MARKET SITUATION AND OUTLOOK

On the supply side, the dominant factors in the Canadian beef industry in 1976 are an expected decline in the high rate of cow slaughter, an increase in fed cattle marketings, and a further reduction in inventory numbers on farms.

In Canada, the 1 January 1976 cattle inventory was estimated to be 13.7 million head, down 2 per cent from the record level of 1 January 1975. While the reduction in inventories was a major adjustment and a favourable long-term development for beef producers, cattle numbers are still at the highest level of any year prior to 1975. Thus the potential for continued high slaughter levels remains in 1976.

For the first six months of 1976 federally inspected slaughter was up 9.9 per cent on a head basis. However, for the full twelve months of 1976 present estimates are that total beef and veal production will only average between 4-5 per cent higher than 1975, reflecting an expected decline in the numbers of cows slaughtered in the last half of 1976.

Canada's exports of live cattle and beef dropped sharply in 1974 and again in 1975. The decrease in exports was basically due to the United States import quotas against Canada which were phased-out by 31 December 1975. To date beef and veal exports, largely to the United States, are nearly seven times greater as compared to the abnormally low level of the first half of 1975 and are expected to reach an annual level comparable to that experienced in the early 1970s. Similarly, exports of live cattle, largely slaughter cattle to the United States, are up substantially. Exports of feeder and slaughter cattle are running at an annual average of more than 200,000 head.
Turning to the import situation, imports of beef and veal, largely from Australia and New Zealand, were up by more than 7 per cent in 1975 as compared to 1974. For the first half of 1976 imports of beef and veal are up 41 per cent as compared to the first half of 1975. Imports of live cattle for slaughter are also up substantially. Imports of live cattle from the United States during the first six months of 1976 totalled 100,000 head as compared to 39,000 in the first six months of last year.