



U.S. Meat Bulletin

June 8, 2021

Volume XIII | Issue 6.1

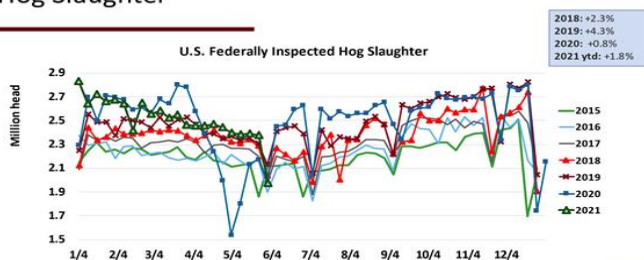
SUPPLY & DEMAND

The USDA CHOICE cutout increased for the 11th consecutive week, reaching historically high levels except during the brief CoVID related spike of spring 2020. Last week's big news was the brief shutdown of all operations of a major beef processor, but the market impact of those shutdowns was fleeting. And although retailers, restaurants and grinders were aggressive mid-week chasing supplies after plants re-opened, analysts note that there is sustained demand for both spot and forward supplies, especially as the U.S. prepares for what will be a big July 4th holiday. Prices for grilling and smoking items such as skirts, hanging tenders and briskets are historically high. On the live cattle side, futures prices have seesawed over the last few weeks along with corn prices, but live fed cattle prices have stayed steady to slightly firm and despite high processor margins driven by high wholesale beef prices. Still, the live cattle industry is deeply concerned over the disconnect between rising beef prices and flat live cattle prices (see MOVING AHEAD next column). Last week's holiday & cyberattack-shortened 538K head harvest level was way below the 660K head-per-week pace the industry believes is needed to bring more supply & demand equilibrium to fed cattle markets. Last week, the National Cattlemen's Beef Association (NCBA) sent a letter to Congress urging its leadership to address what it sees as critical issues of competitiveness across the cattle and beef industry. The letter asked for government assistance to expand national beef processing capacity, broaden labor policies to strengthen the beef processing workforce, and help to increase cattle market transparency through better cattle market reporting. Beef processors meanwhile continue to report difficulty in finding plant workers. Nebraska, the nation's largest beef processing state, has an unemployment rate of 2.8%, the lowest in the nation. In an interview several weeks ago, senior management at the nation's newest beef processing facility, **Missouri Prime Beef Packing Plant**, said that the labor shortage was the key reason that processing velocities had been restrained since the plant opening. Labor shortages are also driving up the cost of other processing inputs, including packaging material and lumber.

Beef Choice Beef Cutout Value: 7/6/2021 - US\$338.60/cwt. (+3% from 24/5/2021)

Last week, the pork cutout increased by 5% from the previous week, reaching a level 72% above a year ago, and the 2nd highest value ever for this time of year. The price rise was supported by the effects of last Monday's Memorial Day holiday and the cyber-attack which briefly closed down production at the 2nd largest USA pork packer. Hams and butts led gains last week, while bellies also rallied. Rib prices softened slightly last week, but still stand at record levels. Although last week's low kill was due to the holiday, weekly processing numbers have slowly but steadily declined from the beginning of the year (see chart below). This is also supporting futures prices, which last week set new contract highs and are now near the record levels established in 2014. Analysts think that further gains will depend on exports but sustained domestic movement of items like ribs at record prices is also giving confidence to the market. Moreover, retail buyers are now planning for a massive July 4th weekend as coronavirus concerns further fade in the U.S. On the export side, news was mixed last week. New net pork export sales weakened considerably for the week ending May 27. Total orders during the week were -24% from the previous 4-week average, with a big slip in sales to #1 market **China**, although this was somewhat offset with robust new business from **Mexico** and **Colombia**. Hog prices have fallen sharply in China and international offer prices are now higher than wholesale prices for some items (see TRADE next column). U.S. pork in China continues to be handicapped by a punitive 25% duty, and the more domestic Chinese prices fall, the greater impact this disadvantage will have.

