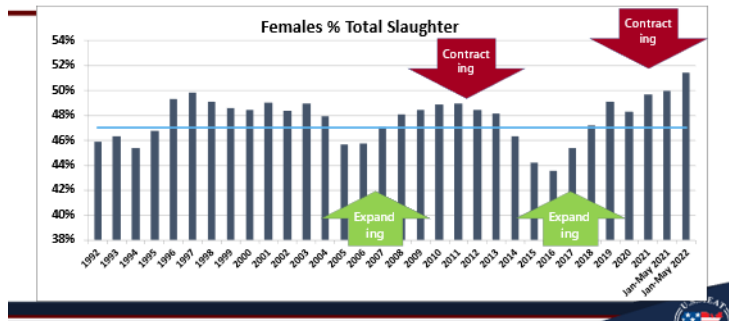


## SUPPLY & DEMAND

The USDA CHOICE cutout value closed steady last Friday with the previous week, despite the end of July 4<sup>th</sup> buying and weakness in the ribeye market. Striploins bucked the trend and moved higher. This past weekend saw large numbers of Americans grilling outdoors, with hamburgers and hot dogs dominating the holiday menu. The beef cutout normally starts to weaken before the Independence Day holiday, but beef values have held this year and despite year-to-date production being +0.9% from last year's record output. The cutout is +21% from pre-pandemic 2019, a testimony to strong domestic and international demand. Although institutional buyers are wary of demand falling in the months ahead due to consumer inflation concerns, they are also aware that the nation's cattle herd is contracting and that smaller beef supplies are forecast for the next few years. USDA's most recent feedlot report saw record numbers of cattle on feed on June 1, but tightness is coming (see MOVING AHEAD next column). Feedlotters got some relief last week as grain prices weakened, but the market will remain volatile and weather driven in the weeks ahead. U.S. beef exports through the 1<sup>st</sup> 25 weeks of the year are +3% and the USDA reported large export and new sale volumes for the week of June 23<sup>rd</sup>, including to **China** where lockdowns are easing.

Larger ratio of female cattle in slaughter indicates the U.S. is in a herd liquidation phase, with the share growing in 2022 due to intensifying drought conditions

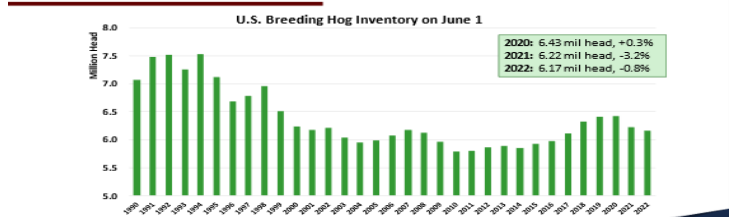


Source: USMEF calculations based on USDA/NAASS data

**Beef Choice Beef Cutout Value: 5/7/2022 - US\$264.66/cwt. (-1% from 17/6/2022)**

Wholesale pork prices weakened last week due to a sharp double-digit decline in spot belly prices. Rib and loin prices also fell after July 4<sup>th</sup> holiday buying activity eased, although heavy ham prices gained on continued strong demand by #1 ham export market **Mexico**. Hog prices have also surged in **China**, offering some hope after extremely weak demand during H1. Although lean hog futures closed lower on Friday, USDA's latest quarterly hogs and pigs report came in slightly bullish, showing a slight 1% decline in both the total number inventory of hogs and the total inventory of commercial market hogs. The June 1 breeding inventory number of 6.17 million head was also 1% lower than year ago levels. The breeding herd is now at its lowest level in 5 years, having dropped 7% since pre-pandemic December 1 2019. Producer margins have been hit by both high grain prices and lower exports. Through June 23<sup>rd</sup>, U.S. pork muscle cut exports were 24% lower YOY, a decline of 230,000 tons. That equates to a weekly reduction in exports of approximately 460 containers, a not insignificant amount. Looking ahead, producers are indicating they intend to farrow about 1% less hogs than they did a year ago during the June - August & September - December quarters. This implies slightly lower pork harvest levels and lower pork supplies for the remainder of this year. Through last week, U.S. pork slaughter is -4.2% YOY while pork production is down 3.5%.

