A New Factor in the Live Stock Market

Free Entry to the United States Has Sent Cattle Prices Soaring

"WELL, how is business going to-day?" "If it doesn't go better I'll load up and go to Buffalo," answered the cattle drover from Lanark to whom the question was addressed. "You know we've got two markets now," he added by way of explanation. "We feel independent. If Toronto quotations don't come up to Buffalo prices to-day we will all be at Buffalo next week.

He stopped long enough to shift his pipe to the other side of his mouth and draw one knee on top of the other. "You see," he continued," there have been big changes over there. They've got a new tariff bill. When we took stock to Buffalo a few weeks ago they stopped us at the border and plucked us to the extent of $12.50 on every animal we had and if a beast was worth more than $50 they soaked us 25 per cent. of its value. Markets had to be pretty strong to leave us much profit after that plucking."

Then the man from Lanark smiled. "But it's different now," he said. "We go across without any interference worth mentioning and no plucking. Everything we get there is ours to keep. We have to get as much here too, or Toronto will see us no more. Yes, sir, this Underwood Tariff as they call it is going to work a revolution in the cattle trade of this country, or I miss my guess."

WHEREFORE OF ADVANCING PRICES

Great as has been the influence of the United States Tariff Bill, its greatest influence has been exerted on our live stock trade. A few weeks ago a well finished steer on the Toronto market did well if it sold for $7 to $7.25. The bulk of the offerings sold below the $7 mark. Then came rumors of free cattle for United States markets. Prices started to strengthen; then free cattle became an actual fact and immediately quotations at Toronto jumped 75c to 85c a cwt., just because the drovers who had previously been forced to take the Toronto price or none at all, could reach Buffalo as easy as Toronto. It is the United States market that explains the new found independence of cattle dealers. It explains the higher prices that dealers in the country are willing to pay farmers for their cattle and it gives Canadian producers new confidence in a strong and steady market for all the cattle that they can produce.

If cattle prices in the United States were abnormal, Canadian farmers would have little cause for rejoicing. But they are not abnormal. They are the result of restricted supply and ever-increasing demand. The population of the United States is increasing by leaps and bounds; but their production of cattle is falling. It has decreased 30 per cent. in the last 10 years. This decrease is explained by a change in agriculture. Beef cattle were once produced on immense ranches covering thousands of acres. These ranches have now been broken up into small farms and the farmers have found other lines of agriculture that are more profitable than the production of beef. For instance, dairying has been one of the large factors in decreasing United States beef production. Even the most optimistic of United States cattle men are not anticipating any notable increase in the production of beef for the next few years at least.

ARGENTINA AND AUSTRALIA

We may well ask ourselves, however, if high prices can continue on the United States market when such countries as Argentina and Australia have adapted themselves to the changed conditions and start shipping meat into the United States. Will not this foreign competition lead to a serious cut in prices? Argentina, for instance, is naturally adapted to cattle raising. It is rapidly increasing the quality of its herds. In 1910 Argentina exported beef to the value of $25,480,000, and live cattle to the value of $12,200,000, which makes Argentina the greatest exporter of cattle and beef in the world. In the same year, Australia exported about $6,000,000

The Why of the Canadian Cattleman's Independence Now-a-Days

of beef or $4,000,000 less than did Canada. This looks like formidable competition.

When interviewed at Buffalo by an editor of Farm and Dairy, cattle dealers were unanimous in their opinion that even this formadible competition would have little influence on United States prices. Canadian dealers at Toronto anticipated somewhat of a levelling down, but did not think that it would be serious.

TRADE ROUTES ARE ESTABLISHED

In the first place both Argentina and Australia have trade routes established with the European countries. Old Country markets have been satisfactory to them and a business man will be very slow in sacrificing a well-established market in an attempt to capture a place in a new market, the value of which must be a matter of conjecture.

A second and stronger reason, however, for viewing with equanimity the competition of these two countries is that there is little to induce them to make the change to the American market. Did Australia, for instance, have to ship her cattle by rail to Great Britain or to the United States, the United States market would be her natural outlet. As it is, however, transportation is by water, and once Australian beef or mutton has been transported from inland points to the sea coast and loaded on board ship, there is little if any difference in expense between shipping to the nearer United States market or to the more distant European market. In the case of Argentina the two markets are almost equal distances from her ports, and hence the expense factor in shipping does not come up for consideration.

EUROPEAN AND UNITED STATES PRICES

When it comes to the actual prices received for meat products on the British as compared with the United States market, there is little difference. Sometimes the European market is stronger than the United States market and vice versa. In few cases is the difference sufficient to justify shippers in making any serious alteration in their trade routes. Even did Argentina, for instance, make heavy shipments to the American market, the European market would then be under-supplied. Prices would go up there and trade would be turned back again to old channels.

A few months ago Herbert W. Mumford, of the University of Illinois, made a special trip to Argentina to study beef conditions there, and his conclusion was that, "on the whole it is not anticipated that the business of raising beef cattle in the United States will be permanently menaced by Argentina competition."

THE STOCKER TRADE

Most of the trade with the United States to date has been in stocker and feeder cattle. This trade started even before the tariff was revised, shippers being able to pay $12.50 a head duty and still make a profit over what they would have received on the Canadian markets. On some weeks as much as 80 loads of Canadian cattle reached the Buffalo market, duty paid. In the week following the reduction of the tariff, 2,600 head of cattle and 247 calves went from Toronto to Buffalo. Montreal also made its contribution to the Buffalo trade to the extent of 50 car loads. Quite a proportion of this large shipment had been bought previously and had been held in anticipation of tariff barriers coming down.

In the second week, 1,695 head of cattle and 229 calves went direct from Toronto to Buffalo and 193 cattle and 151 calves direct to feeding points. These latter figures are significant. They show that United States farmers are coming directly to Canadian markets to purchase their stockers. These figures take no account of the numerous car loads of cattle taken directly from Canadian country points to the Buffalo market. Trade has been equally active during this the third week, but at time of writing figures are not available.

CANADIAN STEERS BRING $8.60

While the major portion of our trade with the United States has been in stocker stuff, our better grades of cattle have also been well received. When on the Buffalo market last week, an editor of Farm and Dairy was informed that on the day previous a car load of very choice finished steers from Canada had sold for $8.60, the top price for the day being $8.65. Armour & Co., who made the purchase, considered these steers the best that had ever come from Canada. On the same day the top price in Toronto was $7.75. On the Toronto market that day, however, there was an exceptionally large run of 335 cars, a larger run than they had at Buffalo. It would seem, however, that Canadian finished steers cannot be expected to reach the top figure paid for those of United States finishing. The difference comes in the feeding, the United States corn fed steer dressing out a higher percentage than our own.

U. S. STEERS DRESS BETTER

An extra well finished corn fed steer will dress as high as 62 per cent. A steer, therefore, costing eight cents alive would represent 12¾c dead, taking no account of offal or hide. A Canadian steer would dress 50 per cent. or a little better, and if the same price were paid live weight, the dead product would represent a cost of 15c to 16c a pound. These may be extreme figures, but they represent a difference that in less degree is general, and which explains why on the first week following tariff readjustment, Canadian steers broke somewhat on the Buffalo market.

Both the Toronto and Buffalo markets prefer the same type of steer, a medium weigh butchers' beast. Heavy weight steers (exporters) are sold on both markets and at good prices, but the demand is somewhat limited. Packers will buy them, but butchers prefer something smaller to exhibit in their sales rooms.

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