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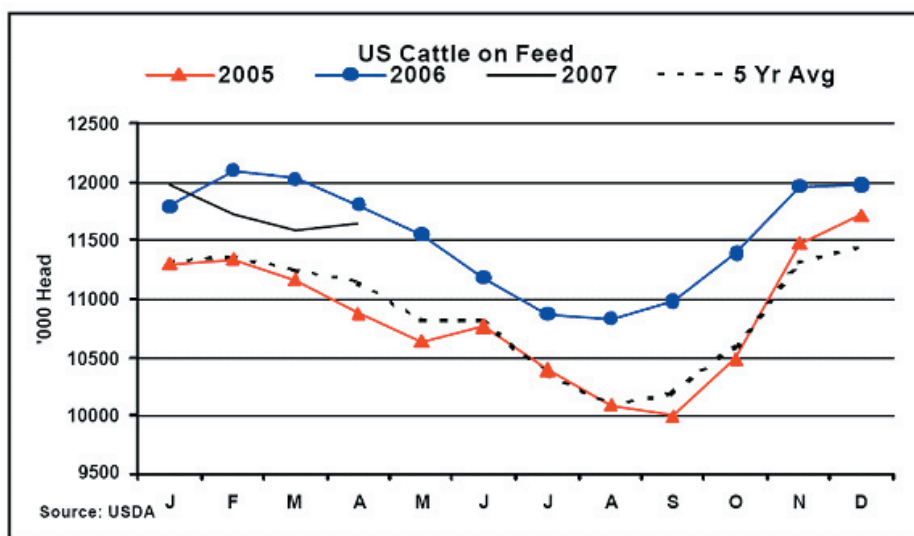
## U.S. Cattle on Feed Report Analysis

USDA cattle on feed totals for most of 2007 have been below the record breaking levels of 2006, but still well above historical 5-year average levels. The cattle on feed total in the U.S. on April 1, 2007 was 11.644 million head, which was 1% under the 2006 total but 7% higher than in 2005 — in fact, it was the second largest on feed number recorded on that date since the first on feed report in 1996. The year began with placements last fall's pattern of smaller placements, with increases in February and March. January placements were the second lowest recorded for that month since the report series began.

The small placement number in January marked the fifth consecutive month of lower year-over-year placements. Placements increased in February and March, 4% and 7% larger than in 2006 respectively. The first quarter ended with 6% fewer feeders placed on feed compared to first quarter 2006, and 4% fewer placed than the five-year average for the first quarter. An interesting trend in the first quarter placements was the increase in the feeders placed over 700 lbs., and consequently the decrease in most cases of the lighter weight placements. The seasonal pattern for cattle on feed numbers in the U.S. is to decrease from January through the summer. To date in 2007, with the exception of a slight increase from March 1 to April 1, the on feed numbers have followed this seasonal trend. To look at the seasonality heading further into the summer, the normal trend is for the cattle on feed numbers to continue to decrease. This is a result of the increased slaughter levels from May through July. The five-year average decrease from

April 1 to August 1 is 9% — in other words, the August 1 report is 91% of the April 1 total. If a similar occurrence takes place in 2007 the on feed number on August 1 would be near 10.6 million head, or down 2% when compared to August 1, 2006.

The 5-year average decrease in on feed data from



April to August can be used as a tool to see what may be ahead; however, many factors will affect the rate of seasonal decrease in the on feed numbers. The heavier first quarter placement weights and higher feed costs will be some of the factors to watch in coming months.

The bottom line is that the total cattle on feed is high compared to longer-term historical data. In all, while a seasonally normal increase in the supply of market-ready cattle is expected for the summer months, it may not be as large as in some past years due to the slower placement rate in fourth quarter 2006 and early 2007. The increasing supplies of market-ready cattle in the U.S. would indicate a normal decline in spring to summer pricing. ■

Spring 2007

# Canadian Seeding Intentions

*The 2007 first seeding intentions survey reports that Prairie farmers intend to plant a record area of canola, and less spring wheat and flaxseed. In the East, grain corn acreage should move to record territory, with slightly less area devoted to soybeans.*

*The March survey of 16,800 Canadian farmers revealed that, in response to economic considerations, they may seed a record area of canola and field peas, but less spring wheat and flaxseed in the Prairies. A record area of corn for grain may be planted in the East, the result of steady demand from the livestock industry and increased demand from the ethanol industry.*

## Oilseed picture remains mixed

Prairie farmers may seed a record 14.7 million acres of canola, up 11.5% or 1.5 million acres from 2006. The previous record of 14.2 million acres was set in 1994.

