



# U.S. Meat Bulletin

May 18, 2021

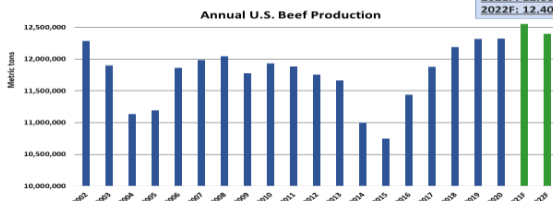
Volume XIII | Issue 5.3

## SUPPLY & DEMAND

The USDA CHOICE cutout finished higher again last week as exuberant demand saw buyers willing to pay higher prices just to secure supplies. With the U.S. CDC lifting the mask mandate for the vaccinated, analysts believe that the upcoming Memorial Day (May 31) weekend will see a surge in grilling activity. Retail beef prices reached a record in April (see MOVING AHEAD next column) and are set to move higher this month given the uptick in the cutout value. Analysts remain divided on the future near-term direction of the market. Some believe that retailers are nearing a point where they will move away from advertising beef and focus on other proteins. Moreover, at some point high prices cure high prices, resulting in a drop in a willingness of consumers to pay. This may be happening internationally; new net export orders during the 1<sup>st</sup> week of May dropped noticeably, with big week-on-week decreases in sales to **Japan, Korea, Mexico** and **Taiwan**. On the live cattle side, spot prices firmed slightly as packers look to harvest as many cattle as possible as they enjoy near record margins. And the front-end supply of fed cattle should start to taper as cattle moving to plants right now were placed into feedlots during Q4 last year, when overall placements had moved lower from Q3, 2020. Still cattle prices remain pressured by lower harvest activity, due in part to labor shortages at plants. Fed cattle futures dipped at the end of last week, following a big sell-off in grain futures driven by a favorable turnaround in U.S. crop weather. But feeder cattle futures strengthened as last week's rain drove corn prices lower in 3 successive trading sessions. Calf prices are showing new strength as much needed moisture has increased interest in light cattle that have been cyclically declining. This past week featured the first sign of a top in grain prices and the possibility that the recent highs may have been the peak for the crop year. Despite the grain challenges & the slower pace of harvests, USDA is still forecasting 2021 beef production to be record large before falling 2% in 2022.

USDA expects 2021 beef production to reach a new record

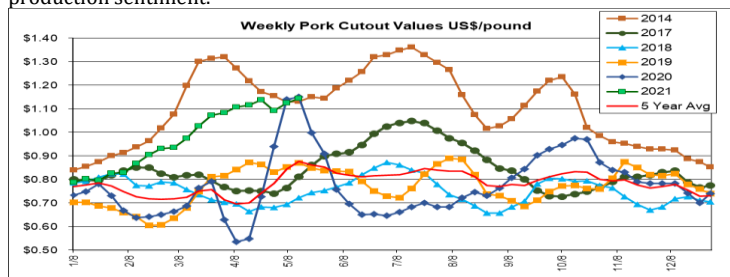
2017: 11.88 MMT, +3.8%
2018: 12.19 MMT, +2.6%
2019: 12.32 MMT, +1.0%
2020: 12.33 MMT, +0.1%
2021E: 12.66 MMT, +2.7%
2022E: 12.40 MMT, -2.0%



Source: USDA/NASS & WASDE estimates

**Beef Choice Beef Cutout Value: 17/5/2021 - US\$319.62/cwt. (+3% from 10/5/2021)**

Last week saw the pork cutout move to within 1% of its all-time high set last May during the CoVID related supply disruptions. The cutout is now approximately up 32% from the same week in 2019. Bone-in and boneless butt values have been moving seasonally higher, and last Friday's boneless specification close of \$1.79/lb. was the highest since 2014. Trimmed rib products such as St. Louis ribs also hit new record levels last week. Bone in ham values have dropped nearly 17% in the last 2 weeks but boneless hams last week moved in the opposite direction, reaching their highest values since January. Like for beef, harvest levels remain well below what the industry could reach if it weren't for labor shortages. The industry processed 2.395 million head last week, well below its estimated capacity. After trading at contract highs the previous week, lean hog futures had moved lower by last Friday's close, in part due to the broad commodity sell-off of last Thursday but also due to growing concern that high prices are starting to pinch foreign buying interest. Big drops in new weekly sales to **China, Japan** and **Korea** were reported for the 1<sup>st</sup> week of May. The drop in corn prices is also intuitively bearish to pork, as lower input prices would be supportive to production sentiment.



