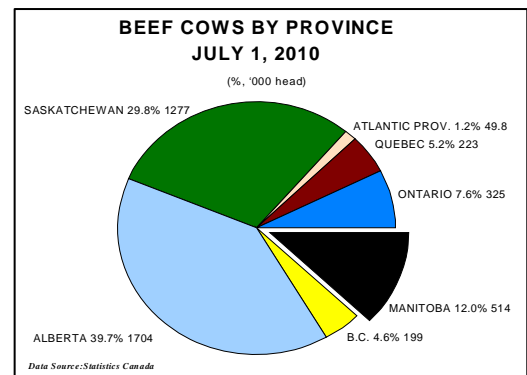
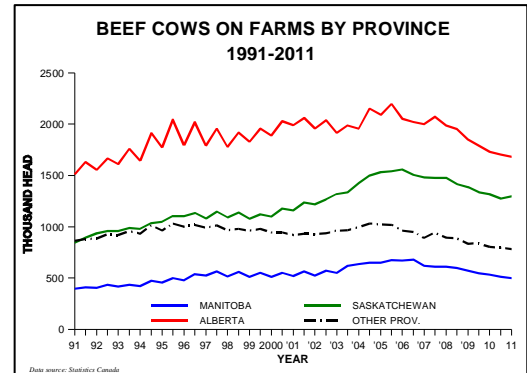
The border opened to cattle under 30 months in July 2005. The option to export younger slaughter cattle to the U.S. meant fewer finished cattle were available for Canadian slaughter plants, particularly those in Alberta. The drop in domestic steer and heifer slaughter was partly offset by slaughtering more cull cows and bulls.

Manitoba's beef cow herd fell to 514,000 head on July 1, 2010, 24.4% below the 2006 peak. About 59,200 cows or 11.5% were over 10 years old.

The Manitoba beef cow herd is the third largest in Canada, after Alberta and Saskatchewan, with 12% of the nation's beef cows and 1.5% of total North American beef cows in 2010. Manitoba beef cows have a calving rate of about 90-92%.

In 2008, 2009 and 2010, flooding in the Interlake and Westlake cow-calf areas prevented or hampered hay cutting and drought and excess moisture in other areas reduced hay yields. The expected winter feed shortage and higher feed cost forced some producers to sell some or all of their cows in 2009 and 2010.

On January 1, 2011, Manitoba cattle farms had 107,000 feeder cattle, one year and over, of which about 43,000 were heifers and 64,000 were steers. The number of heifers was up by 2,000 head from a year earlier, while steers rose by 8,000 head. About half of these feeders are expected to be sold early in 2011 as "yearlings" or at the end of summer as "short-keeps". Higher finished cattle and feeder prices later in 2010 and early in 2011 have encouraged more "backgrounding" and finishing in Manitoba. About 50,500 of the feeder cattle over one year were in feedlots on January 1, 2011 compared to 41,000 head on January 1, 2010. Calves in feedlots increased from 8,000 head in January 2010 to 29,500 head in January 2011.



## Feed Use:

The beef cattle industry uses over \$200 million of feed annually. Only about one quarter of the calves produced in the province annually are finished to slaughter-weight. If all the calves in Manitoba were finished instead of being shipped out as stockers/feeders or calves, then the value of feed consumed each year would be about 60% higher.

On July 12, 2007, the Canadian Food Inspection Agency implemented the enhanced feed ban that completely bars the use of specified risk materials (SRMs) for BSE in animal feed, pet food and fertilizer. The rule aligned Canada's standards with those of the European Union.