2022 June breeding hog inventory down 0.8% year-over-year



Source: USDA/NAASS

**Hog Carcass Cutout Value: 5/7/2022 - US\$114.48/cwt. (<1% from 17/6/2022)**

**ACTIVITIES:**  
 Food & Hotel Asia, Singapore: September 5-8, 2022  
 FHC Shanghai Global Food Trade Show: Nov 8-10, 2022  
 SIAL, Shanghai: December 7-9, 2022

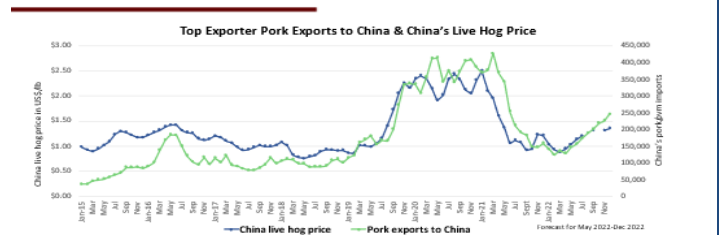
## MOVING AHEAD

With June 1 cattle on feed numbers the highest ever, analysts & beef buyers are pondering when will the predicted tightness in live cattle supplies begin to grip the market? In USDA's latest monthly cattle census report, the agency reported 11.846 million cattle were on feed on June 1, the highest on record for this time of year. The number was +1% over June 1, 2021, and a sign of the continued impact of drought on pastures and grazing conditions. Specifically, drought is forcing younger calves and heifers into feedlots, especially in the drought stricken southern plains. This means that animals - on average - need more time on feed. During the 1<sup>st</sup> 5 months of the year, placements of feeder cattle weighing under 700 pounds were 70K head more than the Jan-May 2021 period, while placements of 800+ pound cattle were 18k head lower YOY. While there is still a large pipeline of fed cattle for processing plants, more signs of the inevitable tightening are appearing. In May, placements of cattle into feedlots declined 2% YOY, while marketings (i.e. cattle moving to harvest) increased by 2%. And while the August fed cattle futures contract is trading at a discount to current cash values, fed cattle prices last week reached a new high for the year. Normally, fed cattle prices drift lower during the summer, but this year prices have been grinding higher, supported in part by aggressive packer buying and by a decline in the supply of USDA PRIME and CHOICE carcasses. Lower grading carcasses from cattle in the southern plains have created a widening spread between the values of fed cattle from southern feedlots (e.g., Texas) and those from northern feedlots (e.g. Nebraska and Iowa), where carcasses grade consistently above those from the south. The high fed cattle prices in the north are already signaling a tightness in the fed market, and despite the large total on-feed numbers. Looking ahead, there is no question that the breeding herd is declining. The number of heifers on feed are at their highest in 5 years, while the pace of cow slaughter has exceeded the level during the last big cull in 2012 (see GRAPH previous column). The increased heifer slaughter means that these breeding animals are not returning to the herd to replace the cows that are being culled, all adding up to lost U.S. production in the years ahead. In the next year or two, the U.S. will have the lowest number of cows since the 1950s, ultimately translating into lower beef supplies and a firmness to wholesale beef prices.

## TRADE

Live hog prices in **China** have strengthened considerably in the last few weeks, with faster growth registered in the last week. Yesterday, the national average live hog price of RMB 22.82/kg. was 44% higher than a month earlier, reaching the highest level since early May 2021. The recent bull market appears to be driven by supply rather than demand factors. Hot and rainy weather is anathema to consumption and heavy precipitation and flooding in southern China has slowed the transport of live hogs from farms to plants. Producers are also holding back sales in anticipation of further price rises, causing hog weights to rise from the 115-118 kg range of early May to the current level of 125 kgs. Announcements of reserve purchases by the government have also propelled bullish sentiment; China's government has issued bids for 518,000 tons of pork so far this year. Although the transacted volume of purchases has been far lower, the government intention to set a floor price has helped market. In its most recent bid on June 24<sup>th</sup> for 40K tons of reserve purchases, no transactions were reported at the offer price of U.S. \$1.71/lb. The state usually buys picnics and/or hams for the reserves, cuts also favored by processors. Foreign suppliers are hopeful that higher hog prices will translate into more imports. China's imports of pork muscle cuts in May of 125K tons were the lowest since Feb 2019. Although demand has improved since the Shanghai lockdowns of April and May, continued restrictions on foodservice operations and population mobility difficulties are still negatives to a resumption of pre-lockdown consumption behavior. Last week, the central government announced an important relaxation in internal travel requirements, which could help fuel domestic business travel and tourism.