U.S. Hog Slaughter



Source: USDA/NASS and USDA/AMS, last two data points are preliminary estimates

Hog Carcass Cutout Value: 7/6/2021 - US\$134.73/cwt. (+10% from 24/5/2021)

ACTIVITIES:

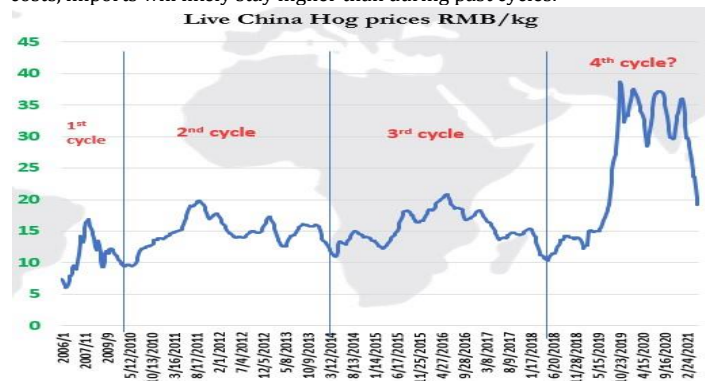
Restaurant and Bar/HOFEX, Hongkong: September 7-9, 2021

MOVING AHEAD

The confluence of high beef with low cattle prices has been a main topic of U.S. beef industry conversations this spring. A new study by **Rabobank** has concluded that the breakdown in correlation between beef and cattle values is the result of a current imbalance between the nation's slaughter capacity and fed cattle supplies. With cattle numbers now cyclically abundant, the imbalance results in lower market leverage for feedlot operators who must accept lower prices to secure processing space for their market-ready animals. In short, when supplies of cattle are large, feedlots are at a disadvantage in negotiating prices. To remedy the situation, some are calling for government regulation in the way cattle are marketed. Specifically, there are proposals for mandating that a fixed portion of cattle sold to packing plants be negotiated on a spot basis, which the proponents of this proposal argue, will enhance price discovery. Over time, the % of cattle sold through traditional spot negotiation has dropped. During the 2002-2011 decade, negotiated cash trade declined while formula transactions increased. From 2012 to the recent period, negotiated cash trade has not changed significantly while formula pricing held mostly steady, but recently formula transactions have increased. Currently, 60%-70% of cattle sold are done so by formula and another 10%-20% through forward contracts, leading critics of the current marketplace to claim that most pricing information is based on the thin 20%-30% of cattle traded through spot negotiation. But Rabobank's analysis of historical data shows that prices of cattle - regardless of type of transaction - have moved closely together. The four major types of transactions that must be reported by processors to the USDA are: 1) *negotiated cash* (any purchase of cattle in which the price is known at the time the deal is struck), *negotiated grid* (base price is negotiated but a final net price is determined by applying premiums and discounts based on carcass performance.), *formula* (base price generally not be known at the time the transaction), or *forward* (cattle purchased in advance of slaughter, where base price is determined by reference prices quoted on the Chicago Mercantile Exchange). Rabobank points out that more and more cattle transactions are now based on formula and grid mechanisms which can better capture the value of the beef that is being fabricated from each animal. Consequently, Rabobank argues that establishing a minimum % of negotiated cash sales would further disassociate the producer from the value of the beef that is produced from him/her animals. In the research, Rabobank argues that a more mutually beneficial pricing strategy would be to base live fed cattle prices on the USDA beef cutout value, which would provide producers with a more direct link to beef demand. Price discovery issues would be resolved as wholesale beef prices reflect the decisions of millions of buyers, ranging from restaurant & supermarket buyers to consumers.

TRADE

Is China's latest ASF-driven hog cycle coming to the end, and if so, what are the implications for pork imports? China's hog market in recent history has been characterized by pronounced boom & bust cycles. Last Friday, the country's average live hog price closed at RMB 16.9/kg, down a sharp 54% from the winter high set on Jan 3 of this year. At the RMB 17 level, wean-to-finish operators are losing money, while margins for farrow-to-finish enterprises are also getting squeezed. Although some doubt remains over the ASF situation, China's government says the herd has rebounded to 94% of its pre-ASF size. In the meantime, China's total meat & poultry imports of 4.349 million tons during the 1st 5 months of 2020 surged 13% from last year's record pace, but the movement of imported pork at wholesale markets has been slow recently due to falling domestic prices & increasing domestic supplies. Some importers note that current international offers, especially on pork carcasses and muscle cuts, are above wholesale prices, a sign of market weakness. That said, because of rising domestic production costs, imports will likely stay higher than during past cycles.



