

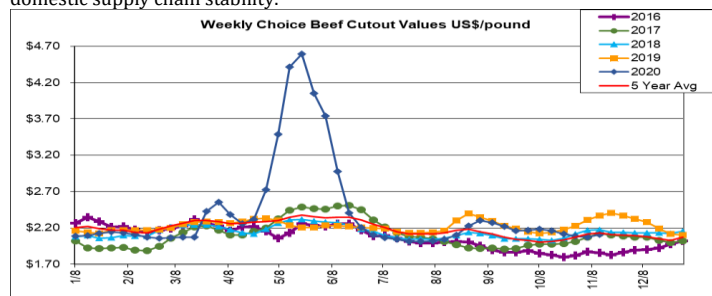


U.S. Meat Bulletin

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SUPPLY & DEMAND

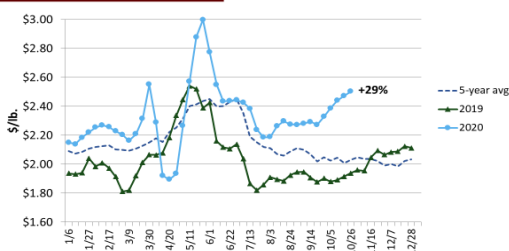
The beef cutout ground higher last week on seasonal demand strength for ribs and large export shipments and new orders. Despite a 2nd wave of COVID, consumer spending is strong and the percentage of the population ordering food for delivery or takeaway continues to increase, muting the impact of in-restaurant dining bans. Last week's Presidential election saw Americans glued to their television screens, prompting more home cooking. Round cuts gained as cooler weather prompted retailers to feature more stew and roasting items, while USDA CHOICE-and-higher grading seasonally contracted. An anomaly developed in the chuck complex, where values for USDA SELECT grade chucks briefly inverted above USDA CHOICE grade prices. **Mexico** is a big market for chucks and buying has been accelerating for the last 6 weeks. Analysts also believe the seasonal rally in rib demand is clearly underway, and the primal rib value climbed to U.S. \$4/lb. last week for only the 6th time (excluding this spring) since 2014. Plants last week processed 647K head, higher than the previous week, but off from the same week a year ago. Packers aggressively sought cattle as margins remain solidly profitable, and live fed cattle values rose from the U.S. \$103/cwt to the \$107/cwt level. Analysts believe supplies of market-ready cattle are now more in balance with plant demand following months of the industry working off excess supplies that built up suddenly during the March/April CoVID-related packing plant disruptions. Ground beef values, as reflected by prices of fresh 50% and 90% trim prices, are one item experiencing clear weakness. Analysts believe that consumer interest in hamburger may have waned after heavy demand in the spring when the prices of other beef items soared to levels that were unaffordable by many CoVID-struck households. Moreover, U.S. beef imports this year through August were up 27% due to large orders being placed in the early spring when concerns grew about domestic supply chain stability.



Beef Choice Beef Cutout Value: 9/11/2020 - US\$217.39/cwt. (+4% from 2/11/2020)

The pork cutout lost ground last week due to weaker wholesale interest in loins, ribs and bellies. Wholesale pork values across all cuts closed last week +4% from year ago levels. Overall, the pork complex continues to be supported by firm and steady demand for further trimmed items, including boneless hams but also rib items such as St. Louis ribs and baby back loin ribs (see GRAPH below). Moving forward, there are mixed signals in the pork market that is causing choppy movement in lean hog futures. Record U.S. CoVID infections are causing more restaurant re-closings, which could be negatively influencing demand for foodservice breakfast items such as sausage and bacon; takeaway breakfast orders are far less significant than those for lunch or dinner. On the bright side, weekly trade data for the week ending October 29 showed large exports, including big shipments to **China** after 3 weeks of tepid activity. While there are more reports of recovery in its hog herd, China's live hog prices firmed last week after steadily softening over the last 8-10 weeks. U.S. pork producers are also closely watching rising corn prices due to Chinese import demand.

