

Global Beef Market Outlook - in context: all meat, China

Richard Brown

Summary of slides presented to EC Beef & Veal Working Group

9th March 2020

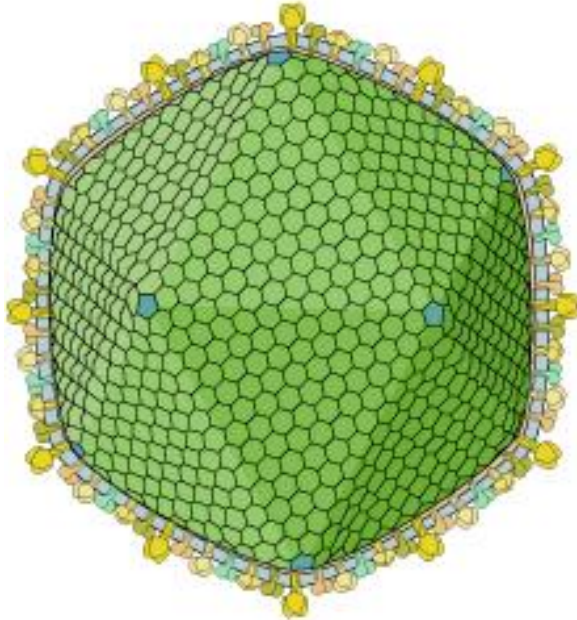
Brussels

Agenda

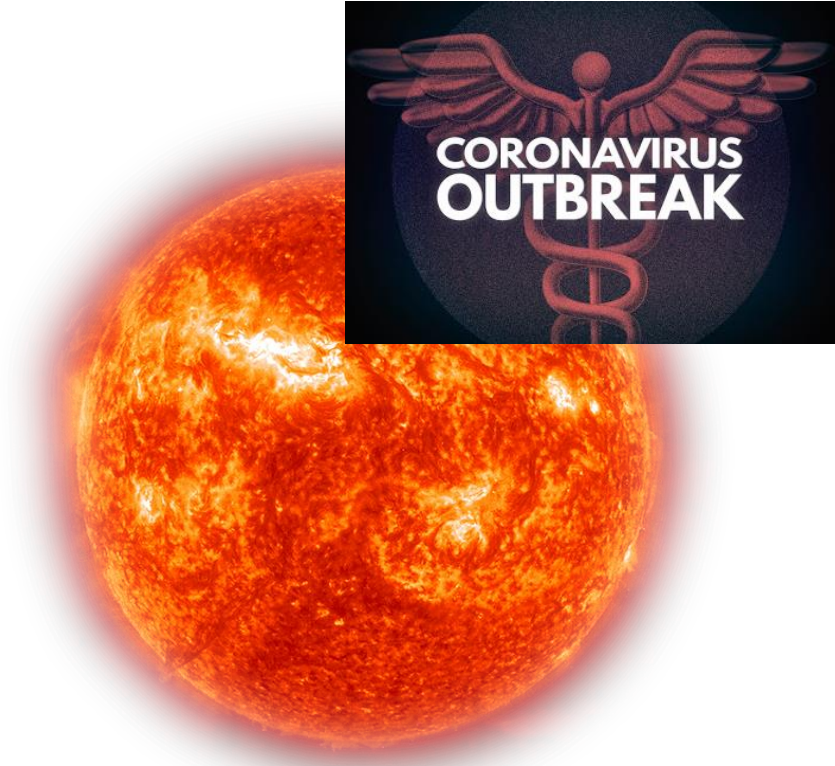
1. Overall global meat market context
2. Global beef market outlook – 2020f

The 2 major drivers of the world meat systems in 2019-2024

From very small to very large...