## Cattle Sales and Farm Cash Receipts:

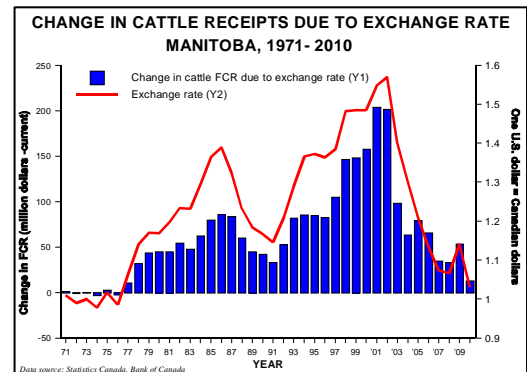
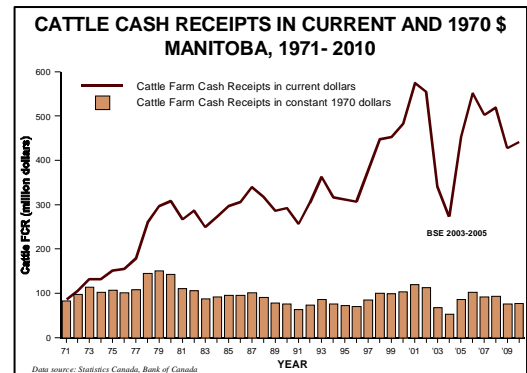
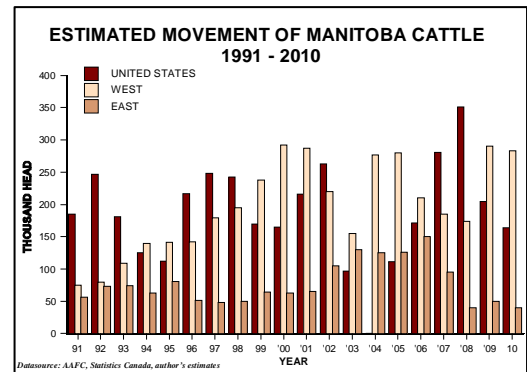
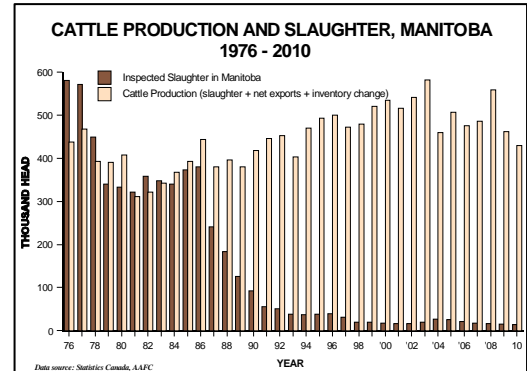
Since Manitoba's cattle slaughter capacity declined by over 97% from 1976 to 2001, most of the beef cattle produced in Manitoba are sold out of the province. In 2002 (prior to the U.S. border closure in May 2003), 103,400 finished cattle, 103,900 cull cows and bulls, 54,000 feeder cattle and 700 breeding stock were exported from Manitoba ports of exit to the United States. About 27,500 slaughter cattle and 310,000 feeder cattle and calves were sold mainly to Alberta and Ontario. After cattle exports to the U.S. were banned in 2003, during 2004 and the first half of 2005, more cattle were slaughtered in Manitoba and many more had to be sent to other provinces, often at greatly reduced prices.

Manitoba cattle and calf prices increased significantly when the U.S. border re-opened to cattle under 30 months in mid July 2005. Sales of calves rose more than usual in fall 2005 as producers sold animals to improve cash flow, which had been negatively affected during the "BSE" years.

The Manitoba cattle industry was hit again, not only by a strong Canadian dollar from 2007 to autumn 2008 and later in 2009 and 2010, but also by the introduction of mandatory Country of Origin Labelling (COOL) in the United States on September 30, 2008. COOL meant that many American feedlots and slaughter plants stopped accepting Canadian feeder and finished cattle or reduced prices for animals they bought.

In 2010, Manitoba's beef cattle industry sold about 544,000 head for slaughter (including cull cows and bulls) or for feeding out of the province. Roughly 62,500 calves or feeders eventually sold or exported from Manitoba were from Saskatchewan.

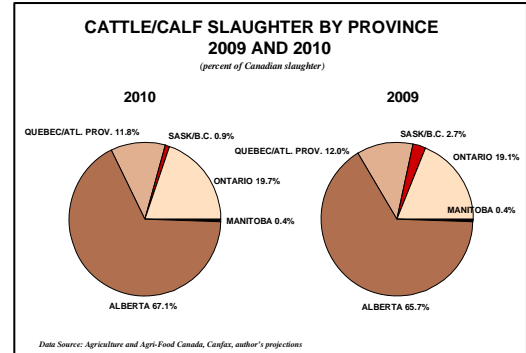
The annual farm cash receipts from Manitoba-origin cattle/calf sales fell from almost \$555 million in 2002 to \$273 million in 2004 due to limited markets for slaughter cattle and lower cattle and calf prices. Cash



receipts rose to \$552 million in 2005, but fell to \$503 million in 2007. Increased sales and herd liquidations more than offset lower cattle prices in 2008 to raise cash receipts to \$520 million, but fewer calves born and cattle sold in subsequent years led to lower farm cash receipts. 2010 receipts were \$441 million, a rise of 3% from 2009.