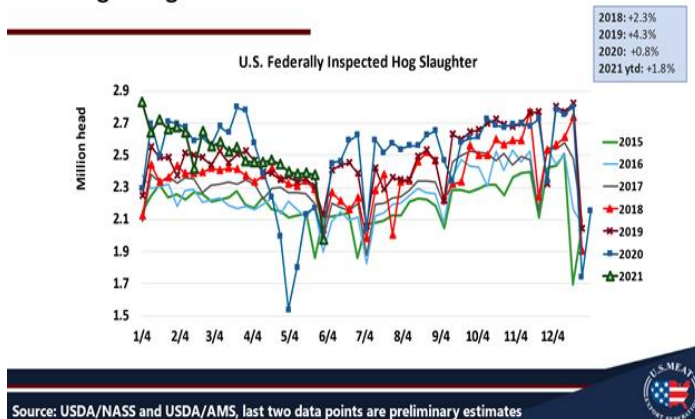
供应与需求

除了2020年春季与CoVID有相关的短暂飙升期间之外，USDA CHOICE分切价连续第11周增加，达到历史最高水平。上周的大新闻是一家主要牛肉加工商的所有业务短暂关闭，且因这个关闭对市场的影响是转瞬即逝。尽管零售商、餐厅和绞肉商在工厂重新开工后积极追逐供应，但分析师指出，对现货和远期供应都有持续的需求，尤其在美国准备迎接7月4日的盛大假期做准备之际。烧烤和烟熏肉的价格，如腹板肉、肝连和前胸肉，都是处于历史最高水平。在活牛方面，过去几周期货价格与玉米价格一起摇摆不定，但活牛价格保持稳定至略微坚挺，尽管高批发牛肉价格推动加工商利润率较高。尽管如此，活牛业仍对牛肉价格上涨与活牛价格持平之间的脱节深感担忧（请参阅下一栏的产业动态）。上周的假期和网络攻击缩短了53.8万头的屠宰水平，远远低于该行业认为需要为肥育养牛市场带来更多供需平衡的每周66万头屠宰水平。上周，全国养牛协会（NCBA）致函国会，敦促其领导层解决其认为影响整个牛只和牛肉业竞争力的关键问题。信中要求政府协助扩大国家牛肉加工能力，扩大劳工政策以加强牛肉加工劳动力，并透过更好的牛市报告帮助提高牛市透明度。与此同时，牛肉加工者持续报告现在仍然难以找到屠宰厂工人。美国最大的牛肉加工州内布拉斯加州的失业率为2.8%，是全美最低的。在几周前的一次采访中，美国最新的牛肉加工厂**密苏里州优质牛肉屠宰厂 (Missouri Prime Beef Packing Plant)** 的高阶管理人员表示，劳动力短缺是该工厂开业以来加工速度受到限制的关键原因。劳动力短缺也推高了其他加工投入的成本，包括包装材料和木材。

美国农业部牛肉屠体价格指数（特选级）：2021年6月7日 - \$338.60 美元/百磅（较2021年5月24日增加3%）

上周猪肉分切价较前一周增长5%，达到比一年前高出72%的水平，并且是每年这个时候的第二高值。价格上涨受到上周一阵亡将士纪念日假期和网络攻击的影响，该攻击短暂地关闭了美国第二大猪肉屠宰商的生产。上周，后腿肉和上肩肉的价格领涨，而腹肋肉的价格也有所回升。上周肋排价格略有回落，但仍处于历史最高水平。尽管上周的低屠宰量是由于假期造成的，自年初开始，每周的加工数量已缓慢但稳定地下降（请参见下图）。这也支撑了期货价格，使期货价格上周创下合约新高，且接近2014年创下的纪录高位。分析师认为，价格进一步的上涨将取决于出口，但肋排等肉品以创纪录的价格持续在美国国内流动也给市场带来信心。此外，随着美国对新冠病毒的担忧进一步消退，零售采购现在正计划在7月4日度过一个盛大的周末。在出口方面，上周消息喜忧参半。截至5月27日当周，新的猪肉净出口销售大幅减弱。本周的总订单较前4周平均水平减少24%，其中对第一大市场**中国**的销售大幅下滑，尽管这在一定程度上被**墨西哥**和**哥伦比亚**的强劲新业务所抵消。现在中国的生猪价格急剧下跌，且某些肉品的国际报价高于批发价（请参见下一栏的贸易新闻）。美国猪肉在中国持续受到25%的惩罚性关税的阻碍，同时中国国内价格下跌越来越多，这不利因素的影响了价格非常大。