**Hog Carcass Cutout Value: 17/5/2021 - US\$116.57/cwt. (+3% from 10/5/2021)**

## MARKET MAKERS

In a novel arrangement, a select group of livestock producers known as the **Producer Partnership** is building the nation's 1<sup>st</sup> non-profit slaughter facility in Montana. The facility, to be constructed using a prefab design from **Friesla**, will harvest culled animals, the meat of which will be donated to local food banks.

## MOVING AHEAD

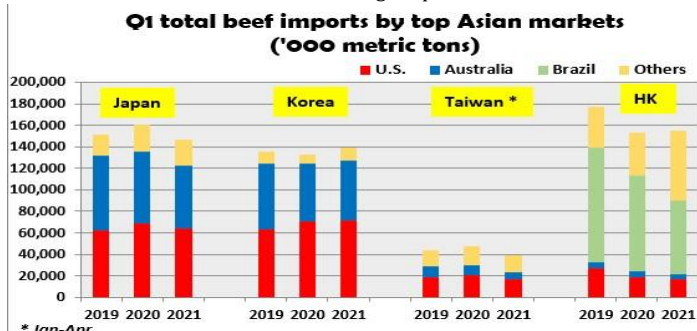
Financial markets were shocked last week when the U.S.'s April inflation rate was announced at 4.2%, the fastest growth since 2008. Food prices rose 0.4% in April as both groceries and restaurant prices firmed. However, food price growth is running at 2.4% annually, below the total inflation rate. But analysts expect consumers' food bills to rise further due to large increases in grain prices and increases in other input costs including labor, gas, and even cardboard, wood and other food packaging costs. China's growing grain and meat imports are also adding upward pressure to prices. What is the latest data telling us about changes in meat prices? First, USDA April meat price data show that retail beef & pork prices - averaged across all cuts - of \$6.76/lb (+4.2% from March) and \$6.48/lb. (+3.8%) respectively were record high outside the short spike in prices last spring due to CoVID supply chain disruptions. Big data analytics company **IRI** recently released their own retail meat price indices comparing average pre-CoVID 2019 prices and April 2021 figures. IRI also published meat department sales gains over the period. The table summarizing some of those results below provides further evidence of the strong meat demand that persisted throughout the pandemic and until today. Changes in wholesale prices for the beef and pork, as represented by USDA cutout values shown in blue, indicate that retail and wholesale prices have roughly increased by the same level since 2019. The comparisons below represent end points of a 2-year long time frame, and don't show valleys and peaks in the interim period. The continued upward movement in wholesale beef and pork prices in the last 2 weeks will likely mean retail - and restaurant - prices will move higher as well. That said, some analysts are forecasting lower staple food sales at supermarkets as Americans head to restaurants and the outdoors, but overall demand remains strong across all types of establishments.

	2019	April 2021	% change	% sales revenue gains; April 2019 to 2021
All meat department (\$ per pound)	\$3.53	\$3.94	+ 11.6%	+ 15.4%
Fresh beef (all cuts)	\$4.88	\$5.57	+ 14.1%	+ 21.4%
Fresh pork	\$2.66	\$2.94	+ 10.5%	+ 13.0%
Fresh chicken	\$2.33	\$2.57	+ 10.3%	+ 11.7%
All processed meats	\$3.96	\$4.01	+ 1.2%	+ 11.9%
Fresh lamb	\$7.79	\$8.23	+ 5.3%	+ 16.0%
<b>USDA CHOICE CUTOUT</b>				
(April 27, 2019 - April 26, 2021)	\$2.47	\$2.85	+ 15.4%	N/A
<b>U.S. Pork Cutout</b>				
(April 27, 2019 - April 26, 2021)	\$94.05	\$1.09	+ 15.9%	N/A

Source: IRI & USDA AMS

## TRADE

Last week we reported that March 2021 U.S. beef and pork export volumes hit monthly records. China's beef market continues to grow, with Jan-March imports up +20% (+ 106 thousand tons), but the performance of other large Asian import markets is mixed. **Japan's** Q1 total beef imports have dropped 8% due to both shortages of **Australian** product and tight supplies - and expensive prices - of U.S. beef short plate, the #1 U.S. beef export item to that market. **Korea's** Jan-March beef imports were up slightly with reports that buying has intensified since traders concluded that beef availability could even be more constrained in H2 than H1 2021. Beef imports into **Hong Kong** rose, with a surge in reported shipments of **Indian** product offsetting lower trade from all other major suppliers including **Brazil**, the U.S., **Australia** and **Argentina**. Most Indian beef shipped to HK is believed to be transshipped to 3<sup>rd</sup> country markets. Finally, the pace of Taiwan beef imports slowed during Q1 2021 for similar reasons as Japan; buyers were hesitant to cover beef needs under far higher prices.