In 2009, average net operating income for beef cattle operations (51+% of income from beef cattle) fell to \$4,570 from \$7,710 in 2008 and \$10,670 in 2005. In 2009, 45.6% of farms had zero or negative net operating income compared to 35.4% in 2005. (2010 data are not available)

Lower average finished cattle prices from mid 2009 to spring 2010 were offset to some extent by lower feed and fuel costs. Conversely, higher cattle and calf prices for the remainder of 2010 were partly offset by rising prices for feed and fuel. Margins for some cattle operations improved in 2010. However, other operations suffered due to adverse weather from 2008 to 2010, which increased forage and other costs.

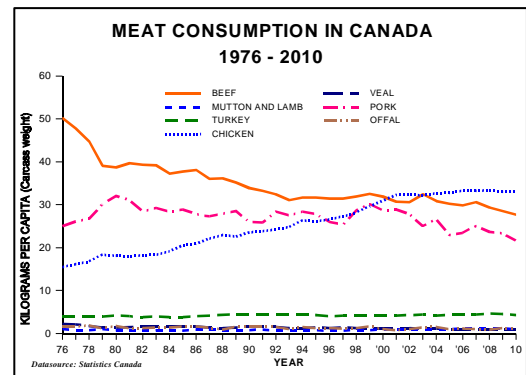
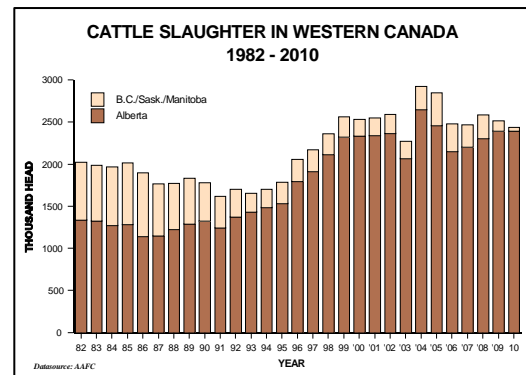


### Cattle Slaughter and Beef Processing:

The total number of cattle slaughtered in Manitoba packing plants peaked at 581,000 head in 1976. However, the closure of five major cattle slaughter facilities after 1979 reduced local slaughter to 15,950 head in 2001.

One small federally-inspected plant and 23 provincially-inspected plants in Manitoba slaughtered about 21,000 cattle in 2006. The number of cattle slaughtered declined to about 15,600 head in 2009 and 14,100 head in 2010. The average warm carcass weight of slaughter cattle was about 680 lb. Beef production fell to roughly 9.6 million lb (carcass weight) in 2010.

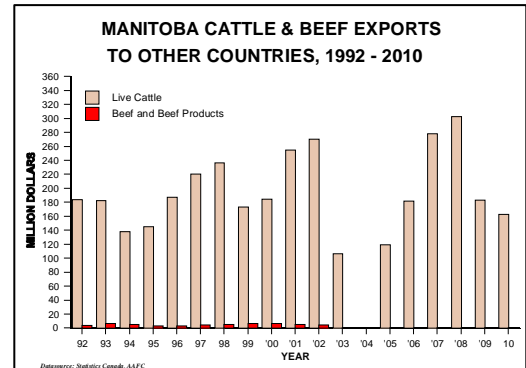
The Marion Street, Winnipeg, slaughter plant is being converted by Keystone Processors Ltd. (owned by Manitoba cattle producers) to a federally-inspected cattle plant. The plant, now managed by Astana Group, is processing beef for provincial markets (natural, kosher and halal) and, when certified, is expected to kill 250 cattle per day to produce premium beef, mainly for niche international markets. <http://www.keystoneprocessors.com/>



### Beef Consumption:

Per capita beef consumption fell from a peak of 116 lb per person in 1976 to a fairly stable 70-75 lb per person in the 1990s and early 2000s. However, leaner beef is sold now with less waste than in earlier years.

Canadians consumed 63.5 lb of beef and veal (carcass weight) in 2010, 1.7 lb or 2.6% less than in 2009. Consumption was 66.9 lb in 2008.



## Trade:

**Cattle:** Manitoba was the largest cattle-exporting province in Canada prior to 2003, but now lags Alberta and, often, Saskatchewan. About 262,000 head valued at \$269.9 million were shipped from Manitoba ports of exit in 2002. From no cattle exports in 2004 due to the closed American border, the number rose to 110,600 head worth \$118.9 million for the last five months of 2005, 169,400 head valued at close to \$181.7 million in 2006 and a record 351,400 head worth \$302.2 million in 2008. As cull cows and bulls over 30 months were banned from American slaughter plants until late 2007, exports to states such as Minnesota and Wisconsin fell significantly between 2002 and 2007.

