U.S. Commodities Markets

Mexican Feeder Cattle Imports: Helping To Ease Texas Supply Constraints In 2023. Tighter Supplies In 2024

- The objective of this work is to highlight the flow of Mexican feeder cattle into the U.S. during 2023 along with the key drivers that helped keep the supplies moving.
- Historically, Mexican feeder cattle represent a 5-10% of Texas's placements and on-feed supplies. We see the prolonged drought in key Mexican cattle producing, and background states as a factor that is helping to cull a portion of the local beef cattle herd.
- We view the historically high CME feeder cattle futures and cash cattle prices a major incentive for Mexican cattle operations to export cattle.
- By pulling cattle forward, we see a scenario developing where Mexico should experience a long-term supply shock. Like the U.S., there is a lack of clarity in assessing Mexican upstream supplies at the cow/calf level.
- We expect to see a modest annual 1.75-2.1% contraction of the Mexican cattle herd during 2024 and 2025 which can suppress exports to the U.S.

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