China's pork imports are closely related to domestic live hog prices

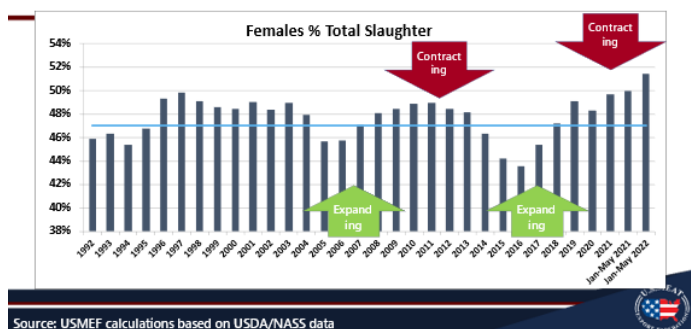


Source: TDM, USMEF China, top exporter volumes, excludes variety meats, forecast for April 2022-Dec 2022

## 供应与需求

尽管7月4日美国独立日的结束使眼肉市场的购买情况趋于疲软，但美国特选级牛肉上周五的分切价格相比前一周仍保持稳定。西冷的价格逆势上涨。在刚刚过去的这个周末，大量的美国人在户外烧烤，汉堡包和热狗占据了假日菜单。牛肉分切价格通常会在美国独立日之前开始下跌，但今年的牛肉价格一直保持坚挺，而今年迄今的牛肉产量较去年创纪录的产量还增长了0.9%。与2019年疫情前相比，牛肉分切价格增加了21%，这也证明了强劲的国内和国际需求。虽然机构买家对由于消费者通货膨胀担忧而导致的需求下降持谨慎购买态度，但他们也意识到美国的牛群数量正在紧缩，并且预计未来几年牛肉供应量将减少。美国农业部最新的饲养场报告显示，6月1日饲养场的育肥牛只数量创下纪录，但供应的紧张情况也即将到来(请参见下一栏)。上周，由于谷物价格走弱，牛只饲养者们压力有所减轻，但在未来几周，受天气影响市场将会继续波动。今年前25周的美国牛肉出口量同比增加3%。美国农业部报告称，6月23日当周，美国牛肉出口量和销售量都很大，其中包括对中国的出口，中国由于疫情带来的封锁正在放松。

Larger ratio of female cattle in slaughter indicates the U.S. is in a herd liquidation phase, with the share growing in 2022 due to intensifying drought conditions

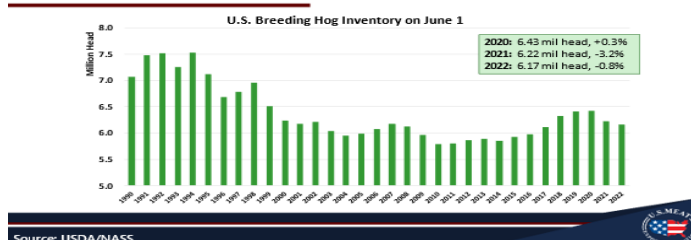


Source: USMEF calculations based on USDA/NASS data

美国农业部牛肉屠体价格指数(特选级): 2022年7月5日 - \$264.66 美元/百磅 (较2022年6月17日减少1%)

由于猪腹部的现货价格出现了两位数的大幅下跌，上周猪肉批发价格走低。肋排和背脊肉价格也在7月4日独立日假期购买活动减弱后下跌，但是后腿肉价格因头号后腿肉出口市场墨西哥的需求持续强劲而上涨。中国的生猪价格也出现飙升，为上半年需求极度疲软带来了一些希望。尽管瘦肉猪期货价格上周五收低，但美国农业部最新的生猪季度报告略显乐观，生猪存栏量和可出栏生猪数量均略有下降，下降了1%。6月1日的能繁母猪存栏量为617万头，比去年同期下降1%。能繁母猪存栏量目前处于5年来的最低水平，自2019年12月1日疫情大流行前以来下降了7%。生产者的利润受到谷物价格高企和出口下降的双重打击。截至6月23日，美国猪肉出口量同比下降24%，减少了23万吨。这相当于每周减少约460个集装箱的出口，这是一个不小的数字。展望未来，生产商表示，他们打算在6-8月和9-12月这两个季度比一年前减少1%左右的生猪产量。这意味着今年剩余时间的猪肉屠宰水平和猪肉供应将略有下降。截至上周，美国猪肉屠宰率同比下降4.2%，猪肉产量下降3.5%。

2022 June breeding hog inventory down 0.8% year-over-year



Source: USDA/NASS

猪屠体分切价格: 2022年7月5日 - \$114.48 美元/百磅 (较2022年6月17日减少<1%)

美国肉类出口协会活动预告:

- 新加坡国际食品与饮料展 - 新加坡: 2022年9月5-8日
- FHC 上海环球食品展: 2022年11月8-10日
- SIAL 国际食品展(上海): 2022年12月7-9日