Pork St. Louis Spareribs



Source: USDA/AMS, vacuum packed

Hog Carcass Cutout Value: 9/11/2020 - US\$85.69/cwt. (+2% from 2/11/2020)

ACTIVITIES:

Restaurant & Bar, Hong Kong: November 11-13, 2020
Food & Hotel China, Shanghai: November 10-12, 2020

MARKET MAKERS

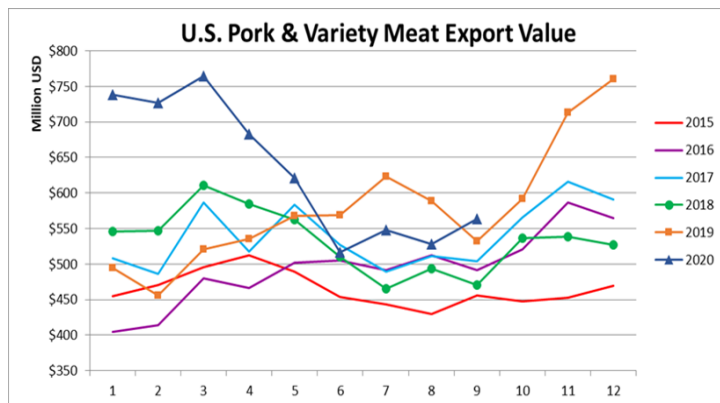
Major processed beef producer **Empirical Foods** has broken ground on a new U.S. \$250 million state-of-the-art beef processing facility in Kansas. The plant will increase Empirical's ground beef processing capacity by 50%. Besides ground beef, Empirical also produces - often under co-pack agreements - boxed beef, boxed pork, & fully cooked meats. The company also provides other ground beef producers with processing "solutions" through the leasing of its proprietary equipment and the provision of technical expertise.

MOVING AHEAD

Cattle & beef market analysts have been devoting attention to the question of whether the supply of slaughter-ready cattle nationwide is out of balance with current U.S. slaughter capacity. They say high beef processing margins coupled with lackluster feedlot returns & low cattle prices are evidence of an excess of cattle and a shortage of harvest shackle space. Moreover, recent sudden disruptions in slaughter, such as the short-term CoVID disruptions to plant operations this spring and the August 2019 Kansas packing plant fire, have caused huge spikes in wholesale beef prices and steep declines in fed cattle values, with market affects lasting months, if not longer. A recent **Rahobank** report has estimated that if the U.S. added 5-6,000 head-per-day harvest capacity to the current 126,400 head-per-day level, a "historical" balance could be restored between the processing industry and cattle supplies. There are 2 ways to add capacity; 1) increase per-plant efficiencies and throughput, and 2) expand or build new plants. Recent new/expanded plant announcements by **FPL Food, LLC** and **Agri Beef** will translate into new plant capacity by the end of 2022. But what's the outlook for the supply of cattle? Cattle supplies are driven by both profit and loss scenarios and the condition of the nation's grazing areas; i.e., drought. The process of expansion and contraction plays out over a clear cycle, with profitability in one year impacting market supplies several years later. From 2010 to 2017, the ratio of fed steer and heifer inventories to the **Cattle Buyers Weekly** annual Top 30 slaughter capacity ranking was about 97% according to one prominent cattle analyst. In other words, the annual fed cattle supply during these years was about 3% less than the U.S. processing industry's capacity. Starting in 2018 and continuing through 2020, that same ratio was 102%, meaning that cattle supplies exceeded processing capacity. Some see evidence that the contractionary phase of the cattle cycle has begun, with some predicting that Jan 1, 2022 steer and heifer inventories will be down 3% from Jan 1, 2020 levels. With plant capacity increasing, the "historical" balance could be realized in the next 18-24 months, leading to a healthier cow-calf & feeding sector.