$R = \sim 100 \text{ nm}$

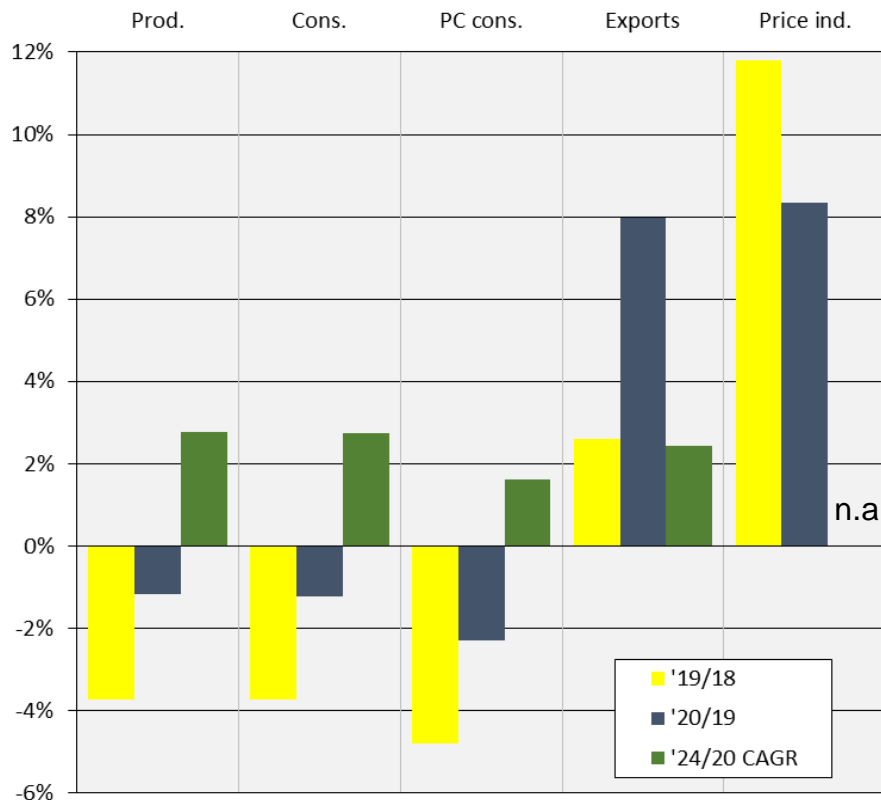


$R = 696,000 \text{ km}$

2019-24f All meat – global headlines

2019/20 Pk crisis has a major impact on the global meat sector

Global Meat Metrics



Source: Gira forecasts

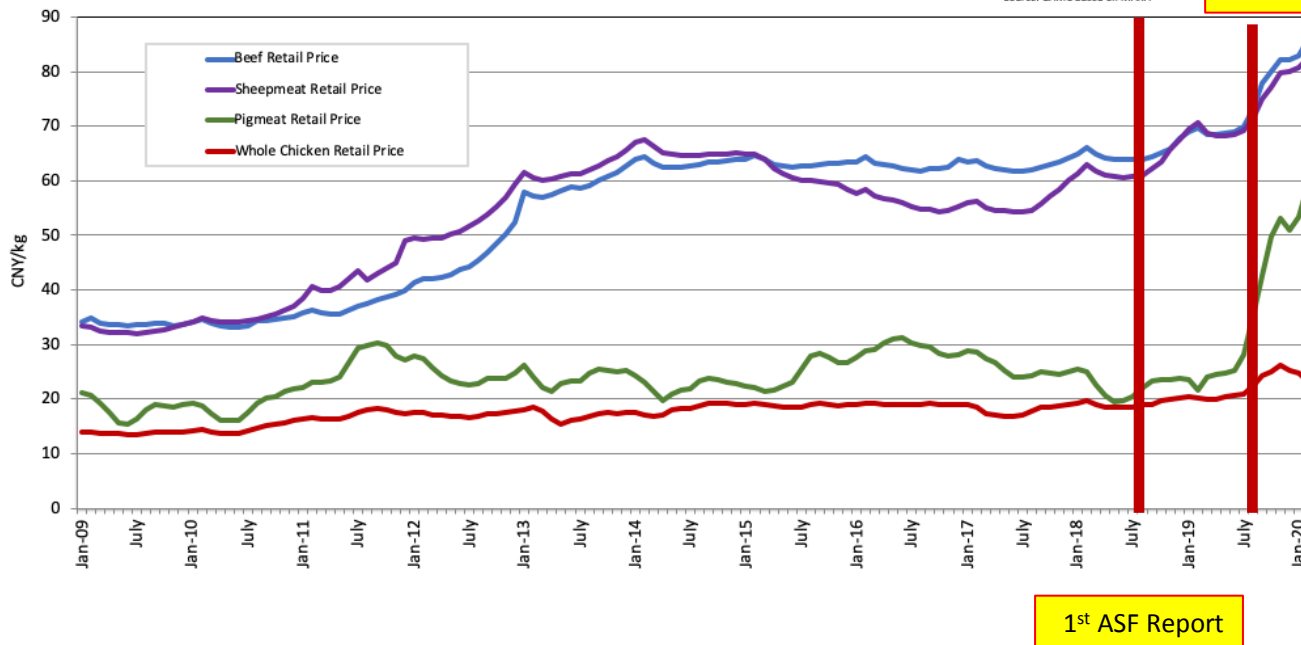
- ✓ CN/Asian **ASF-supply crisis is impossible to fill** in the short term with imports or other meats
 - strong boost - to everything - through 2024f ... compared to depressed 2020 levels
- ✓ Leading to **sharply higher prices** in short-medium term
- ✓ ... providing an **incentive** to increase production & trade
- ✓ ... until **COVID-19 in Jan-20, put the brakes** on CN economy & trade and ...