U.S. Hog Slaughter



猪屠体分切价格：2021年6月7日 - \$134.73 美元/百磅（较2021年5月24日增加10%）

产业动态

今年春天，高牛肉价格与低牛肉价格的融合一直是美国牛肉行业谈话的一个主要话题。**荷兰合作银行 (Rabobank)** 的一项新研究认为，牛肉和牛价值之间的相关性破裂是由于目前美国的屠宰能力和已肥育牛只的供应之间的不平衡而造成的。由于牛的数量现在是周期性充裕，这种不平衡导致肥育场业者的市场杠杆率降低，同时他们必须接受较低的价格，以确保可上市牛只的加工空间。简而言之，当牛只的供应量较庞大时，肥育场在价格谈判中处于不利地位。为了纠正这种情况，一些人呼吁政府对牛只的销售方式进行监管。具体来说，有人提案强制规定卖给屠宰厂的牛只固定部分要在现货基础上进行谈判，因这个建议的支持者认为，这将加强价格。随着时间的推移，透过传统现货谈判出售的牛只的百分比已经下降。在2002年至2011年的十年间，谈判现金交易下降了，而配方交易增加了。2012年至近期，协商现金交易没有明显变化，而配方价格基本保持稳定，但近期配方交易有所增加。目前，60%-70%的牛只是通过配方销售的，另外10%-20%是通过远期合约进行，导致当前市场的批评者声称，大多数定价信息是基于20%-30%的牛只以现货议价方式交易。但荷兰合作银行对历史数据的分析表明，无论交易类型如何，牛只的价格都是有密切相关的。加工商必须向USDA报告的四种主要交易类型是：1) **协商现金**（任何在交易达成时价格已知的牛只购买）、**协商网格**（协商基本价格，但最终净价是根据屠体表现的溢价和折扣来确定的）、**公式**（交易时一般不知道基价）或**远期**（屠宰前购买的牛只，基价由芝加哥商业交易所的参考价格决定）。荷兰合作银行指出，现在越来越多的牛只交易是基于公式和网格机制的，这样的方式可以更了解到每头牛的牛肉价值。因此，荷兰合作银行认为，建立最低百分比的协商现金销售将进一步使业者与他/她的牛只所生产的牛肉价值脱节。在研究中，荷兰合作银行也认为，更有利于双方的定价策略是将活体肥育牛的价格建立在USDA牛肉分切价的基础上，这将为牛肉生产商提供一个与牛肉需求更直接的联系。并且价格发现的问题将得到解决办法，因为牛肉批发价格反映了，从餐厅和超市买家到消费者的数百万买家的决定。

贸易新闻

中国最新ASF驱动的生猪周期是否即将结束？若是，接下来对猪肉进口有何影响？中国生猪市场在近代以来的特点以明显的繁荣和萧条周期为特徵。上周五，中国的生猪平均价格收於16.9人民币/公斤，较今年1月3日创下的冬季高点大幅下跌54%。在17人民币的水平上，从离乳到肥育的业者正在亏损，而从产仔猪到肥育的企业利润也在受到挤压。尽管对ASF的情况仍有一些疑虑，但中国政府表示，猪群已经恢复到ASF前规模的94%。与此同时，2020年1-5月中国肉类和禽肉进口总量为434.9万吨，较去年创纪录的速度增长13%，但由于中国国内价格下跌和供应增加，近期进口猪肉在批发市场的流动缓慢。一些进口商指出，当前的国际报价，尤其是猪肉屠体和分切价高于批发价格，市场出现疲软的迹象。也就是说，由于中国国内生产成本的上升，进口量可能会比过去的周期中保持高位。



美国肉类出口协会活动预告：
香港餐饮展/HOFEX, 香港: 2021年9月7-9日