Due to mandatory COOL, American plants bought significantly fewer *finished* Manitoba cattle in 2008, 2009 and 2010 than in the pre-COOL year, 2007, and feedlots in the United States bought fewer feeder cattle and calves in 2010 than in 2009 or 2008. Cull cattle can be used for processed beef products, which are not subject to COOL.

Manitoba shipped 46,170 feeder cattle and calves valued at \$39.6 million to the United States in 2010, down by 52.6% from 2009. Over 75,660 finished cattle valued at \$85.5 million were exported in 2010, a rise of 40.4% from a year earlier. Manitoba exported 41,990 cull cows and bulls worth \$36.1 million in 2010, mostly to plants in Minnesota and Nebraska. Almost 480 breeding stock made up the remaining exports.

Of all cattle exports in 2010, 37.3% went to Nebraska with the rest going to Minnesota (22.3%), Colorado (15.3%), Illinois (12.3%), Wisconsin (6.9%), South and North Dakota, Iowa, Missouri, Arkansas, Texas, Oklahoma, Ohio, Washington and Kentucky.

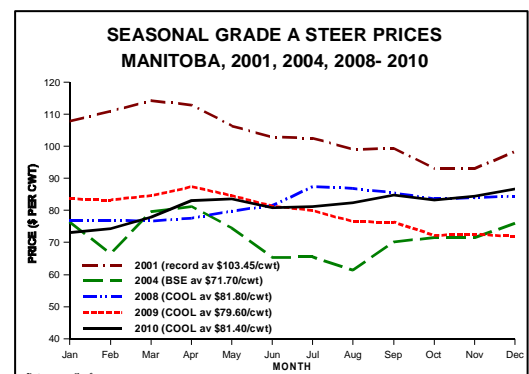
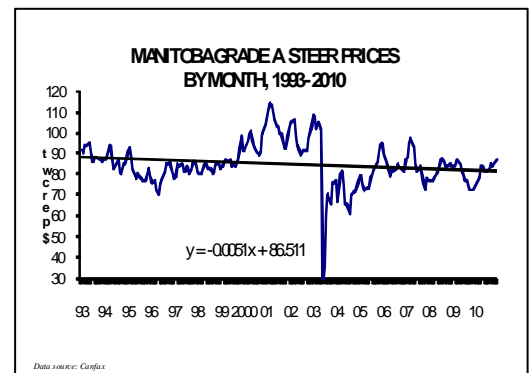
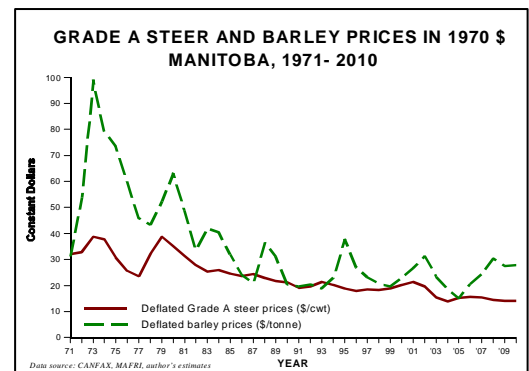
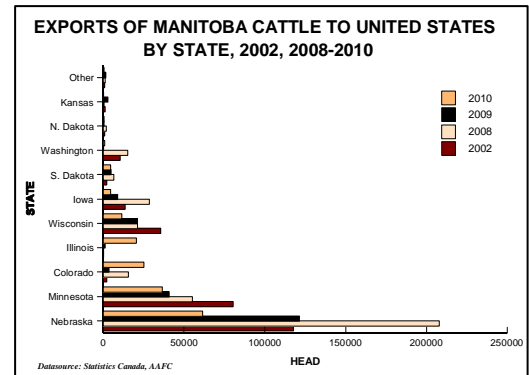
Cattle valued at \$1.4 million were imported directly to Manitoba from the United States in 2010.

**Beef and Hides:** Beef and beef products worth \$0.24 million were exported from Manitoba to Philippines, Russia and Costa Rica in 2010, while compared to previous years, very small quantities of embryos and hides were sold mainly to the United States.

Much of the beef consumed in Manitoba comes from Alberta or the United States. In 2010, beef valued at \$7.9 million and raw hides and cattle semen valued at \$0.3 million were imported from other countries directly to Manitoba, almost all coming from the United States.

## Prices:

The supply and demand for cattle and beef in the United States and the Canadian-U.S. dollar exchange rate are major factors in cattle price determination in Canada and Manitoba as the United States is still



Canada's largest market for cattle, calves and beef.

Various factors came together in 2010 to affect Manitoba's slaughter cattle prices. Mandatory COOL in the United States meant finished cattle prices continued to be discounted by slaughter plants, but the improving global economy and higher prices for beef increased prices for cattle and calves in the second half of 2010.