Chinese Retail Meat Prices

Thank you, ASF! ... not so welcome for GoC

Retail Prices, 2009-February 2020

Source: GAMC based on MARA



Wakeup Call

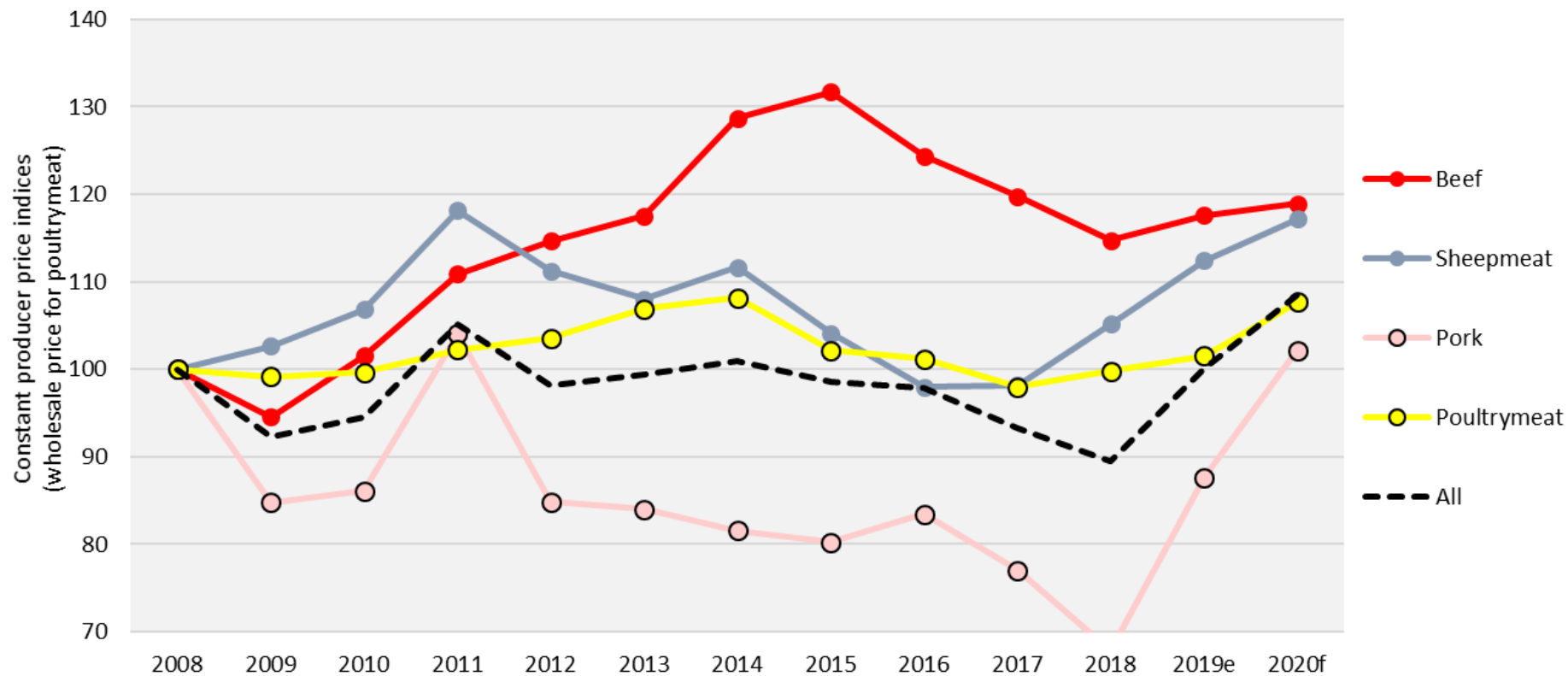
1st ASF Report

- The broiler retail price is up 22% from August 2018
- Chicken remains the lowest priced meat protein substitute for pork, by far
- Poultry retail price now about USD3.33/kg, compared to USD8.50/kg for pork

