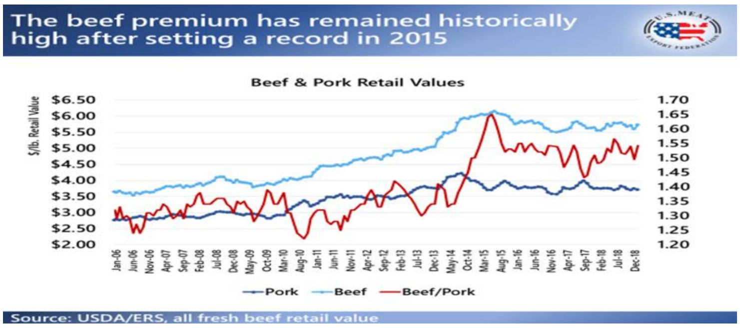
U.S. Meat Bulletin

Feb 19, 2019 Volume XI | Issue 2.2

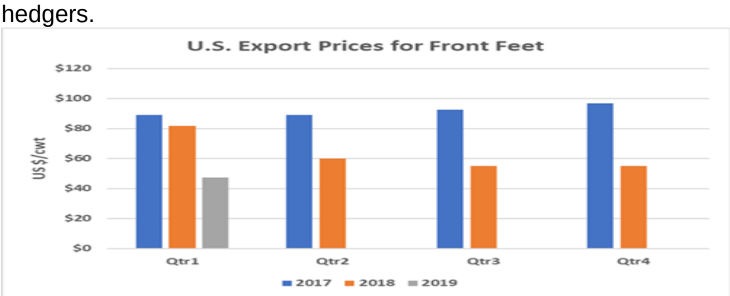
SUPPLY & DEMAND

Last Friday's beef cutout value remained similar to the previous week's close, with lower slaughter activity providing a counter to weak seasonal beef demand. Wintry weather is challenging feedlots and disrupting the movement of fed cattle to packing plants (see MOVING AHEAD next column). February is normally the lightest slaughter month and even though U.S. packers are killing more cattle than a year ago, some plants have started to reduce slaughter to maintain a supply balance with seasonally weaker consumer demand. The weather has helped the slowdown, and yesterday's U.S. holiday will see lower processing numbers this week. If seasonal demand patterns hold, the cutout should rally after March, and then further strengthen in May and through Q2. This will coincide with a growing supply of fed cattle in the spring. Year to date U.S. beef production is running 1.2% below the pace of a year ago, with slaughter down 0.8%. The ratio of beef to pork retail prices averaged 1.52 in 2018, which was up from 1.49 in 2017, meaning that on average, U.S. supermarket shoppers paid relatively more for beef than pork. With record large production levels of all protein, prices for competing proteins are affordable. With the cheaper pork prices, retailers may feature more pork this year, which could affect beef feature volumes. That said, during the run up to last Thursday's Valentine's Day, beef was the most prominent protein advertised at supermarkets, with heavy featuring of steak items such as ribeyes and tenderloins.



Beef Choice Beef Cutout Value: 15/2/2019 – US$216.85/cwt. (<-1% from 11/2/2019)

The pork cutout slipped further last week as processors ramped up slaughter activity and pork demand remained tepid. Year to date production is up 2.3% from last year with slaughter up 2.1%, and the average cutout close last Friday of U.S. $ 0.64/lb. was the lowest in several years. Tariffs continue to affect prices of major export items such as feet (see graph below). Despite the new low depths of spot pricing, futures moved a bit higher last Friday with some analysts predicting that hog supplies may tighten in the next few weeks. U.S.-China trade talks will continue this week and possibly next week, with last week's discussions yielding little new useful information for hedgers.



Hog Carcass Cutout Value: 15/2/2019 – US$63.03/cwt. (-4% from 11/2/2019)

ACTIVITIES:
SIAL, Shanghai : May 14-16, 2019
Hofex, Hong Kong: May 7-10, 2019
Food Show, Taipei June 19-22, 2019

MARKET MAKERS

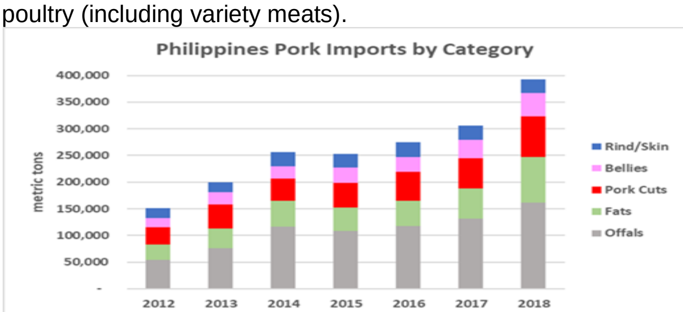
Following bankruptcy proceedings, the new owners of **Kane Beef Processors, LLC** have announced they plan to reopen the Texas facility. Kane Beef was acquired through auction by **JDH Capital** for $28 million approximately 10 days ago. Kane Beef processed 270,000 head of cattle in 2018.