\* Jan-Apr

## ACTIVITIES:

SIAL, Shanghai: May 18-20, 2021 (TODAY!)

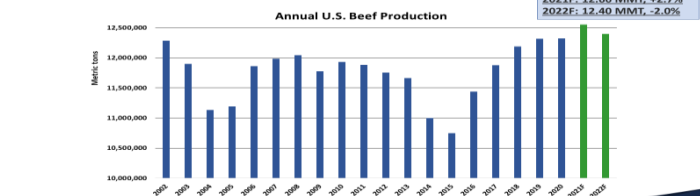
Restaurant and Bar/HOFEX, Hongkong: September 7-9, 2021

## 供应与需求

由於需求旺盛，买家愿意支付更高的价格来保证供应，因此 USDA CHOICE 的分切价格再次上扬。随着美国疾病管制与预防中心(CDC)取消在美国已接种疫苗的人，戴口罩的要求，分析师认为即将到来的阵亡将士纪念日(Memorial Day, 5月31日)，会使烤肉活动激增。牛肉零售价格於4月达到创纪录的水平(请参阅下一栏的产业动态)，并且鑑於分切价的上升，本月牛肉价格将走高。對於未来市场的近期走势，分析师仍然存在分歧。一些人认为，零售商将开始不再为牛肉做行销活动，而是专注于其他肉类蛋白质。此外，高价有时会治愈高价，从而导致消费者的支付意愿下降。且这种情况可能发生在国际上：5月第一周的新净出口订单明显下降，对日本、韩国、墨西哥以及台湾的销售额环比也大幅下降。在活牛价格方面，现货价格小幅上涨，来自于屠宰商希望能尽可能的屠宰多一点的牛只，而享有接近创纪录的利润。而且，随着去年第四季牛只投放置肥育场从2020年第三季开始减少，肥育牛的前端供应，应逐渐下降。仍然，由於部分屠宰厂劳动短缺，屠宰活动减少仍带给牛价压力。上周末，受美国农作物天气好转的推动，以及谷物期货大幅抛售後，肥育牛期货於上周末下跌。但是，由於上周的降雨驱使玉米价格连续三个交易日走低，因此肥育牛的期货走强。仔牛价格显示出新的力量，由於许多地区急需用水，增加了人们对体重较轻牛只的兴趣。过去一周，谷物价格首次达到最高点，近期的高点也可能是谷物年度收成的最高峰。尽管我们将面临谷物挑战和屠宰速度放缓，USDA 仍预测2021年牛肉产量将创历史新高，而在2022年牛肉产量则会下降2%。

USDA expects 2021 beef production to reach a new record

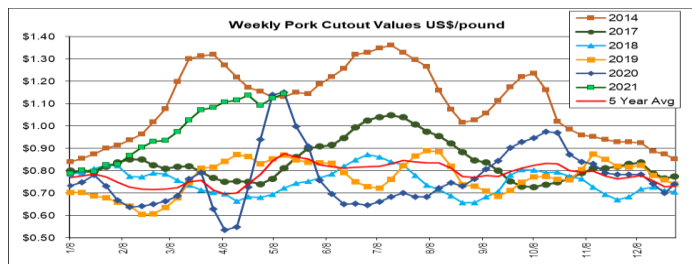
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Source: USDA/NASS & WASDE estimates

美国农业部牛肉屠体价格指数(特选级)：2021年5月17日 - \$319.62 美元/百磅 (较2021年5月10日增加3%)

上周，猪肉分切价上涨至去年5月 CoVID 供应中断期间，所创下历史高点的1%内。目前，猪肉分切价较2019年的同一周上涨约32%。带骨和无骨上肩肉的价格一直在季节性走高，上周五无骨规格的收盘价为\$1.79 美元/磅，是自2014年以来的最高水平。圣路易斯肋排等修切肋排产品上周也创下了新的纪录水平。在过去的两周，带骨的猪後腿肉总价值下降近17%，但上周去骨猪後腿肉却达到自一月以来的最高水平。与牛肉一样，如果不是因为劳动力短缺，屠宰水平仍然远远低於该产业可以达到的水平。该产业上周屠宰了239.5万头，远低于其估计的产能。在上周的合约高点交易後，瘦猪期货价格於上周五的收盘价前走低，虽然部分原因为上周四广泛的商品抛售，但人们也越来越担心高价会开始压制国外的购买兴趣。据报导，5月的第一周，至中国、日本和韩国的每周新的销量大幅下降。玉米价格的下跌也对猪肉不利，因为较低的投入价格将支持生产情绪。