The average Manitoba Grade A steer price in 2010 rose by 2.2% from the year before, but was 21.3% below the record average price in 2001, when the Canadian dollar was valued at 33.5% below the American dollar. Although prices for Manitoba cull cows and bulls are still lower than in pre-BSE years, the D1,2 cow price rose in 2010 to the highest level in eight years to average 19.0% above the 2009 level.

Lower feed and fuel costs allowed feedlots to pay higher prices for replacement cattle in spring 2010, but stronger demand for feeders in the United States in the last half of the year raised average prices for Manitoba feeder cattle and calves despite rising feed costs. While still low compared to prices in the early 2000s, the average price for feeder steers (700-800 lb) in 2010 was up by 7.2% from 2009, while the average price for steer calves (500-600 lb) rose by 8.3%. Prices for heavier feeders (800-900 lb) increased by an average of 7.1%.

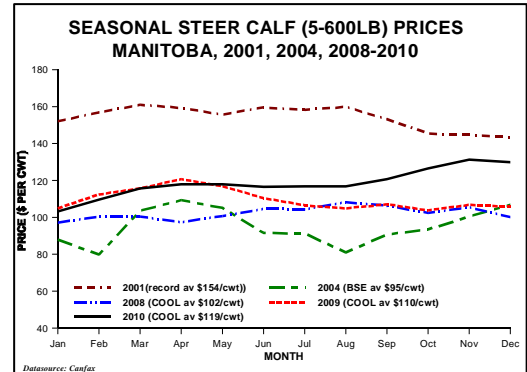
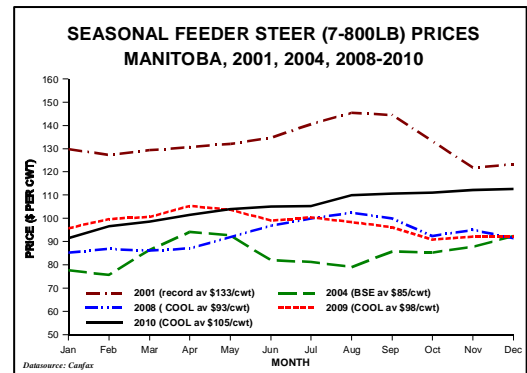
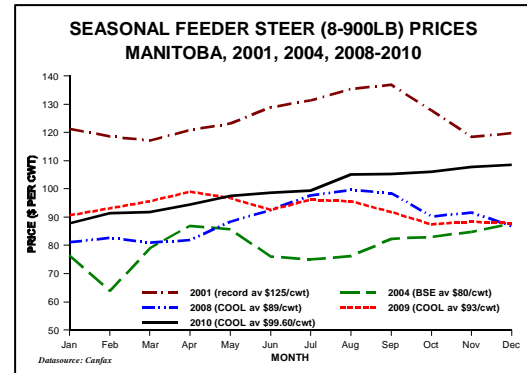
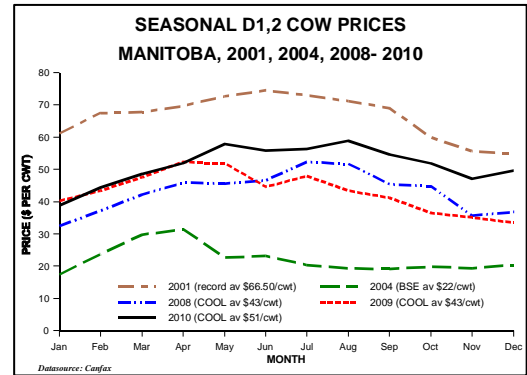
**Future:**

It is expected that demand for beef and cattle will continue to rise in 2011 as the improved global economy could lead to higher beef consumption. Manitoba cattle prices are expected to increase in 2011 due to higher U.S. cattle and beef prices having a positive impact on Canadian prices. However, a higher-valued Canadian dollar will offset some of this price increase.

Manitoba's large cow cull in 2009 and 2010 reduced the breeding herd, so there will be fewer calves born in 2011.

With higher projected finished cattle prices, but increased costs, the financial situation for some cattle producers may not improve in 2011.

