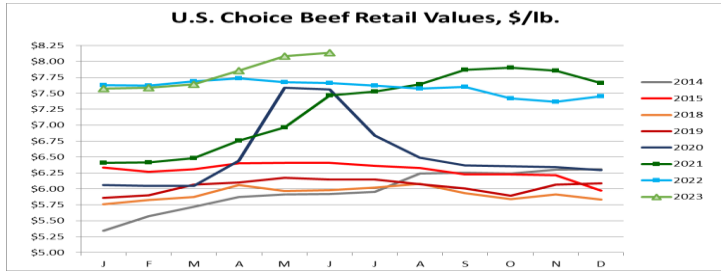


## SUPPLY & DEMAND

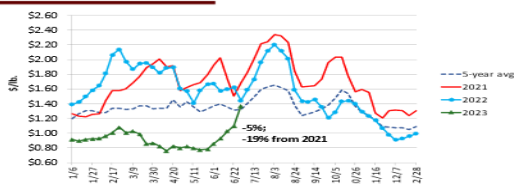
Lower spot demand by institutional buyers of steak cuts pressured beef wholesale prices downward last week, the 4<sup>th</sup> consecutive week of declines. Extreme heat affecting 60-80 million U.S. residents kept grillers & smokers indoors; declines in rib & loin values were most pronounced, but reference values of all beef primal items slumped due to the heat and normal post-July 4<sup>th</sup> weak seasonal summer demand. Despite the swoon in beef prices, live cattle prices stayed mostly firm throughout the week, but mixed signals characterized market dynamics. The drop in the U.S.'s inflation rate last week raised the prospect of an economic soft landing, a big outlook change from just several months ago when the financial community was factoring in a recession (see MOVING AHEAD next column). What this means for H2 2023 beef demand is unclear as market dynamics continue to be driven by tightening cattle supplies. Moving forward, beef processors will try and tweak weekly slaughter levels in alignment with movements in wholesale beef markets. Retailers will need to tweak in-store marketing strategies as high wholesale prices squeeze margins and high retail prices discourage consumption. The good news for supermarket operators was that beef performed well during the July 4<sup>th</sup> holiday, especially ground beef which market analyst's Umer Barry note was being featured at up to 20% discounts to year-ago prices, and unlike other beef cuts which are retailing at higher prices YOY (see GRAPH below). U.S. beef exports continue to lag, with significantly lower shipments and new sales reported during the week ending July 6<sup>th</sup>. On the positive side, the new CPI data pushed the U.S. dollar lower and there were reports of a pick-up in activity in China's imported beef wholesale market.



**Beef Choice Beef Cutout Value: 17/7/2023 - US\$306.78/cwt. (-2% from 10/7/2023)**

USDA's composite pork cutout value surged to over U.S. \$1.00/lb. last week, as wholesale belly prices spiked, and ham prices firmed on continued export interest. The rise came despite noticeable softening in picnic and rib values. Wholesale belly prices have leapt as falling retail bacon prices have enticed consumers back to the item; bacon prices jumped to over U.S. \$7.50/lb. during Q4 2022, stifling demand and driving belly prices lower during Q1 of this year (see CHART below). According to just released U.S. inflation data, bacon prices have now dropped 10% YOY and this summer, retailers are again running bacon specials (see MOVING AHEAD next column). Retail featuring of pork was pronounced over the July 4<sup>th</sup> holiday as tightening beef supplies have widened pork's competitiveness, especially for summer grilling items like ribs. Lean hog futures followed the cash market higher last week, with the August futures contract hitting a 4-month high. Since late May when the August contract hit its nadir at U.S. \$0.76/lb., a positive turn in U.S. pork market fundamentals has seen the contract value rise to \$0.96/lb. On the international side, last week's latest USDA Livestock and Poultry: World Markets and Trade report highlighted the continued decline in EU pork export competitiveness (see TRADE next column). U.S. pork export activity during the holiday week ending July 6<sup>th</sup> slowed from prior weeks, leaving analysts pondering whether the recent jump in U.S. prices may be pinching international buying interest.