Global Producer/wholesale real price indices

Pork shortage pushing all price indices upwards

Global Meat Producer Price Indices



Source: Gira compilations

Weighted by production (countries covered varying by species)



Coronavirus Impact on Global Economy: Downturn

Inevitable ... and to impact meat and livestock in many different ways



“When China sneezes, the whole world catches a cold....”



- Downturn in Chinese demand for imported products
 - Meat & livestock
 - Luxury products
 - Engineering ... etc etc
- Lost CN tourism impact on global markets.
- Supply chain disruption to JIT, as RoW factories wait for components from China
 - Added cost
 - Lost output ... GDP impact ...
- ... COVID-19 spread in RoW: impact
- Meat in balanced diet ... as 'preventative'!

Global Beef Market Outlook

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EC Beef & Veal Working Group

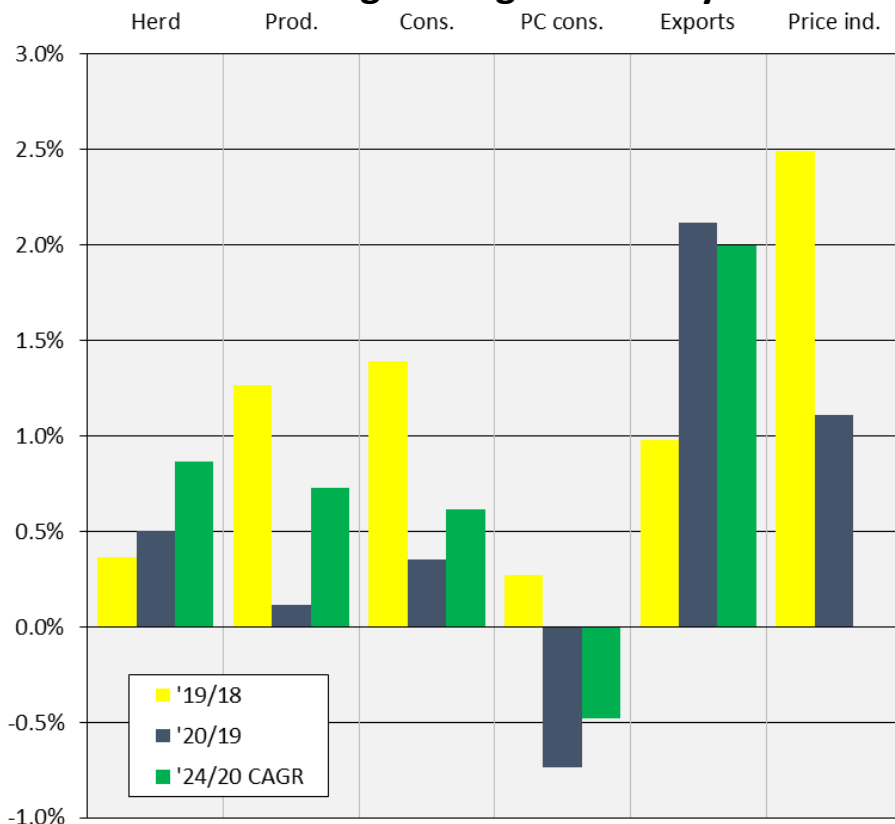
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2019-24f Beef headlines

