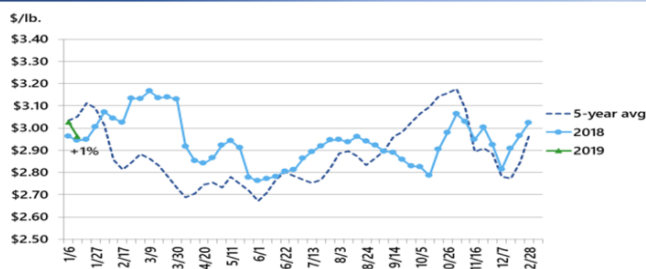


SUPPLY & DEMAND

The beef cutout moved lower last week, with weakness seen across all primals. As of last Friday, domestic buyers were still working off holiday inventories. Prices normally firm in mid-January as holiday-shortened production creates supply constraints, but so far this year, this seasonal firmness has not materialized. Chuck and round demand usually helps the cutout firm in January, but end meat movement has so far been weak (see graph below). Cash cattle markets were relatively inactive last week, and fed cattle prices closed last Friday in line with the previous week. While the market remains somewhat lackluster, packers and distributors are pleased about the high quality beef they are processing. In the latest reporting week (last full week of December), over 82% cattle that were USDA graded reached the USDA PRIME and CHOICE level, equaling the record set earlier in the month. Industry analysts expect grading to continue to set new records this year as higher quality genetics are resulting in improved animals. The increase in the genetic improvements was accelerated by the drought of 2010-2012, which saw producers cull lower performing breeding cows. USDA expects another year of increased beef production this year (see MOVING AHEAD next column), but the high rate of herd expansion that began 5 years ago has started to moderate. If the strong export demand of last year persists this year, analysts believe that cattle prices could remain near this year's level despite the forecasted output increase.

Choice Chuck Roll 1x1

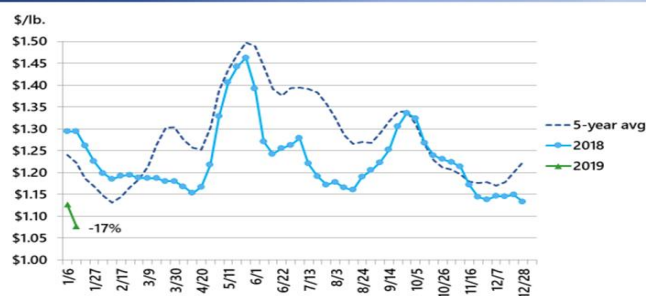


Source: USDA/AMS

Beef Choice Beef Cutout Value: 14/1/2019 – US\$212.02/cwt. (-1% from 7/1/2019)

The pork cutout moved higher last week based on a sharp increase in primal belly values. Compared to the previous week, the belly primal ended last Friday +7%, while hams moved higher by +3%. Boneless butts dropped 4%, and butts are now valued over 20% lower than the same period last year and are sitting at the lowest level since March 2016 (see chart below). Live hog prices gained last week and futures markets are trading at a significant premium to cash values, and despite forecasts for sharply higher production this year. The market believes a solution may be in sight for the current trade friction with China.

Pork Boneless Butt



Source: USDA/AMS, ¼ in trimmed, vacuum packed

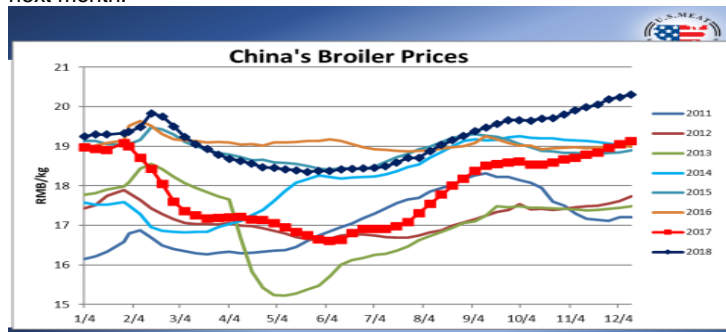
Hog Carcass Cutout Value: 14/1/2019 – US\$71.19/cwt. (+1% from 7/1/2019)