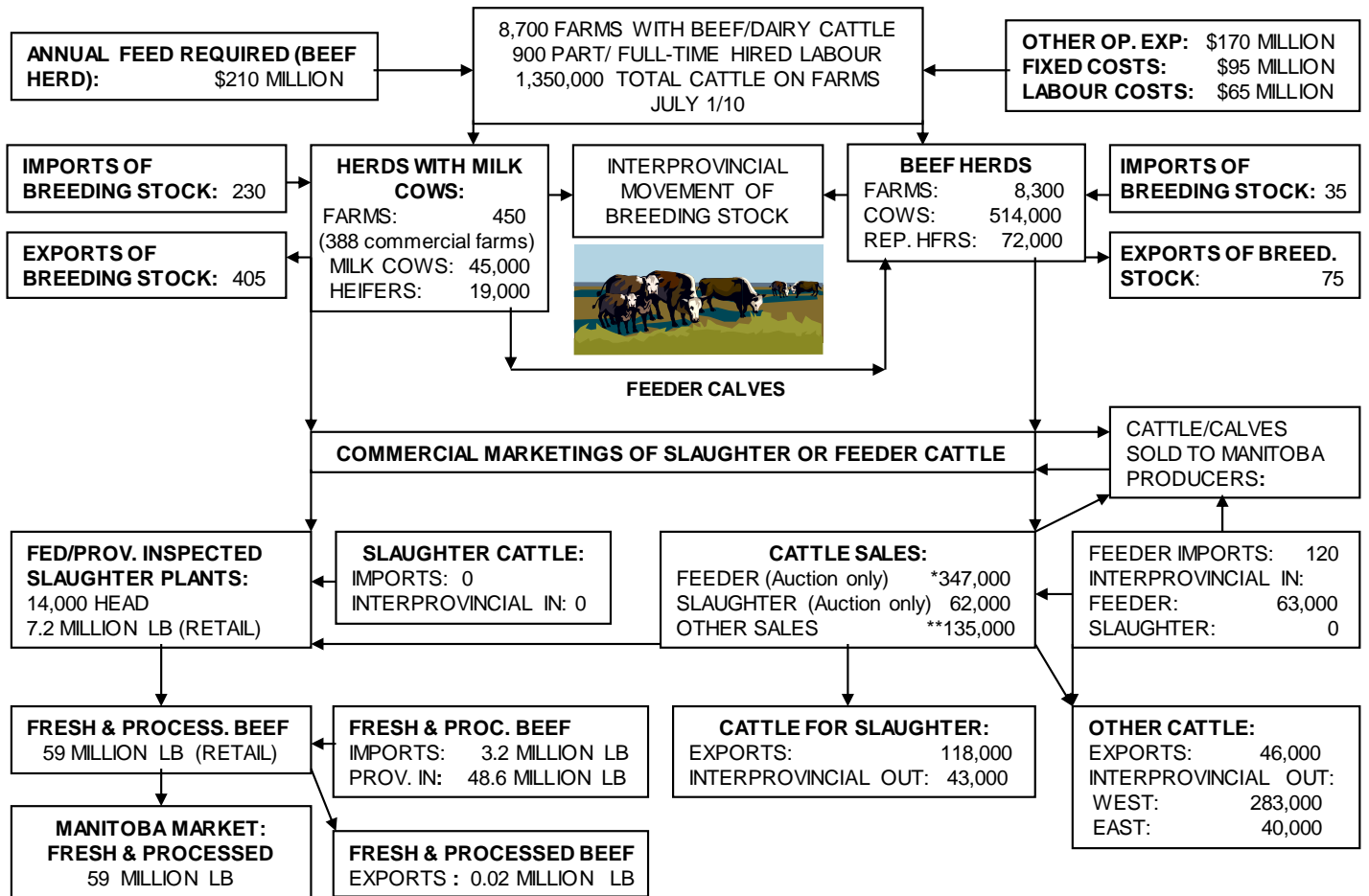
High feed grain costs in 2011 may discourage more cattle finishing in Manitoba. The production of new high-yielding feed grain varieties would help reduce feed costs in the future. Eventually, when economically feasible, Manitoba does have the potential to significantly increase the number of cattle finished in the province as only about one quarter of the calves produced are fed to slaughter weight each year.