A welcome price boost, but not enough to motivate producers

Annual Percentage change in the key numbers



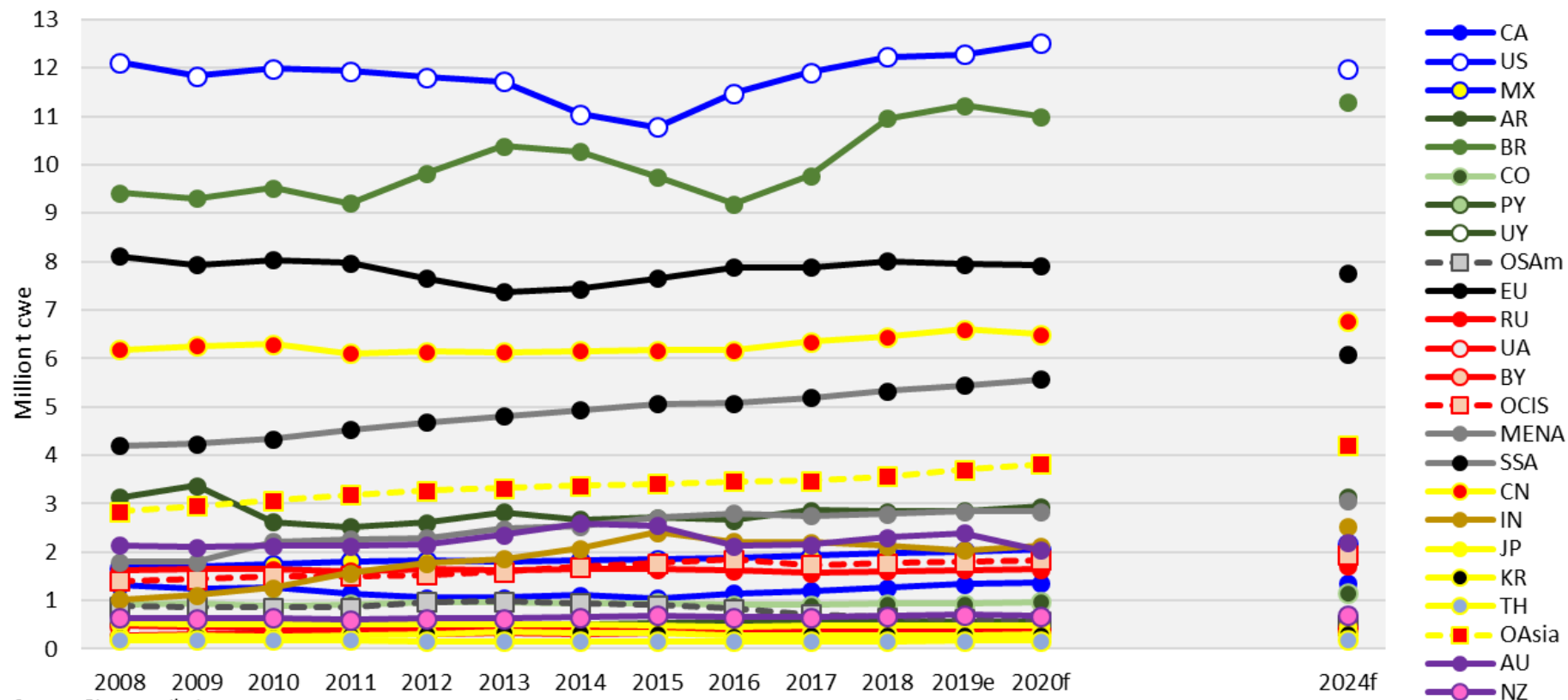
Source: Gira forecasts

- Herds: led by the informal sector
 - Retention starting in BR, liquidation in US/CA
 - AU continued drought
- Production to remain flat in 2020
 - Reduced supplies in BR and AU mainly
- Consumption: growing as higher supplies support intake, but not enough to maintain PC levels
- Trade: rising import demand in Asia pulling beef from other markets
- Price index: upward pressure from the stronger CN demand

Beef & veal production developments, 2008-24f

Herd cycles which are much more pronounced in the N & S America

Beef & veal production in selected key countries, '000t cwe, 2008-2019e, 2020f, 2024f