MOVING AHEAD

The U.S. meat processing industry enjoyed a record year in 2018, despite an abundance of beef, pork and poultry and the implementation of additional import duties by major export markets **China** and **Mexico**. Meat processors, at least those that are publicly traded, reported record financial results, and **Tyson Foods** became the 1st company ever to report beef-derived income over U.S. \$1 billion. Consumption and exports were strong, driving these profits, but what are analysts forecasting for 2019? On the supply side, the U.S. will again be awash in red meat and poultry. USDA is currently estimating that total beef, pork, lamb & poultry output this year will reach 105.570 billion pounds (47.886 million tons), a 3% year-on-year increase. This growth rate will exceed the 2.4% increase of last year's output over that of 2017. USDA's Economic Research Service predicts 2019 broiler meat output at 19.67 million tons (+1.7%), beef at 12.62 million tons (+3.3), and pork at 12.571 million tons (+5.3%). The accelerated growth rate this year suggests more trying times for processors, and demand – both at home and abroad – will be key to the industry maintaining healthy financials. Trade remains uncertain, with the U.S. entering the new year with tariffs still in place in China and Mexico, and facing new competition in Japan through the implementation of the new EU-Japan Economic Partnership Agreement. Japan, the USA's largest meat & poultry export market, accounted for approximately 22% of the total value of U.S. animal protein exports exported from Jan-Nov 2018 (\$14.3 billion). U.S. demand was strong last year, but the U.S. economy may not fire on all cylinders in 2019. In addition to a potential demand slowdown, the processing industry faces labor shortages throughout the supply chain. Meat company executives have identified labor as their #1 operational issue. Plants are reporting great difficulties in hiring workers, and the shortage extends to the critical trucking industry, where meat transportation costs are rapidly rising due to a shortage of truck drivers.

TRADE

China's outbreak of African Swine Fever continues to tantalize livestock trade analysts who seek clues to whether the disease will lead to increased imports of pork. Estimates of the impact must focus on possible reductions in pork supply, but also pork demand. Some market watchers have noticed that demand for pork in China has been negatively affected, due to apprehension by consumers over pork safety, and despite Chinese government public assurances that ASF does not contribute a human health risk. In addition to ASF-related decreases in demand, food and beverage restaurant & institutional sales, especially in 1st tier cities, have been soft due to the overall weakening of the economy. Evidence of weaker pork demand can be seen by the surge in China's poultry prices, with prices for some items near record levels. China's poultry imports through November of 2018 were up about 12% to 460 thousand tons, but way below the pace of a decade ago when imports were nearly 75% larger. **Brazil** now accounts for approximately 85% of China's import needs, but since early June of last year, have been shipping under temporary anti-dumping duties. Final anti-dumping duties are expected to be announced as early as next month.



ACTIVITIES:

SIAL, Shanghai : May 14-16, 2019

Hofex, Hong Kong: May 7-10, 2019

Food Show, Taipei June 19-22, 2019

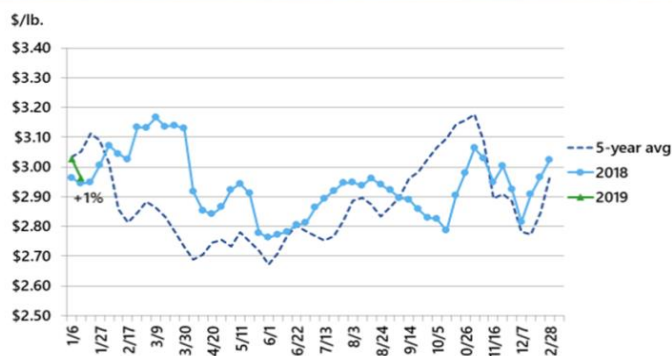
供应与需求

上周牛肉屠体分切价格下降，所有大分切均出现疲软。截至上周五，国内买家仍在减少假期库存。价格通常在 1 月中旬比较坚挺，因为假期而减少的产量造成了供应紧张，但今年到目前为止，这种季节性的价格坚挺还没有实现。肩胛和后腿部的需求通常有助于 1 月份的牛肉屠体分切坚挺，但到目前为止肉类出货量疲软（见下图）。上周现金牛市场相对不活跃，上周五美联储牛肉价格与前一周持平。虽然市场仍然有些低迷，但屠宰商和经销商对他们正在加工的优质牛肉感到高兴。在最近的报告周（12 月的最后一周），超过 82% 的美国农业部评级牛达到美国农业部极佳级和特选级水平，相当于本月早些时候创造的纪录，行业分析师预计今年评级将继续创下新的记录，因为更高质量的遗传基因促进了动物改良。2010 - 2012 年的干旱加速了遗传基因的改良，生产者淘汰了表现较差的繁殖母牛。美国农业部预计今年牛肉产量将再增加一年（见“产业动态”），但 5 年前开始的高牛群增长率开始放缓。如果今年有和去年一样强劲的出口需求，分析师认为尽管预测产量增加，但牛价仍可能与今年持平。