# CATTLE AND BEEF STATISTICS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009<sup>R</sup></u>	<u>2010<sup>P</sup></u>
<b>NO. OF BEEF CATTLE FARMS:</b>	10,585	10,905	10,530	9,850	9,200	9,100	8,900	8,700
(farms, 51+% of income from beef cattle)	6,175	6,020	7,015	6,925	5,940	5,385	5,165	N/A
<b>BEEF CATTLE JULY 1 ('000):</b>								
Bulls	30.4	32.4	32.4	31.5	27.8	28.3	26.3	25.4
Beef cows	622.0	650.0	676.0	680.0	612.0	601.0	550.0	514.0
<i>% of Canada</i>	12.6	12.2	12.4	13.2	12.0	12.4	12.0	12.0
Beef replacement heifers	100.0	96.0	95.0	80.0	72.0	78.0	73.0	72.0
Beef slaughter heifers	91.6	106.5	107.9	89.3	105.0	73.7	86.6	76.7
Steers	121.7	152.3	108.5	98.3	93.3	88.8	97.9	85.8
Calves under one year	541.2	599.9	624.9	616.9	543.3	558.5	510.4	495.0
<b>Total beef cattle</b>	<b>1,506.9</b>	<b>1,637.1</b>	<b>1,644.7</b>	<b>1,596.0</b>	<b>1,453.4</b>	<b>1,428.3</b>	<b>1,344.2</b>	<b>1,268.9</b>
<i>% of Canada</i>	11.2	11.4	11.2	11.5	10.5	10.8	10.5	10.6
<b>AVERAGE CATTLE PRICES (\$/cwt):</b>								
Grade A steers	78.92	71.74	80.47	84.12	84.95	81.82	79.61	81.38
D1,2 cows	39.26	22.31	27.61	33.30	35.79	43.11	43.19	51.38
Feeder steers (800-900lb)	102.89	79.79	100.78	104.62	96.26	89.41	93.01	99.61
Feeder steers (700-800lb)	114.43	85.08	106.35	111.43	100.80	93.01	97.96	104.99
Steer calves (500-600lb)	121.97	95.23	118.16	127.40	113.18	102.43	109.80	118.91
<b>NET CATTLE/CALF PRODUCTION ('000)</b>								
<i>% of Canada</i>	11.5	8.9	10.8	10.5	10.0	11.7	10.4	9.9
<b>CATTLE CASH RECEIPTS* (\$ million)<sup>R</sup>:</b>								
<i>% of Canada</i>	6.6	5.4	7.1	8.7	7.9	8.0	7.3	7.2
<b>Net farm oper. income per farm (\$)</b>	4,540	8,320	10,670	8,630	6,040	7,710	4,570	N/A
<b>CATTLE SLAUGHTER (head):</b>								
Mb-origin slaughter in Canada	39,400	60,400	73,900	63,700	52,400	52,000	38,800	56,600
<i>% of Canada</i>	1.7	1.7	1.7	1.6	1.3	1.3	1.0	1.5
Inspected slaughter in Manitoba	19,675	27,160	26,010	20,845	17,674	16,534	15,600	14,100
<i>% of Canada</i>	0.8	0.8	0.6	0.5	0.5	0.5	0.4	0.4
Average warm carcass weight (lb)	688.4	687.1	685.6	667.3	703.9	685.4	690	680
<b>BEEF PRODUCTION (carcass million lb)</b>								
	13.5	18.7	17.8	14.0	12.5	11.4	10.8	9.6
<b>EXPORTS:</b>								
Total cattle (excl. bison) ('000 head)	96.9	0.0	110.6	169.4	280.9	351.4	204.4	164.3
Total cattle (excl. bison) (\$ million)	106.2	0.0	118.9	181.7	277.6	302.2	182.8	162.6
Beef/beef prod (excl fat) (\$ million) <sup>R</sup>	0.6	3.0	3.3	0.9	0.4	0.1	0.14	0.24
Hides, semen, embryos (\$ million)	0.4	0.5	0.6	0.6	1.1	0.6	0.2	0.1
<b>IMPORTS:</b>								
Total cattle (\$ million)	1.7	0.0	0.5	0.3	0.6	1.0	0.8	1.4
Total cattle ('000 head)	0.4	0.0	0.13	0.12	0.14	0.17	0.27	0.38
Beef/beef prod. (excl fat) (\$ million) <sup>R</sup>	13.4	2.5	3.5	7.6	9.4	10.0	7.0	7.9
Hides, semen, embryos (\$ million)	3.9	0.05	0.04	0.03	0.02	0.01	0.13	0.31
<b>CDN. PER CAPITA DISAPPEARANCE<sup>R</sup>:</b>								
Beef and veal (carcass weight (lb))	74.0	70.6	69.1	68.1	69.8	66.9	65.2	63.5