猪屠体分切价格：2021年5月17日 - \$116.57 美元/百磅 (较2021年5月10日增加3%)

美国肉类出口协会活动预告：

中国国际食品和饮料展览会，上海：2021年5月18-20日 (今天)

香港餐展展/HOFEX，香港：2021年9月7-9日

## 产业新知

在一项新颖的安排中，被指定的一组畜牧业者名为 **Producer Partnership**，正在蒙大拿州(Montana)建立美国第一个非营利屠宰厂。该屠宰厂将采用 **Friesla** 的预制设计建造一间屠宰被剔除的动物，而其中的肉将捐赠给当地的食物银行。

## 产业动态

上周金融市场受到震惊，因当时美国宣布4月的通货膨胀率为4.2%，是2008年以来最快的增幅。由於超市和餐厅的价格坚挺，使4月食品价格上涨0.4%。然而，今年的食品价格年增长率却为2.4%，低於通膨率。但分析师预计，由於谷物价格的大幅上涨以及其他投入成本的增加，包括劳动力、天然气，甚至到卡纸板和木材成本，消费者的消费金额将增长。中国不断增长的谷物和肉类进口也推高价格上涨的压力。那麼最新的数据可以告诉我们肉类价格的变化是什麼？首先，USDA 的4月肉类价格数据显示，牛肉和猪肉所有分切价的平均零售价格分别为\$6.76 美元/磅(较3月增长4.2%)和\$6.48 美元/磅(增长3.8%)，由於 CoVID 供应链中断，去年春季价格短暂飙升後，分切价分别创下历史新高。大数据分析公司 **IRI** 最近发布了他们自己的肉类零售价格指数，且比较了2019年 CoVID 前的平均价格和2021年4月的数据。IRI 也公布了在此期间的肉类销售收益。下表汇总了其中的一些结果，进一步证明了整个疫情期间至今的强劲肉类需求。牛肉和猪肉批发价格的变化，由 USDA 分切价以蓝色显示，零售和批发价格自2019年以来大致上涨了相同水平。以下的比较为这两年期间，且在中期期间不显示谷值和峰值。过去两周，牛肉和猪肉批发价格持续上涨趋势，这可能意味着零售以及餐厅的价格也将走高。尽管如此，一些分析师预测，随着美国人前往餐厅和户外活动，超市的主食销售将会下降，但在於所有类型场所的总体，需求仍然强劲。

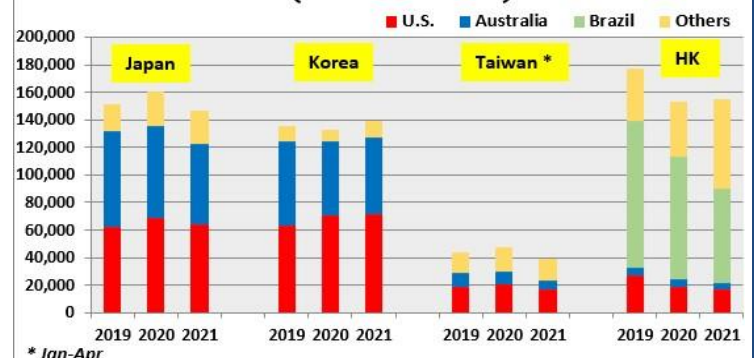
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Source: IRI & USDA AMS

## 贸易新闻

上周我们报导了2021年3月美国牛肉和猪肉的出口量创下月度纪录。中国牛肉市场持续增长，1-3月的进口量增长20%(+106,000吨)，但与其他较大的亚洲市场来看，进口量的表现参差不齐。由於澳大利亚产品短缺，美国出口至日本的第一大品项牛胸腹肉，因供应紧张以及昂贵的价格，使日本第一季牛肉进口总额下降8%。据报导，自从贸易商认为2021年下半年牛肉的供应量可能较2021年上半年更加紧张後，韩国1月至3月牛肉进口量略有上升。进口至香港的牛肉量增加，据报导印度产品的出货量激增，抵消了包括巴西、美国、澳大利亚和阿根廷在内的所有其他主要供应国贸易的下降。据报导，大多数运往香港的印度牛肉被认为是转运至第三国市场。最後，由於与日本类似的原因，台湾牛肉进口量於2021年第一季有所放缓，而买家也不愿意在远高于预期的价格下来满足牛肉的需求。

Q1 total beef imports by top Asian markets ('000 metric tons)



\* Jan-Apr