Farmers in all three Prairie provinces reported that they could seed more canola. Saskatchewan is leading the way, up 1.0 million acres to a record 7.4 million acres — easily surpassing the previous record of 6.6 million acres, which was set in 1994, 1999 and again in 2005.

The opposite may be true for flaxseed. Prairie farmers could plant 650,000 fewer acres of flaxseed, a decline of 31.3% from 2006 to 1.4 million acres. The five-year average is 1.9 million acres. In Saskatchewan, where the majority of Canadian flaxseed is grown, seeded area may be down 480,000 acres to 1.2 million acres.

## Spring wheat falls, durum wheat on the rise

Prairie farmers reported a 16.1% decrease in intended spring wheat plantings to a possible 16.7 million acres, well below the five-year average of 18.5 million acres.

Farmers striving for improved returns may plant less spring wheat in favour of canola, field peas, barley and oats.

Spring wheat acreage should decline in all three Prairie provinces, falling to an area less than the five-

year average in each province. Saskatchewan farmers reported the largest decline, a drop of 1.8 million acres to 8.8 million acres.

Farmers expect to plant a lot more durum wheat in 2007, an increase of 13.8% to 5.0 million acres. The five-year average is 5.6 million acres. Over the past decade, durum area has fluctuated considerably, from over 7.0 million acres to last year's low of 4.4 million acres.

Durum area in both Alberta and Saskatchewan should rise, but remain below the corresponding five-year average.

## Barley and oat areas jump

The total area seeded to barley on the Prairies is expected to rise 15.5%, to an estimated 10.2 million acres. In spite of the increase, this area remains less than the five-year average of 10.6 million acres.

Farmers in all three Prairie provinces reported potential increases, with Manitoba up 12.9%, Saskatchewan up 25.0% and Alberta up 8.1%.

Prairie farmers expected to plant 5.2 million acres of oats, a 23.7% gain from the 4.2 million acres seeded in 2006. Saskatchewan farmers reported the largest increase, up 950,000 acres to 3.0 million acres. The five-year average is 2.2 million acres.

## Field pea area nudges up to a possible record

Field pea acreage could rise again this year by 2.3% to 3.6 million acres, and may eclipse the record of 3.5 million acres set just last year. Saskatchewan farmers reported the largest gain, up 95,000 acres to a record 2.9 million acres.

Peas are used in domestic animal rations and are exported as well — strong export demand for peas has provided farmers with a solid cash market so far this crop year.

## Eastern farmers set to plant record grain corn area, soybeans off slightly

Corn growers in the East reported that they intend to seed record areas of corn for grain. This may be in response to steady demand from the livestock industry and an ever increasing demand from the ethanol industry.

In Quebec, seeded area should rise 13.0% to 1.1 million acres, just under the record set in 2002, while Ontario acreage may rise 32.3% to 2.2 million acres, equal to the previous record set in 1981.

Soybean areas could fall in Quebec and Manitoba, and remain unchanged in Ontario.

Manitoba farmers reported a strong potential decline of 120,000 acres to 240,000 acres, Quebec farmers a 2.0% decline to 476,900 acres and in Ontario, farmers intend to plant the same acreage as last year at 2.2 million acres. ■

## Seeding intentions of major grains and oilseeds

Crop	thousands of acres		% change
	2006	2007	2006 to 2007
<b>Total wheat</b>	<b>26,387</b>	<b>23,759</b>	<b>-10.0</b>
Spring wheat	20,273	17,080	-15.8
Canola	13,276	14,831	11.7
Barley	9,540	10,812	13.3
Summer fallow	10,710	8,045	-24.9
Oats	4,751	5,682	19.6
Durum wheat	4,350	4,950	13.8
Dry field peas	3,485	3,565	2.3
Corn for grain	2,786	3,511	26.0
Soybeans	3,059	2,931	-4.2
Flaxseed	2,080	1,430	-31.3