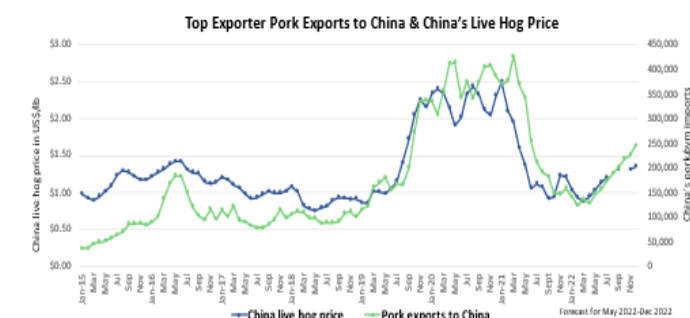
## 产业动态

就在6月1日，在美国进入饲养场的育肥牛数量已经达到历史最高值，官方市场分析师和各路牛肉买家(屠宰商、加工厂、贸易商)都在思考一件事，活牛市场供应量预计何时会开始收紧?在美国农业部最新的每月牛只数量普查报告中显示，6月1日在饲养场的育肥牛只数量达到了1184.6万头，创下了每年这个时候的最高饲养量记录并且比2021年同期增长1%，干旱天气对牧场和放牧条件持续带来恶劣影响。尤其在南部平原地区，年幼的小牛犊和小母牛提早进入饲养场接受饲料喂养，而这也是肉牛平均育肥时间变长的原因。在今年的前5个月，送进育肥厂体重在700磅以下的牛只比2021年同期多7万头，而体重在800磅以上的牛只比去年同期少18000头。尽管仍有大量育肥牛供各加工厂使用，但也很难避免活牛市场的供应量紧缩的形势。在5月份，被送入饲养场的牛只数量同比下降2%，而出栏量(即肉牛符合屠宰标准)增涨了2%。虽然，8月份育肥牛期货合约的交易价格低于当前现货交易价格，但上周育肥牛的现货交易价格已经创下了今年新高。通常来说，夏季育肥牛的价格普遍走低，但今年的价格被市场不断抬高，究其原因，归咎于各屠宰商大肆囤购育肥牛，以及美国农业部最佳级和精选级育肥牛胴体供应量下滑。在牛肉评级方面，由于美国南部平原地区的育肥牛胴体等级较低，这增大了南部饲养场(如德克萨斯州)和北部饲养场(如内布拉斯加州和爱荷华州)的育肥牛之间的价格差距，而北部饲养场的育肥牛胴体等级始终高于南部地区。尽管现有育肥牛的数量很多，但美国北部地区高昂的育肥牛价格已经预示着活牛市场供应量紧张的趋势，这也意味着牛种繁殖群正在减少。育肥的小母牛数量达到了5年以来的最高水平，但奶牛的屠宰频率已远超过2012年的大规模宰杀时的水平(见前一专栏图表)。增加小母牛的屠宰量也无法顶替被屠宰的奶牛数量，这些因素都会促使美国未来几年的活牛产量受损。在未来一两年内，美国的奶牛生产量将达到上世纪50年代以来的最低水平，这最终会造成牛肉供应量减少，而牛肉的批发价格不容乐观。

## 贸易新闻

过去几周里，中国生猪价格大势走高，上周增长速度尤为显著。昨日，全国生猪平均价格为22.82元/公斤，比一个月前高出44%，也是自2021年5月初以来的最高水平。最近价格高涨的生猪市场受到养殖端的影响偏多，炎热多雨的天气是消费者购买猪肉的淡季，中国南方地区的强降水和洪水延缓了生猪从农场到屠宰厂的运输计划。由于生猪生产商们预计成交价格会进一步上涨，压栏惜售的局面导致生猪的养殖重量从5月初的115-118公斤上升到目前的125公斤水平。国家连续的冻猪肉收储消息也促使大家对行情的看涨;今年到目前为止，政府已经发出了51.8万吨冻猪肉招标计划。虽然拍卖实际成交量很低，但政府设定的指导价对市场稳定做出了一定的贡献。在6月24日最新的4万吨收储招标中，每磅猪肉1.71美元的成交量为零。国家收储冻猪肉部位通常是各加工厂选择偏多的前腿和后腿肉。国外的供应商希望，生猪的价格上涨可以带来更多进口到中国的机会。中国5月份的猪肉进口量为12.5万吨，为2019年2月以来的最低水平。尽管自4月和5月上海封城以来，进口需求有所提高，但因疫情对餐饮服务的限制和有限的人员流动范围，仍然不利于恢复到封城前的正常商业消费环境。上周，中央政府针对国内旅行条例出台了一项新政策，这有助于加速对国内商务旅行和旅游业的恢复。

China's pork imports are closely related to domestic live hog prices



Source: TDM, USMEF China, top exporter volumes, excludes variety meats, forecast for April 2022-Dec 2022