## U.S. Pork Belly Primal



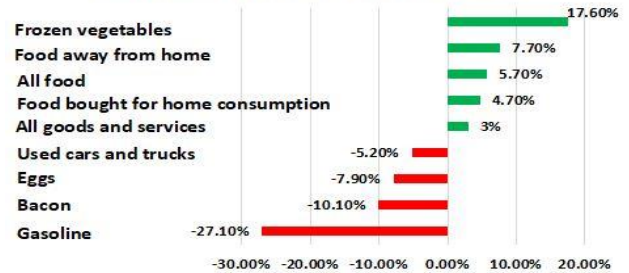
Source: USDA/AMS

**Hog Carcass Cutout Value: 17/7/2023 -US\$112.71/cwt. (+4% from 10/7/2023)**

## MOVING AHEAD

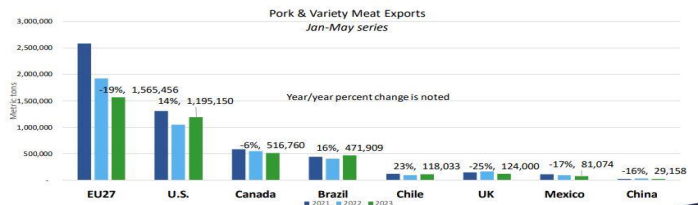
The monthly release of the U.S. consumer price index (CPI), calculated by the Bureau of Labor by sampling prices of over 80,000 goods and services, can influence U.S. wholesale meat markets. Consumers & investors received good news last week when the U.S. reported an annualized inflation rate of 3%, the lowest since March 2021. The announcement caused the U.S. dollar to fall against the Euro and Yen on expectations that a decline in consumer inflation will prompt the U.S. Federal Reserve to halt interest rate hikes. A fall in the U.S. dollar would make U.S. red meat prices more affordable to foreign buyers. The June report, which pegged the inflation rate for all items at 3%, also highlighted shifts in U.S. retail food & meat prices. Average supermarket prices for all food purchased for home consumption rose 4.7% YOY, while menu prices at restaurants, where surging labor costs have squeezed operating margins, increased 7.7% (see CHART below). Last week, mass media outlets trumpeted the 8% & 10% respective YOY declines in average prices for eggs and bacon, breakfast staples for American households. Media coverage of falling bacon prices, and increased promotions at grocery stores, have stimulated consumption, which has helped invigorate pork belly wholesale prices & the overall pork cutout value (see CHART previous column). On the beef side, average U.S. retail prices in June of popular items including ground beef and roasts were a modest 2.3% and 1% higher YOY respectively. Frozen chicken and chicken part prices were 1.9% lower. The decline in the U.S. inflation rate was viewed as more evidence of the normalization of global economic activity & supply chains post-pandemic. Average international shipping costs are down more than 90% from their peak levels in 2021 and most major port congestion issues have been resolved. Moving forward, concern is now developing about overall global demand; according to HSBC, developed country trade volumes have dropped 2.5% so far this year & exports from trade dynamos including **China, Vietnam and South Korea** are noticeably weaker.

Annual Inflation rates: Selected items for Jun 2023



## TRADE

The volume of global pork trade contracted 5% during the 1<sup>st</sup> 5 months of 2023 compared to the year-earlier period. A sharp 19% contraction in #1 exporter European Union shipments accounted for most of the decline, with increased exports by the U.S. and up-and-coming international competitor **Brazil** unable to compensate for the EU's decline. Brazil could soon surpass **Canada** as the 3<sup>rd</sup> largest global pork exporter after the EU & the U.S., with total production expected to increase by over 10% over the next 5 years. Brazil's access to international markets remains constrained however, as the country continues to vaccinate herds against FMD in most of its states. In April, The Brazilian Agriculture Ministry banned the use of FMD vaccines in 7 more of its 26 states in an effort to attain country-wide FMD-free status by 2026. USDA estimates that Brazil will export 31% of its 4.425 million tons (carcass weight equivalent) of pork production this year. USDA issued its quarterly report on world livestock & meat markets last week, noting the loss in EU competitiveness and the rise in Brazilian and U.S. exports. EU pork production dropped 5% last year and is forecast to fall another 5% this year, resulting in the loss of nearly 2 million tons of production across the continent. **Canada's** pork industry has also faced headwinds including the closure of a processing plant in Quebec, high input costs & more recently, a strike by workers at west coast Canadian ports. The latter was resolved last week.