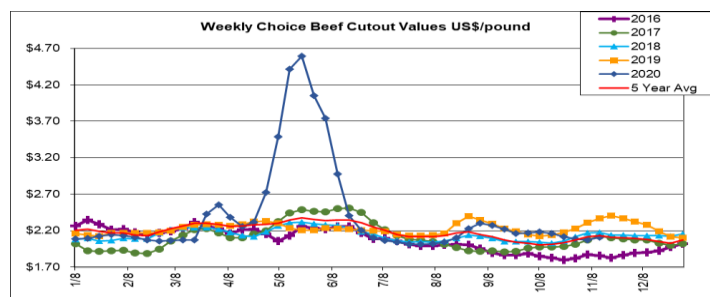
TRADE

U.S. trade data for the 1st 3 quarters of 2020 is now available and it is showing a continued record pace of U.S. pork exports but lagging beef exports because of sharply lower volumes to main market **Mexico**. Although U.S. pork exports (value) during September broke a record for that month, overall shipments have been noticeably lower over the last 4 months due to a slowdown in China buying (see GRAPH below). Jan-Sept U.S. pork and variety meat exports totaled 2.216 million mt, +16% (+311,000 tons) from last year. Year-on-year exports were higher to **China/HK** (+393,000 tons), **ASEAN** (+16,200 tons), **Canada** (+9,900 tons), **Japan** (+5,800 tons), the **Caribbean region** (+2,000 tons), **Taiwan** (+1,800 tons), **Russia** region (+810 tons), and **African** markets (+330 tons), while exports were lower to **Mexico** (-38,900 mt), **Korea** (-35,000 mt), **South America** (-13,900 tons), **Central America** (-1,200 tons), and the **EU** (-750 tons). Jan-Sept beef and variety meat exports were -8% or -79,400 tons from the pace of last year. Exports were higher to Canada (+9,100 tons), Africa (+8,100 tons), China/HK (+7,900 tons), Taiwan (+420 tons), and the Russia region (+40 tons), but lower to Mexico (-49,900 tons), Middle East (-16,600 tons), ASEAN (-9,000 tons), Japan (-8,000 tons), the Caribbean (-6,700 tons), Korea (-5,800 tons), the EU (-3,800 tons), South America (-3,400 tons), and Central America (-2,100 tons).



供應與需求

上週，由於肋排季節性需求強勁，且出口出貨量大、新訂單多，牛肉分切價走高。儘管第2波 COVID，但消費者消費強勁，叫外送或外賣的人群比例持續增長，削弱了在餐廳內用禁令的影響。上週美國總統大選，許多美國人都盯在電視螢幕前，促使更多人在家烹飪。隨著天氣轉涼，零售商推出更多燉肉及烤肉產品，而 USDA CHOICE 及較高等級則因季節性收縮，但後腿肉有所增長。肩胛部品項出現異常，USDA SELECT 級別的肩胛價格短暫地高於 USDA CHOICE 等級的價格。**墨西哥**是肩胛肉的大市場，過去6週買盤一直在加速。分析師也認為，肋排需求的季節性有明顯的反彈，上週原始大分切肋脊部價值攀升至美國4美元/磅，這是自2014年以來僅有的第6次（不包括今年春季）。上週工廠加工量為64.7萬頭，高過於前一週，但與去年同期相比有所下降。包裝商積極尋牛群，因利潤率依然穩固，活體已肥育牛隻價值從103美元/磅升至107美元/磅的水平。分析師認為，因該行業在三、四月期間受到 COVID 的影響中斷相關包裝廠而突然積累供應過剩。但經過幾個月的努力，現在可上市牛隻的供應與工廠需求更加平衡。新鮮的50%及90%牛碎肉價格反映出牛絞肉價值是在經歷明顯疲軟的一個項目。分析師認為，在春季需求旺盛後，消費者對於漢堡的興趣可能已經減弱，因當時其他牛肉製品的價格飆升到許多被 COVID 影響的家庭無法承受。此外，今年截至8月，美國的牛肉進口量增長了27%，主因是進口商當時對美國國內供應穩定性的擔憂越來越大所以於於初春時下了大量訂單。



美國農業部牛肉屠體價格指數 (特選級) : 2020年11月9日 - \$217.39 美元/百磅 (較2020年11月2日增加4%)

上週，由於里肌肉、肋排及豬肚的批發疲軟，豬肉分切價有所下降。上週所有分切的豬肉批發價格在收盤時比去年同期水平增長4%。整體來說，豬肉商品價格持續受到豬肉期貨產品的堅定及穩定的需求而獲得支撐，其中包含去骨豬後腿肉，以及肋排產品，例如聖路易斯肋排及嫩里肌肋排（見下圖）。未來，豬肉市場信號不一，導致瘦豬期貨走勢走勢動盪。美國 COVID 感染導致更多餐廳重新關閉，這可能對香腸及培根等早餐店項目的需求產生負面影響；外賣早餐的訂單量遠不如午餐或晚餐。從好的方面來看，截至10月29日當週的週度貿易數據顯示，經歷3週平淡活動後，出口量變大，包括對中國的出貨量也有所增長。同時也有許多關於豬群復甦的報導，中國活豬價格在過去8-10週穩定走軟後，上週開始堅挺。由於中國的進口需求，美國豬肉生產商也開始在密切關注玉米價格的上漲。

Pork St. Louis Spareribs



豬屠體分切價格 : 2020年11月9日 - \$85.69 美元/百磅 (較2020年11月2日增加2%)

