1150 Connecticut Ave. NW, 12th floor, Washington, DC 20036

USHSLA Hide Situation

Inventories of all cattle and calves in the U.S. dropped to 89.3 million head on January 1, 2013, the lowest level since 1952. The January 1, 2013 inventory of beef cows was 29.3 million, the lowest since 1962. Total commercial cow slaughter in 2011 and 2012 proceeded at 17 and 16.6 percent of January 1 total cow inventories—well above the more typical rates of 12 to 15 percent of January 1 cow inventories. This rate of cow slaughter, combined with a smaller percentage of heifers entering the beef cow herd, left the January 1, 2013 beef cow inventory 2.9 percent below the revised 2012 inventory. Beef replacement heifers were up, but only by 1.9 percent over the revised 2012 inventory. This level of heifer retention is not likely to lead to an increase in beef cow inventories in 2013. Cattle imports increased 7% over 2011, to 2.25 million head, largely from Canada and Mexico. Commercial slaughter was lower in 2012, with estimated bovine hide production totaling 32.95 million, a 3.3% decline from 2011.

U.S. raw hide exports in 2012 were 29.2 million pieces, a 700,000 piece decrease from 2011's 29.9 million pieces. This equated to $1.66 billion in export value, a 3% decrease from 2011. Wet blue whole grain and splits grain exports were also up slightly 10.4 million pieces over 2011, a 1% increase. Wet blue export values dropped 6% to $621 million. As global leather demands, particularly in emerging markets, increases while the supply of hides decreases, higher hide prices are the inevitable result.

U.S. raw hide exports to our top 10 markets account for 99 percent of U.S. exports. China continues to be the dominant importer, taking 15.8 million pieces in 2012 and accounting for 54% of U.S. raw hide exports. The top five markets for U.S. hide exports are China, S. Korea, Taiwan, Mexico, and the E.U.

Wet Blue combined full grain and split grain exports reached 10.4 million pieces, valued at $621 million in 2012, up 1% in volume and down 6% in value compared to 2012. This is a record in export volume for US wet blue exports. China (4 million) and the EU (2.3 million) take over 60 percent of wet blue exports, followed by Mexico with 1.3 million pieces.

Since 2010, drought has reduced pasture availability, forcing cows to slaughter, feeder cattle out of Mexico, and feeder cattle into feedlots prematurely. The drought has also resulted in successively smaller calf crops. Since one year's calf crop is the bulk of the next year's supplies of feeder calves and, subsequently, of fed cattle, smaller calf crops translate into successive reductions in expected annual beef production.

The drought has continued thus far into 2013 and liquidation of cows has remained relatively high. The cow slaughter may add to near-term beef supplies, particularly of processing beef if forage supplies tighten. Feeder calves may continue to be placed in feedlots earlier and at lighter weights than would be the case if pasture conditions allowed them to be grown on pasture rather than on high priced corn.

U.S. Raw Hide Exports
in 1000 pieces

Country	2006	2007	2008	2009	2010	2011	2012
World	25,269	27,391	27,161	29,687	27,310	29,950	29,209
China/HK	13,405	13,606	14,702	16,006	13,105	14,503	15,849
S. Korea	4,105	4,243	3,926	5,248	4,265	4,879	5,757
Taiwan	2,126	2,387	2,047	1,991	2,245	2,244	1,483
Mexico	1,684	1,627	1,494	2,017	1,723	1,350	1,598
EU	1,434	1,666	1,487	1,250	2,078	2,984	1,460
Vietnam	245	893	1,065	611	1,069	1,374	840
Japan	1,093	1,132	896	722	842	895	990
Thailand	583	1,085	815	844	1,053	817	537
Turkey	89	172	122	115	285	422	345
Canada	59	93	117	349	196	186	103