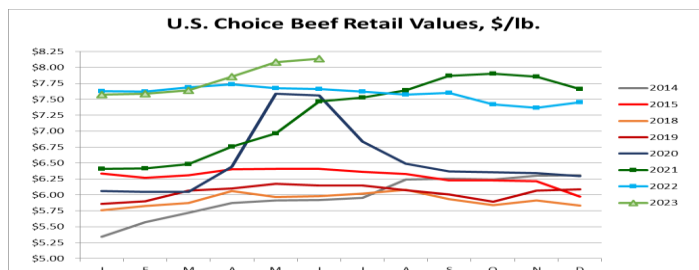
Source: TDM, USMEF, includes HSO206 variety meats

## ACTIVITIES:

Restaurant and Bar, Hong Kong: September 5-7, 2023  
 FHC Shanghai Global Food Trade Show: Nov 8-10, 2023

## 供应与需求

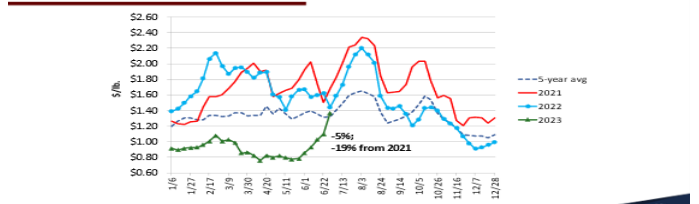
由于机构买家对牛排分切部位的需求下降，导致上周牛肉批发价格受到下行压力，已经连续4周下降。炎热天气影响着6000-8000万美国居民，使得人们无法进行户外烧烤和熏制食品；肋排部和腰脊部价格的下降尤为显著，而由于高温以及七月四日后传统的夏季需求旺季结束，所有牛肉初级分切产品的参考价格都有所下滑。尽管牛肉价格大幅下跌，活牛价格在整个周内仍然保持坚挺，但市场对未来走势给出了许多不一致的信号。上周公布的美国六月CPI大幅下降增加了经济降温可能实现软着陆的前景，并与几个月前金融界预测经济衰退形成鲜明反差（详见产业动态专栏）。这对2023年下半年牛肉需求意味着不确定性，因为市场继续受到牛只供应收紧驱动。未来，牛肉加工商将努力根据批发市场变化调整每周屠宰量。零售商需要调整店内营销策略以应对高批发价格挤压利润空间的情况。对超市经营者来说，好消息是七月四日节日期间牛肉表现良好，特别是绞牛肉，根据市场分析师 **Uerner Barry** 的数据显示，与去年同期相比，绞牛肉以高达**20%**的折扣价销售，而其他牛肉分切部位零售价格则呈现出同比上涨的趋势（见下图）。美国牛肉出口仍然疲软，在截至7月6日的一周内报告了大幅减少的货运量和新销售额。积极方面是，新的CPI数据导致美元贬值，并有报道称中国进口牛肉批发市场活动有所回暖。



美国农业部牛肉屠体价格指数（特选级）：2023年7月17日 - \$306.78 美元/百磅（较2023年7月10日减少2%）

上周，美国农业部的综合猪肉分切价格飙升至每磅1.00美元以上，腹部肉批发价格飙升，并且后腿部价格因持续的出口兴趣而坚挺。尽管肩胛部和肋骨部价格明显疲软，但价格仍然上涨。由于零售培根价格较低，吸引消费者重新购买该产品，使得批发腹部肉价格大幅上涨；疫情期间，培根价格在2022年第四季度跃升至7.50美元/磅以上，使得需求受到抑制，今年第一季度腹部肉价格下降（见下图）。根据刚刚发布的美国通胀数据，培根价格现已同比下降**10%**，今年夏天，零售商再次推出培根特价商品（见产业动态）。7月4日假期期间，猪肉零售特色明显，因为牛肉供应收紧扩大了猪肉的竞争力，尤其是排骨等夏季烧烤食品。上周瘦肉猪期货价格跟随现货市场走高，8月期货合约价格触及4个月新高。自5月下旬8月合约价格触及最低点0.76美元/磅以来，美国猪肉市场基本面好转，合约价格升至0.96美元/磅。在国际方面，上周最新的美国农业部畜牧业和家庭用世界市场和贸易报告重点指出，欧盟猪肉出口竞争力持续下降（见下一栏贸易新闻）。截至7月6日的假日周，美国猪肉出口活动较前几周放缓，这让分析师思考美国价格近期的上涨是否会抑制国际购买兴趣。