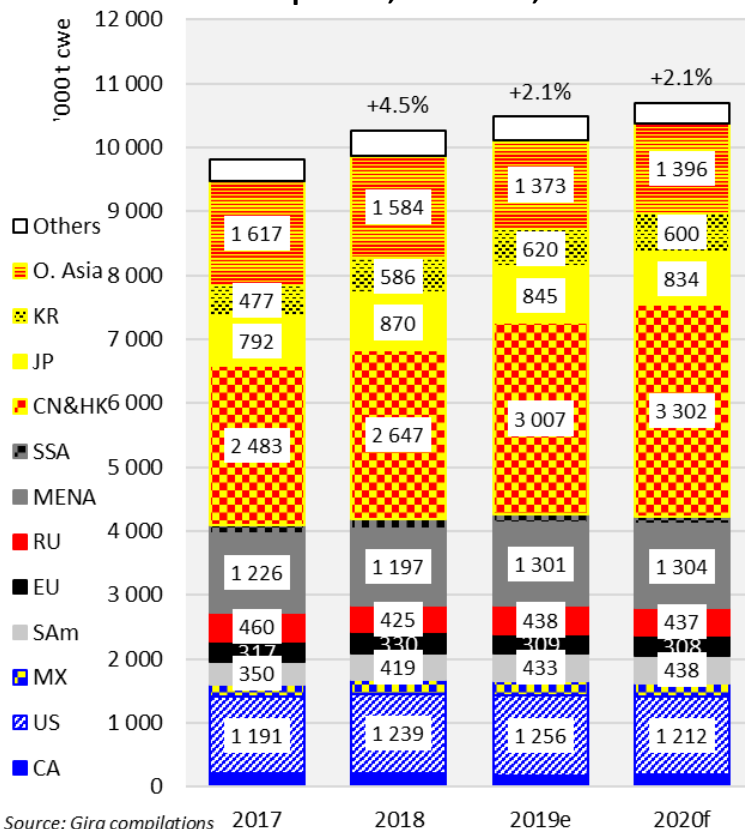


Source: Gira compilations

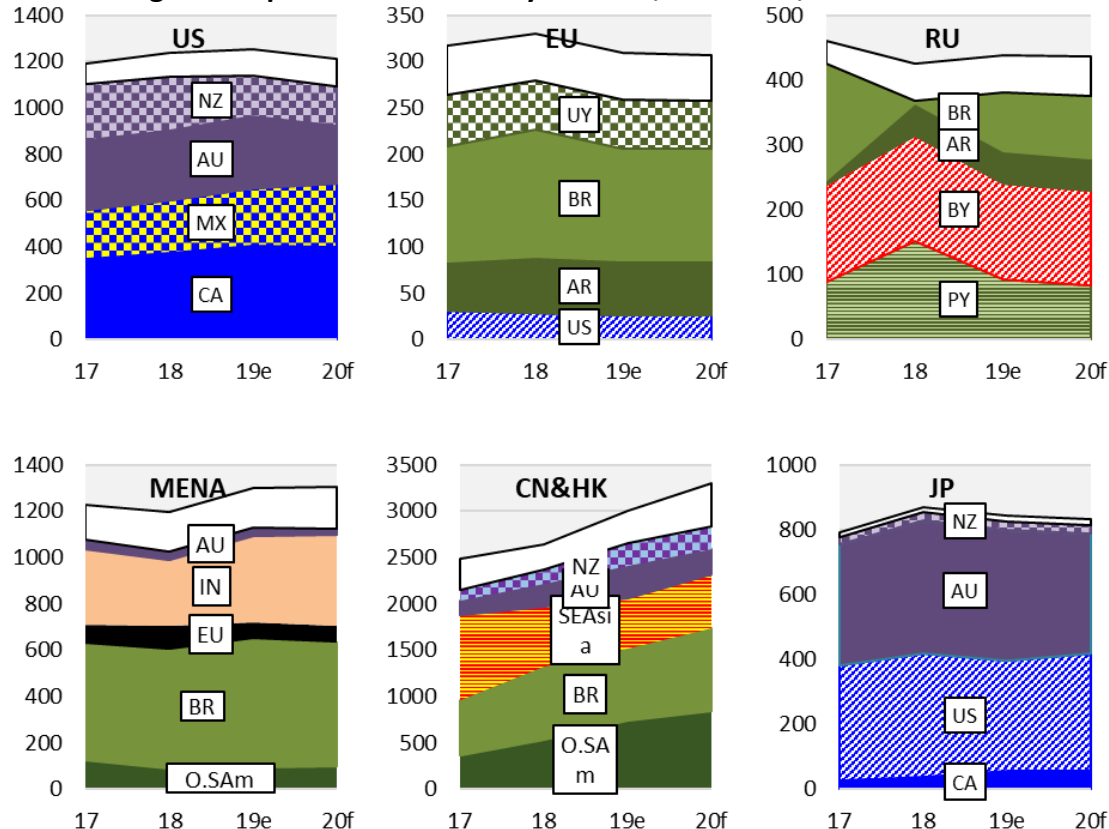
World beef & veal importers, 2017-20f

CN pulls beef away from other markets

B&V Importers, '000t cwe, 2017- 2020f



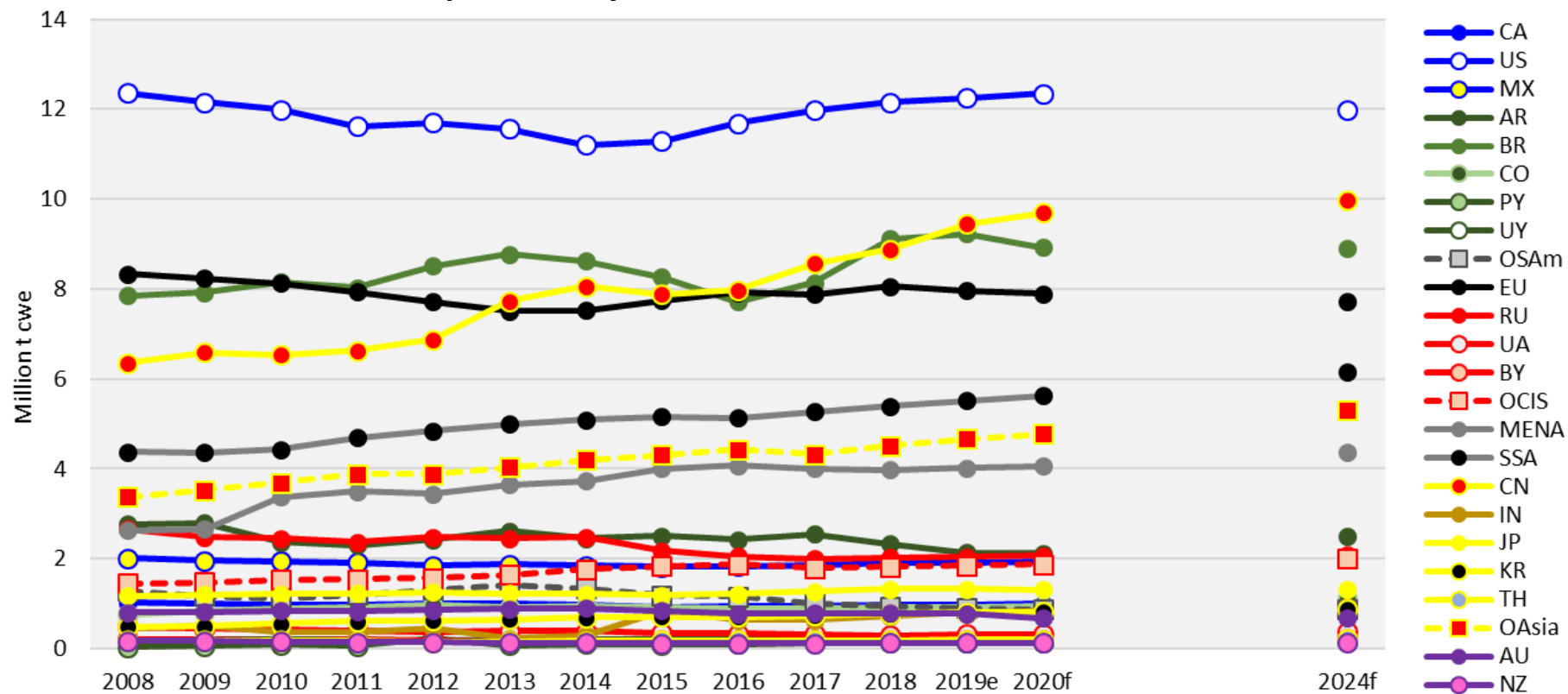
Origin of Imports in selected key markets, '000t cwe, 2017- 2020f



Beef & veal consumption developments, 2008-24f

Long term consumption constrained by supply tightness

Beef & Veal Consumption in key markets, mio t cwe, 2008- 2020f, 2024f



Source: Gira compilations

Thank you for your attention

Richard Brown
rbrown@girafood.com