產業新知

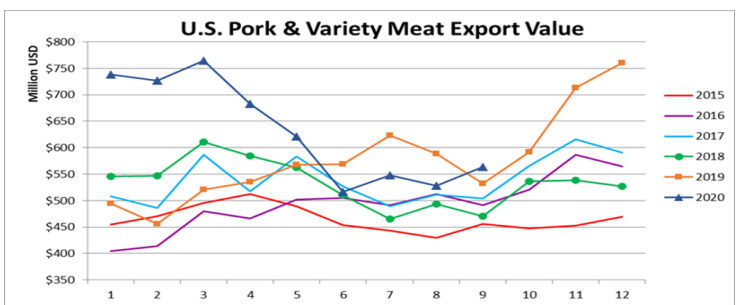
主要加工牛肉生產商 **Empirical 食品公司**已經破土動工在堪薩斯州新建美國最先進價值2.5億美元的牛肉加工廠。該工廠將使 Empirical 公司的牛絞肉生產能力提高50%。除了牛絞肉外，Empirical 還生產一通常是根據聯合包裝協議一盒裝牛肉、盒裝豬肉和全熟肉。該公司還通過租賃其專有設備及提供專業技術知識，為其他牛絞肉生產商提供加工“解決方案”。

產業動態

牛肉及牛肉市場分析師持續關注全美可屠宰牛的供應量與美國目前屠宰能力是否出現失衡的問題。分析師表示，牛肉加工利潤高，且加上飼養場收益不足與牛價低迷，證明牛群過剩，收割空間不足。此外，近期屠宰方面突然受到干擾，如今年春季 COVID 影響工廠營運短佔被破壞及2019年8月堪薩斯州包裝廠火災，導致牛肉批發價格大幅飆升，已肥育牛隻價格急劇下降，市場影響將持續數月甚至更長的時間。**荷蘭合作銀行**最近的一份報告估計，如果美國在目前12.64萬頭/日的水平屠宰能力再多增加5-6千頭/日，就可以在加工業及牛供應之間恢復“歷史”平衡。增加產能的方法有2種，一、提高每個工廠的效率和產量 二、擴建或新建工廠。**FPL 食品有限責任公司**及 **Agri Beef** 最近宣佈的新建/擴建工廠將在2022年底前轉化為新的工廠產能。但牛的供應前景如何？牛的供應是由盈利和虧損情況以及全國牧區的狀況所驅動的；即乾旱、擴張和收縮的過程在一個明顯的週期內進行，一年的盈利情況會影響幾年後的市場供給。2010年至2017年，根據一位知名牛業分析師的統計，已肥育公牛及小牛庫存與《生業買家週刊》年度屠宰能力排名前30名的比例約為97%。換句話說，這幾年的年度已肥育牛隻供應量比美國加工行業的產能少約3%。從2018年開始，一直到2020年，這個比例同樣是102%，這意味著牛的供應量超出加工產能。有人認為有證據顯示牛週期的收縮階段已經開始，一些人預測2022年1月1日的公牛及小牛庫存將比2020年1月1日的水平下降3%。隨著工廠產能的增加，“歷史”平衡可能會在未來18-24個月內實現，從而使母犢牛及飼養產業更加健全。

貿易新聞

目前美國2020年前3季度的貿易數據已經出爐，數據顯示美國豬肉出口速度持續創新高，但由於對主要市場**墨西哥**的出口量大幅下降，使得牛肉出口遲滯。雖然9月份美國豬肉出口量（價值）打破了當月的記錄，但由於中國購買量放緩，過去4個月整體出貨量明顯下降（見下圖）。1-9月美國豬肉及豬雜碎出口總量為221.6萬噸，與去年同比增長16%（+31.1萬噸）。對**中國/香港**（+39.3萬噸）、**東盟**（+1.62萬噸）、**加拿大**（+9,900噸）、**日本**（+5,800噸）、**加勒比海地區**（+2,000噸）、**台灣**（+1,800噸）、**俄羅斯地區**（+810噸）及**非洲**（+330噸）的出口量同比增加。而對**墨西哥**（-3.89萬噸）、**韓國**（-3.5萬噸）、**南美洲**（-1.39萬噸）、**中美洲**（-1,200噸）、**歐盟**（-750噸）的出口量較少。1-9月牛肉及牛雜碎出口量較去年速度為-8%或-7.94萬噸。出口對加拿大（+9,100噸）、非洲（+8,100噸）、中國/香港（+7,900噸）、台灣（+420噸）、俄羅斯地區（+40噸）較多，但對墨西哥（-4,900噸）、中東（-1.66萬噸）、東盟（-9,000噸）、日本（-8,000噸）、加勒比海（-6,700噸）、韓國（-5,800噸）、歐盟（-3,800噸）、南美（-3,400噸）及中美洲（-2,100噸）出口較少。



美國肉類出口協會活動預告：
 香港餐展: 2020年11月11-13日
 FHC 上海環球食品展 - 上海: 2020年11月10-12日