# BEEF CATTLE INDUSTRY FLOW CHART, 2010



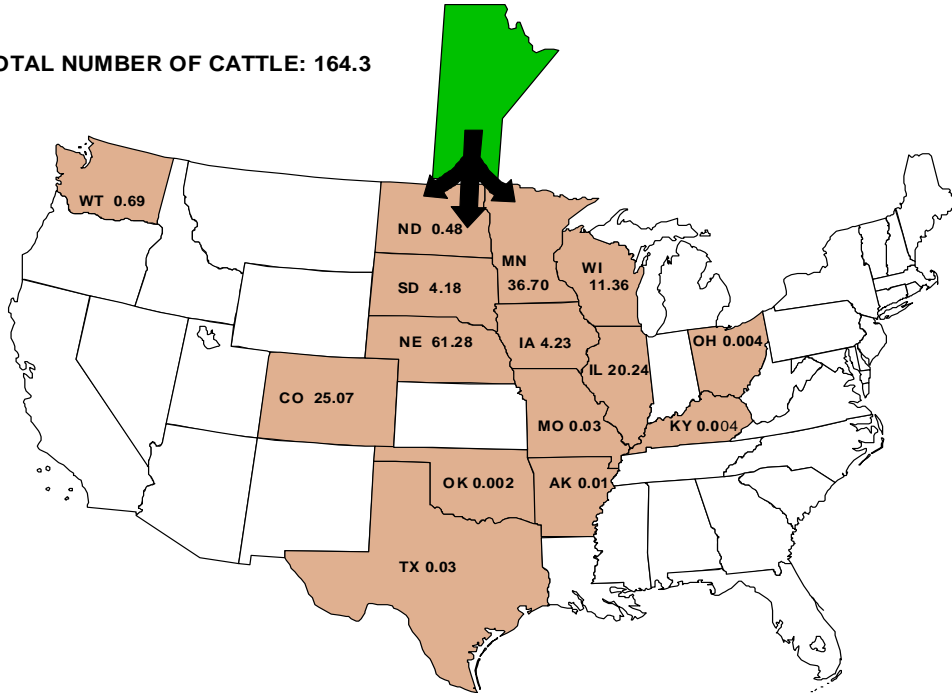
DATA SOURCE: Manitoba Agriculture, Food and Rural Initiatives, Statistics Canada, Agriculture & Agri-Food Canada, Manitoba Auction Markets. <sup>E</sup> Estimated \* Some cattle may have been sold more than once \*\* out of province sales only.

# CATTLE TRADE MAPS

## MANITOBA CATTLE EXPORTS TO UNITED STATES, 2010

(Thousand head)

TOTAL NUMBER OF CATTLE: 164.3

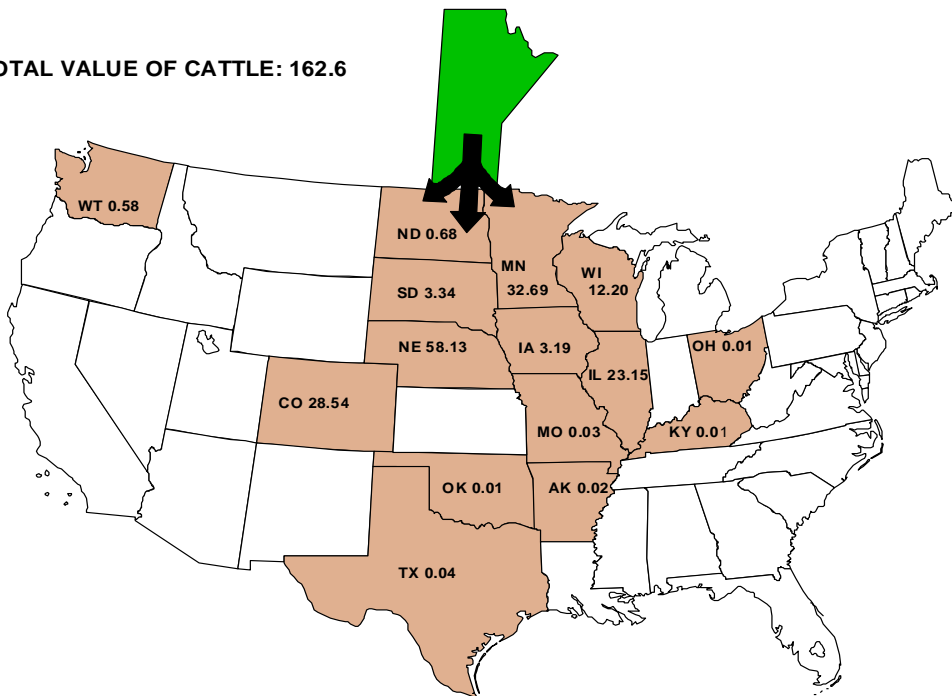


Datasource: USDoC, Statistics Canada, AAFC

## MANITOBA CATTLE EXPORTS TO UNITED STATES, 2010

(C\$ million)

TOTAL VALUE OF CATTLE: 162.6



Datasource: USDoC, Statistics Canada, AAFC