

Sector overview

Margins and costs of cattle business in Argentina

Growing external demand and competitive exchange rate consolidate the strong development of cattle industry of Argentina in the last years.

COMPLETE CATTLE CYCLE		
15 month service and winter supplementation		
Carrying capacity	Head/hectare	0.78
Annual sales	Steer & heifer/ha	0.51
Weaning	%	85
Heifer replacements	% cow/year	20
Cows for discard	% cow/year	17
Bulls in service	% cow/year	4
Bulls for discard	% cow/year	1
Annual mortality	%	1
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Weight sale of steer	Kg./head	390
Weight sale of heifer	Kg./head	280
Daily fattening	Kg./day	0.70
Winter fattening cycle (Male)	Months	11.4
Winter fattening cycle (Female)	Months	6.38
TECHNICAL DEVELOPMENT		
Natural pasture	%	10
Pastures for breeding	%	44
Pastures for fattening	%	40
Winter soiling	%	10
Dry Forage/head		0.30
Supplementation for calves and/steers	Kg./head	450
Supplementation for heifer	Kg./head	220
PRICES		
Steer	USD/kg.	0.73
Heifer	USD/kg	0.75
Cow (average)	USD/kg	0.51
Bull (sale)	USD/kg	0.47
Bull (purchase)	USD/head	741
SALES AND PURCHASES		
	Net Kg./head	Kg./ha
Steer		127.99
Heifer		48.65
Cows for discard	370	49.06
Bulls for discard	500	3.90
Bulls for service	500	3.90
ANNUAL PRODUCTION		
	KG./HA	225.70

SWOT analysis of cattle business

Competitiveness

SWOT (Strengths, Weaknesses, Opportunities, Threats) is a useful tool for auditing an organization or a business sector and its environment. Internal and external factors are presented here to help understand present situation of ranching business in Argentina.



Strengthens

- Great potential for growth
- High soils conditions and climate for grazing production
- Technical capabilities to increase production
- Low production costs
- Highly skilled professionals available
- Country free of BSE
- Large domestic market
- Low cholesterol beef
- Good sanitarian conditions of meat packing plants

Weaknesses

- Low rate of weaning calf (64%) in comparison with competitors countries
- Need of breeding technology, the less developed sector of cattle business in Argentina
- Low cattle stock considering the country extension
- Few initiatives to promote Argentine beef abroad
- Low level of investment of meta packing industry in comparison with other players of food industry
- Lack of national promotion policies for cattle production
- Low value added of by products

Opportunities

- Growth of world economy (South Asia, Japan)
- Positives expectations of withdrawal of subsidies and other protection barriers to primary production
- Worldwide trends to low fat beef and ecological production
- Drop of production in countries that subsidize cattle ranchers
- Increase of prices
- Productive problems in Ukrania, main supplier of Russia
- Growing international demand BSE in competitors countries

Threatens

- Complex international negotiations situation as far removal of commerce restrictions, sanitarian barriers and subsidies
- More aggressive marketing campaign of competitors countries
- Lost of image of bovine meta versus other meats