COW/CALF CORNER

The Newsletter

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Imports of Mexican cattle likely to decrease

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The U.S. and Mexican cattle and beef industries continue to integrate, building on a long history of trade between the two countries. Mexico has exported feeder cattle to the U.S. for more than a century and continues to do so today. After increasing in the mid-1980s, U.S. imports of Mexican cattle have averaged 1.08

million head for the last 30 years. In the most recent ten years, the average has been slightly higher at 1.14 million head per year. Mexican cattle have added an average of 2.9 percent annually to the U.S. calf crop for the past 30 years, with the percentage slightly higher in recent years as U.S. cattle inventories have declined.

In 2015, imports of Mexican cattle were 1.15 million head, up 3.5 percent year over year and just slightly higher than the ten year average. Imports dropped sharply at the end of 2015, with November down 29.7 percent and December down 36.4 percent compared to the same months one year earlier. This decrease in imports of Mexican cattle at the end of 2015 no doubt reflects lower U.S. cattle prices but also likely is a result of tight cattle supplies in Mexico. Lower U.S. cattle prices reduce the incentive to export cattle from Mexico but this is partially offset by the rapid erosion in the value of the Mexican Peso at the end of 2015, which keeps U.S. cattle prices relatively higher in Mexico. Despite indications of declining cattle numbers in Mexico, record high U.S. prices combined with a weakening Peso kept U.S. imports of Mexican cattle high through 2014 and most of 2015. Domestic Mexican cattle supplies have also been boosted by increased imports of cattle from Central America.

Mexican cattle imports typically follow a pronounced seasonal pattern with exports sharply lower from June through September, which reflects summer heat but more importantly, the rainy season and better forage conditions. These four months typically represent about 20 percent of total annual Mexican cattle imported by the U.S. The seasonal peak in cattle exported to the U.S. is usually in November and December, with those two months accounting for 25 percent of the annual total. In 2015, November and December represented just 17 percent of the total, while the summer months accounted for nearly 30 percent of total U.S. imports of Mexican cattle.

For the past decade, spayed heifers have accounted for an average of 14 percent of U.S. imports of Mexican cattle. This percentage was above that average in the years 2011-2014, reaching a peak of more than 26 percent of the total in 2012. Exporting more heifers was, I believe, a response to limited feeder supplies and a way to maintain cattle exports to the U.S. in response to strong market signals. However, this was not sustainable and likely contributed to a drawdown in the Mexican cow herd during this period. In 2015, the heifer percentage of total U.S, imports of Mexican cattle dropped to less than 12 percent. This decrease in heifers exported from Mexico occurred all year in 2015 and was taking place well before the overall drop in exports at the end of the year. This decrease likely reflects decreased female cattle inventories in Mexico and the start of herd rebuilding as a result. Moisture conditions are good across the majority of Mexico with only a tiny area of drought in northern Baja California, the southern extension of the California drought. Herd rebuilding is expected to accelerate in Mexico in 2016 with domestic cattle prices still at record levels.

Overall, fewer Mexican cattle are expected to be imported into the U.S. in 2016. Limited cattle supplies, further restricted by heifer retention; along with lower U.S. cattle prices are likely to keep cattle exports to the U.S. lower year over year. The continued strength of the U.S. dollar to the Mexican Peso offsets this to some extent but is unlikely to override the underlying supply fundamentals and market incentives. U.S. imports of Mexican cattle are likely to be down in absolute numbers and certainly will be down in relative terms as U.S. cattle inventories continue to expand.

Using young bulls in multi-sire

pastures and cow-to-bull ratios

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With spring bull sales in full swing, cow calf operators are assessing their bull batteries and making needed purchases. Producers often ask about the use of young bulls in the same breeding pasture with older, larger bulls. In most instances, this is a practice that should be discouraged if at all possible. Young bulls will normally lose the battle of deciding who is the dominant individual in the breeding pasture. Ranchers report that in some cases young bulls that have been severely "whipped" are less aggressive breeders after that incident. Australian data on multi-sire pastures have shown that some young bulls gain a dominant role as they mature and breed a large percentage of the cows. Other bulls will not gain that dominant status, and only breed a very small percentage of the cows in a multi-sire pasture for the remainder of his stay at the ranch. The best solution is to always place young bulls with young bulls and mature bulls with mature bulls in the breeding pasture.

In some situations, the rancher may choose to use the mature bulls in the first two-thirds of the breeding season, and then rotate in the young bulls. This allows the young bulls to gain one to two months of additional age and sexual maturity. In addition the young bulls should have considerably fewer cows in heat at the end of the breeding season as the mature bulls will have bred the bulk of the cows or heifers. The young bulls will be in the breeding season only a few weeks and should not be as "run down" or in poor body condition at the conclusion of the breeding season.

Also a commonly asked question is: "How many cows should be mated to young bulls?" The old rule of thumb is to place the young bull with about as many cows as his age in

months. Therefore the true "yearling" would only be exposed to 12 or 13 females. If he is a year and a half old (18 months), then he should be able to breed 15 – 18 cows. By the time the bull is two years of age, he should be able to breed 24 or 25 cows. Realize that tremendous variability exists between bulls. Some are capable of breeding many more cows than what is suggested here. AND sadly enough, a few bulls will fail when mated to a very few cows. Hopefully, a breeding soundness exam and close observation during the first part of the breeding season will identify those potential failures.