MOVING AHEAD

Weather stories dominated livestock industry news last week. Winter storms continue to pummel the upper mid-west United States, causing poor feeding conditions at feedlots. Cold, snowy and wet weather increases feeding costs and reduces the average weights of fed cattle moving to plants. USDA data continues to lag because of the January government closure, but figures released from the week ending January 19 showed average carcass weights of 886 pounds increasing 3 pounds from the previous week. But data from the week ending January 12 showed that the average weight of fed steer carcasses was a substantial 13 pounds below the same week in 2018, equaling to a 1.5% drop. That roughly translates into an equivalent reduction in fed beef production, and helps explain the lower year-on-year beef production numbers to date. Despite the bad weather in the month since those last data points, analysts believe that weights moving forward will return closer to year-ago levels. While U.S. cattle country experiences a brutal winter, a torrent of rain in **Australia's** cattle rich Queensland has killed an estimated 1 out of 22 of the state's 11.1 million cattle, or approximately 500 thousand head, dealing a setback to the country's herd rebuilding effort. Just before the rains began 3 weeks ago, industry association *Meat and Livestock Australia* had estimated that drought would reduce the country's total cattle herd by 3.8% to 26.2M head by mid-2019. Queensland's cattle population accounts for over 42% of the country's total. Estimates of the flood damages to Queensland have climbed over A$1 billion.

TRADE

Total **Philippine** meat & poultry imports surged 22.7% last year to reach a record 850,000 tons according to data just released from the country's **Bureau of Animal Industry** (BAI). The rise from 2017's total import volume of 691,462 tons came as demand for raw materials by meat processors strengthened, along with overall increased purchasing by consumers of a range of animal protein products. According to USMEF analysis, the Philippines last year stood as the 6th largest global importer (volume basis) of fresh/frozen meat and poultry following **China/HK, Mexico, Japan**, the U.S. and **Korea**. Its trade levels were ahead of those of the collective members of the EU, and **Russia**. The Philippines is also the 6th largest importer of pork and pork variety meats, and approached Korea as being one of the largest tonnage growth markets of 2018 (i.e. for imports from all suppliers – see graph below). Although U.S. trade numbers are only available through November of last year, the Philippines was the 9th largest export destination of U.S. meat & poultry, purchasing US $231 million of beef, pork and poultry (including variety meats).

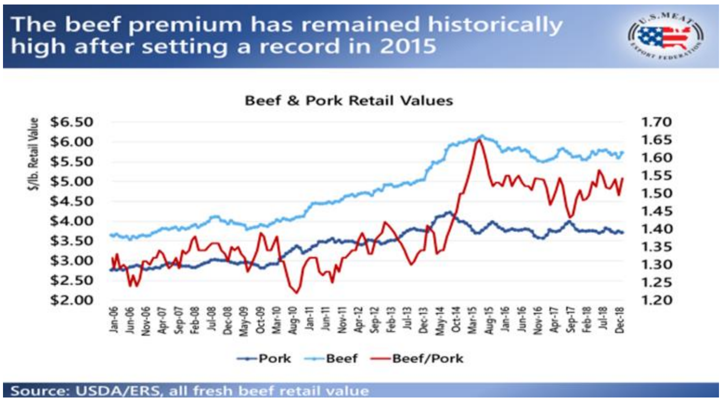


美 国 肉 品 新 知

2019 年 2 月 19 日　　第十一卷 2.2 期

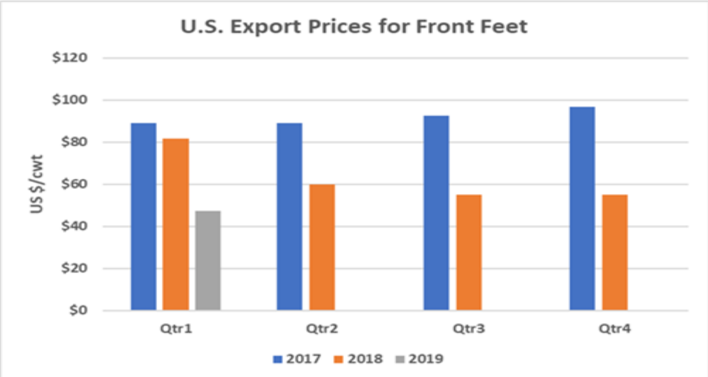
应与需求

上周五牛肉分切价格与前一周收盘价格持平，较慢的屠宰速度与季节性牛肉需求疲软对价格所带来的影响相互抵消。寒冷的天气为肥育场带来挑战，并中断已肥育牛只运送至屠宰厂的路线(见右栏产业新知)。二月通常是屠宰量最少的月份，尽管美国屠宰商比一年前屠宰更多牛只，一些屠宰厂因消费者需求季节性走软，已开始减少其屠宰量已维持供应平衡。天气有助於屠宰放缓，昨日的美国假期(美国总统日)也使得本周的屠宰量减少。若季节性需求持续疲软，那麼三月之後牛肉分切价格将反弹，并在五月和第二季度时走强。这将与春季时已肥育牛只供应增加的情况相吻合。年初至今美国牛肉产量比一年前减少 1.2%，屠宰量减少 0.8%。2018 年牛肉与猪肉零售价格的比率平均为 1.52，高於 2017 年时的 1.49，这意味着消费者於美国超市购买牛肉时的平均支出高於猪肉。由於所有蛋白质的产量均创下纪录，竞争性蛋白的价格更为亲民。随着猪肉的价格下跌，今年零售业者可能会促销更多猪肉，这将影响牛肉的销售量。於上周四情人节前夕，牛肉是超市宣传的主打商品，大量促销的牛排商品包括肋眼和菲力。