产业动态

尽管有大量牛肉，猪肉和家禽，并且主要出口市场中国和墨西哥实施额外进口关税，但美国肉类加工业在 2018 年创下了历史新高。那些公开了交易的肉类加工商报告了创纪录的财务业绩，泰森食品公司成为有史以来第一家报告牛肉收入超过 10 亿美元的公司。强劲的消费和出口创造了这些利润，但分析师预测 2019 年的情况如何呢？在供应方面，美国将再次充斥着红肉和家禽。美国农业部目前估计，今年牛肉，猪肉，羊肉和家禽总产量将达到 1055.7 亿磅（4788.6 万吨），同比增长 3%。这一增长率比去年产量比去年超出了 2.4%。美国农业部经济研究局预测，2019 年鸡肉产量为 1967 万吨（+ 1.7%），牛肉为 1262 万吨（+3.3），猪肉为 1257.1 万吨（+ 5.3%）。今年的加速增长表明加工商的尝试时间更多，而国内外的需求将成为保持健康金融的关键。贸易依然不明朗，美国进入新的一年，中国和墨西哥的关税仍然存在，并且，新实施的欧盟 - 日本经济伙伴关系协议使美国在日本面临新的竞争。日本是美国最大的肉类和家禽出口市场，占 2018 年 1 月至 11 月出口的美国动物蛋白出口总值的约 22%（143 亿美元）。虽然去年美国的需求强劲，但美国经济在 2019 年可能并不是火力全开。除了潜在的需求放缓之外，加工业还面临整个供应链的劳动力短缺。肉类公司高管已将劳动力确定为他们的首要运营问题。工厂正在报告雇用工人的困难，而且短缺延伸到关键的货运业，由于卡车司机短缺，肉类运输成本迅速上升。

Choice Chuck Roll 1x1



贸易新闻

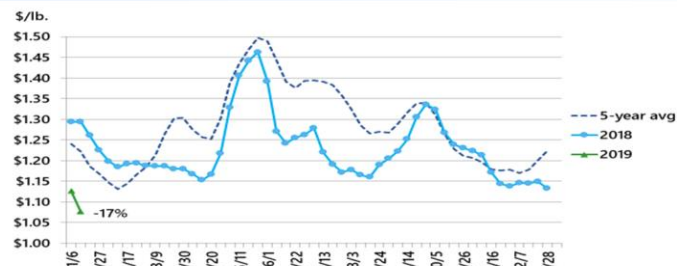
中国爆发的非洲猪瘟继续促使牲畜贸易分析师寻求线索，了解这种疾病是否会导致猪肉进口量增加。预计可能会导致减少猪肉供应，以及减少猪肉需求。一些市场观察人士注意到，尽管中国政府公开保证非洲猪瘟不会对人类健康造成风险，由于消费者对猪肉安全的担忧，中国对猪肉的需求受到了负面影响。除了因为非洲猪瘟导致的需求减少外，由于经济整体疲弱，食品和饮料餐厅及机构销售（尤其是一线城市）一直疲软。从中国家禽价格飙升可以看出猪肉需求的疲软，部分产品的价格接近历史最高水平。截至 2018 年 11 月，中国的禽肉进口量增长了约 12%，46 万吨，但远低于十年前近 75% 的进口量增速。巴西现在约占中国进口需求的 85%，但自去年 6 月初以来，一直有临时反倾销税。最终的反倾销税预计最早将在下个月公布。

Source: USDA/AMS

美国农业部牛肉屠体价格指数 (特选级)：2019 年 1 月 14 日 - \$212.02 美元 / 百磅 (较 2019 年 1 月 7 日减少 1%)

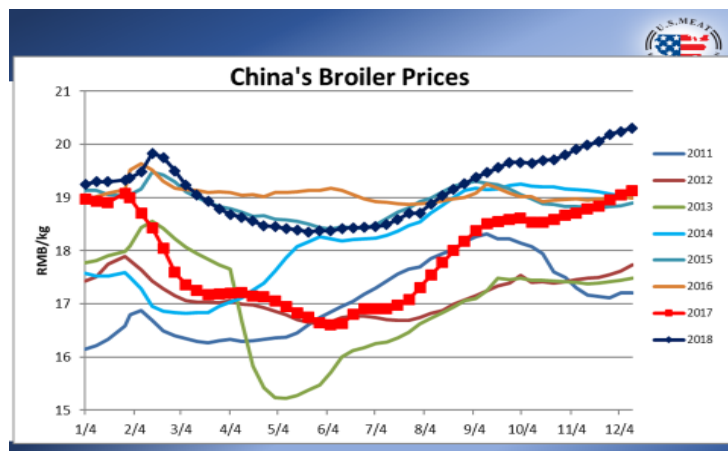
由于腹肋部分切价格急剧上升，上周猪肉屠体价格上升。与前一相比，上周五的腹肋部分切价格上涨了 7%，而后腿部分切上涨了 3%。去骨梅花肉下降了 4%，现在的梅花肉价值比去年同期低了 20%，并且处于 2016 年 3 月以来的最低水平（见下图）。上周生猪价格上涨，尽管预测今年产量将大幅增加。期货市场交易价格高于现金价格。市场认为目前与中国的贸易摩擦可能会有解决方案。

Pork Boneless Butt



Source: USDA/AMS. ¼ in trimmed, vacuum packed

猪肉屠体分切价格：2019 年 1 月 14 日 - \$71.19 美元 / 百磅 (较 2019 年 1 月 7 日增加 1%)



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: 2019 年 5 月 14-16 日

Hofex, 香港: 2019 年 5 月 7-10 日

国际食品展, 台北: 2019 年 6 月 19-22 日