## U.S. Pork Belly Primal



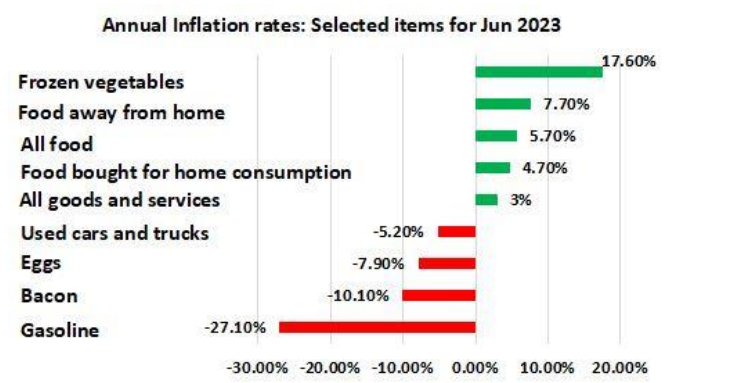
Source: USDA/AMS

猪屠体分切价格：2023年7月17日 - \$112.71 美元/百磅（较2023年7月10日增加4%）

美国肉类出口协会活动预告：  
 香港餐饮展 - 香港：2023年9月5-7日  
 FHC 上海环球食品展：2023年11月8-10日

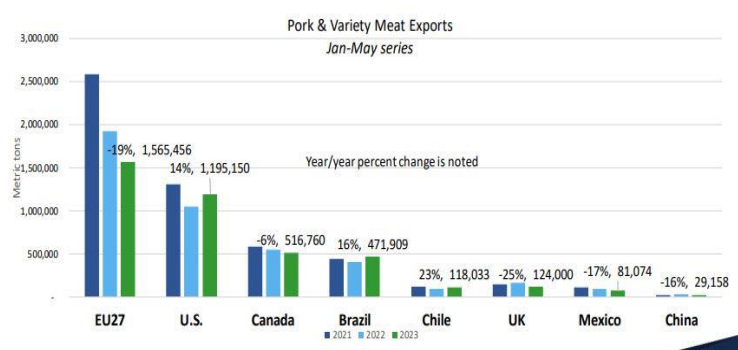
## 产业动态

美国每月消费者价格指数 (CPI) 是由劳工局通过对 80,000 多种商品和服务的抽样价格计算得出的，可以引起肉类批发市场的波动。美国消费者和投资者上周收到好消息，美国报告年化通胀率为**3%**，为2021年3月以来最低。该公告导致美元兑欧元及日元下跌，因市场预期消费者通胀下降将促使美联储停止加息。美元贬值将使外国买家更能接受美国红肉的价格。6月份的报告将所有商品的通胀率定为**3%**，还强调了美国零售食品和肉类价格的变化。所有家庭消费食品的超市平均价格同比上涨**4.7%**，而餐馆的菜单价格因劳动力成本飙升挤压了营业利润，增加了**7.7%**（见下图）。上周，大众媒体大肆宣扬美国家庭早餐主食鸡蛋和培根的平均价格同比分别下降**8%**和**10%**。有关培根价格下跌的报道以及杂货店促销活动的增加刺激了消费，这有助于提振腹部肉批发价格和整体猪肉分切价格（参见上一栏图表）。在牛肉方面，6月份美国受欢迎的牛肉产品（包括绞牛肉和烧烤部位）的平均零售价格同比分别小幅上涨**2.3%**和**1%**。冷冻鸡肉和鸡肉分切部位的平均价格下降了**1.9%**。美国通胀率的下降被视为疫情后全球经济活动和供应链正常化的更多证据。平均国际运输成本较2021年峰值下降**90%**以上，大多数主要港口拥堵问题已得到解决。展望未来，人们对全球整体需求的担忧正在加剧；根据汇丰银行的数据，今年以来发达国家的贸易额已下降**2.5%**，中国、越南和韩国等贸易强国的出口明显疲软。



## 贸易新闻

2023年前5个月，全球猪肉贸易量较去年同期大幅萎缩**5%**。欧盟第一大出口国的出口量急剧萎缩**19%**是下降的主要原因，美国和新兴国际竞争对手**巴西**的出口增加无法弥补欧盟的下降。巴西可能很快就会超过**加拿大**，成为继欧洲和美国的第三大猪肉出口国，未来5年总产量预计将增长**10%**以上。然而，巴西进入国际市场的机会仍然受到限制，因为该国继续在大多数州为种群接种口蹄疫疫苗。4月，巴西农业部禁止在26个州中的7个州使用口蹄疫疫苗，以期到2026年在全国范围内实现无口蹄疫的目标。美国农业部估计，巴西今年442.5万吨（胴体重量当量）猪肉产量中的**31%**将用于出口。去年欧盟猪肉产量下降了**5%**，预计今年产量还将再下降**5%**，导致整个欧洲大陆产量损失近200万吨。美国农业部上周发布了世界牲畜和肉类市场季度报告，指出欧盟竞争力下降以及巴西和美国出口增长。**加拿大**猪肉行业也面临阻力，包括魁北克省一家加工厂的关闭、投入成本高以及最近加拿大西海岸港口工人的罢工。罢工已在上周结束。



Source: TDM, USMEF, includes HS0206 variety meats