美国农业部牛肉分切价格指数 (特选级)：2019 年 2 月 15 日 – $216.85 美元 / 百磅 (较 2019 年 2 月 11 日减少小於 1%)

屠宰商屠宰速度增加，猪肉需求持平，导致上周猪肉分切价格进一步下跌。年初至今产量较去年同期增长 2.3%，屠宰量增长 2.1%；上周五猪肉分切平均价格收於每磅 0.64 美元，为近几年来最低水平。关税继续影响主要出口商品的价格，例如猪脚(见下图)。尽管猪肉现货定价创新低，上周五期货价格走高，一些分析师预测未来几周的活猪供应可能收紧。美中贸易谈判将於本周和下周继续进行，上周的会议讨论为套期保值者带来一些有用的新消息。



猪屠体分切价格：2019 年 2 月 15 日 – $63.03 美元/ 百磅 (较 2019 年 2 月 11 日减少 4%)

产业动态

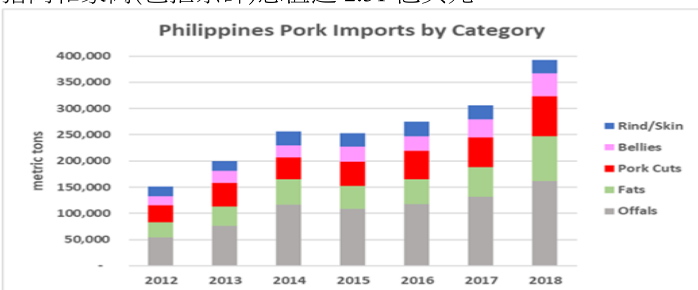
在完成破产程序之後，Kane Beef Processors, LLC 新的所有者宣布他们计画重新开放位於德克萨斯州的屠宰厂。JDH Capital 大约在 10 天前透过拍卖以约 2,800 万美元收购 Kane Beef。Kane Beef 於 2018 年屠宰 27 万头牛只。

产业新知

天气报导主导畜牧业新闻版面。冬季风暴持续袭击美国中西部上游，导致肥育场的肥育条件恶劣。寒冷、多雪和潮湿的天气增加了肥育成本，并降低运往屠宰场已肥育牛只的平均重量。由於一月美国政府关闭，美国农业部数据继续滞後，从 1 月 19 日结束当周的数据显示，平均屠体重为 886 磅，较前一周增加 3 磅。但 1 月 12 日当周的数据显示，已肥育小公牛屠体的平均重量比 2018 年同一周轻 13 磅，下跌 1.5%。这大致相当於已肥育牛肉减产的数字，也解释为何迄今为止同比牛肉产量会较低。尽管自上次数据发布以来本月天气恶劣，分析师认为，牛只重量将上升至更接近一年前的水平。虽然美国牛群经历了个严冬，但**澳洲**主要的牛只肥育州昆士兰所面临的大量降雨已导致该州 111,0 万头牛之中的二十二分之一死亡，或约 50 万头，造成该国畜牧重建作业遭到重挫。在三周前澳洲开始降雨之前，Meat and Livestock Australia 估计，至 2019 年中期，乾旱将使得该国的牛群总数减少 3.8% 至 262,0 万头。昆士兰州的牛只数量占该国总体牛只数量的 42%以上。这次水灾对昆士兰州所带来的损失估计已超过 10 亿澳币。

贸易新闻

根据**菲律宾** Bureau of Animal Industry (BAI)所公布的数据，该国的肉类和家禽进口总量去年飙升 22.7%，达创纪录的 85 万吨。由於肉类屠宰商对原料肉的需求增加，以及消费者对一系列动物蛋白质商品的采购量总体增加，2017 年菲律宾肉类进口量增长 691,492 吨。根据美国肉类出口协会的分析，去年菲律宾是继**中国/香港**、**墨西哥**、**日本**、美国和**韩国**後第六大冷藏/冷冻肉品和家禽进口国(以进口量计算)。其贸易水平领先於欧盟所有会员国和**俄罗斯**。菲律宾也是全球第六大的猪肉和猪杂碎进口国，其进口量趋近於韩国，是 2018 年进口吨位增长最多的市场之一(来自各供应国的进口量，见下图)。尽管美国的贸易数据仅於去年 11 月开始有效，菲律宾仍是美国肉类和家禽商品第九大的出口目的地，其所购买的牛肉、猪肉和家禽(包括杂碎)总值达 2.31 亿美元。



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