

GMC – Global Beef Highlights

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European Commission

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Major Topics Covered in a selective global update



1) Top of Mind Issues for 2021

2) Overview of the Global Meat Market Situation

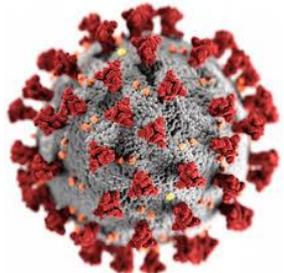
3) Global Beef Highlights

4) Final Thoughts

Top of Mind Issues for 2021

Disruption has become a part of the landscape

Vaccines are the watchword for 2021



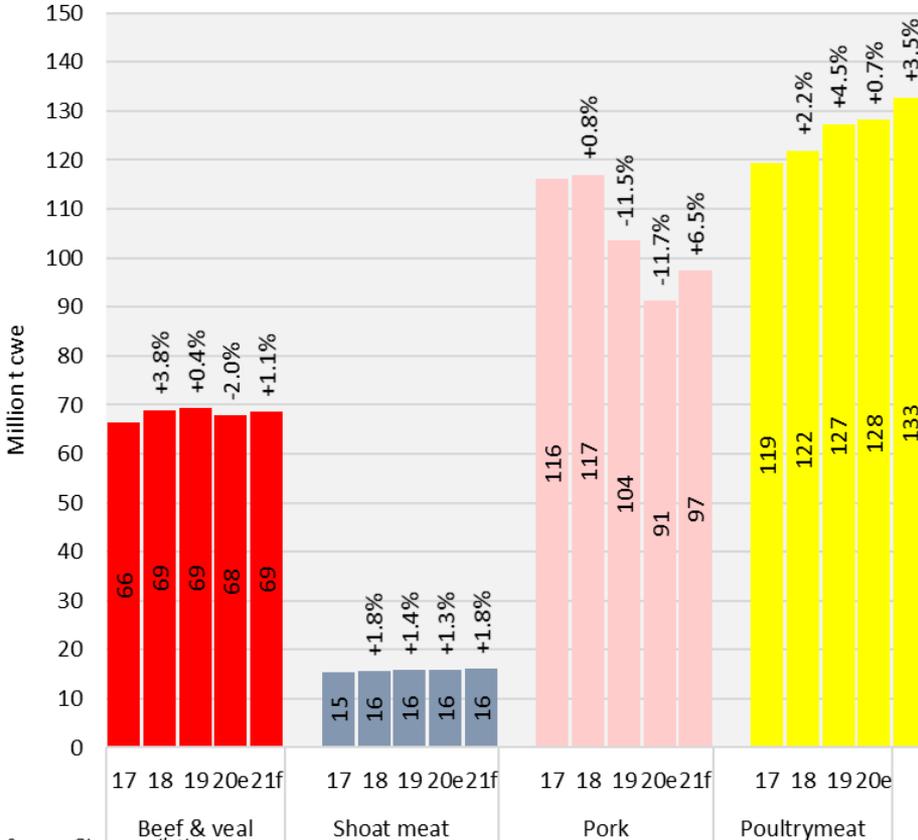


**ECONOMIC
UNCERTAINTY
AHEAD**

Overview of the Global Meat Market Situation

2020-21 global meat market characteristics: production

C-19 adds to ASF to reduce 2020 production. Pk recovery starts in CN



Source: Gira compilations

ASF 'slams' pork production

- 2019+20 drop as ASF spreads through Asia
- 2021 rebuilding underway in CN + VN

Poultry (mainly broiler) taking advantage of high pork prices

- Strong growth in 2019 and plans, ... but:
- Very disappointing 2020 as profitability hit by C-19 impact on FS → oversupply → slowdown
- 2021f growth might be optimistic given unexpectedly high feed costs

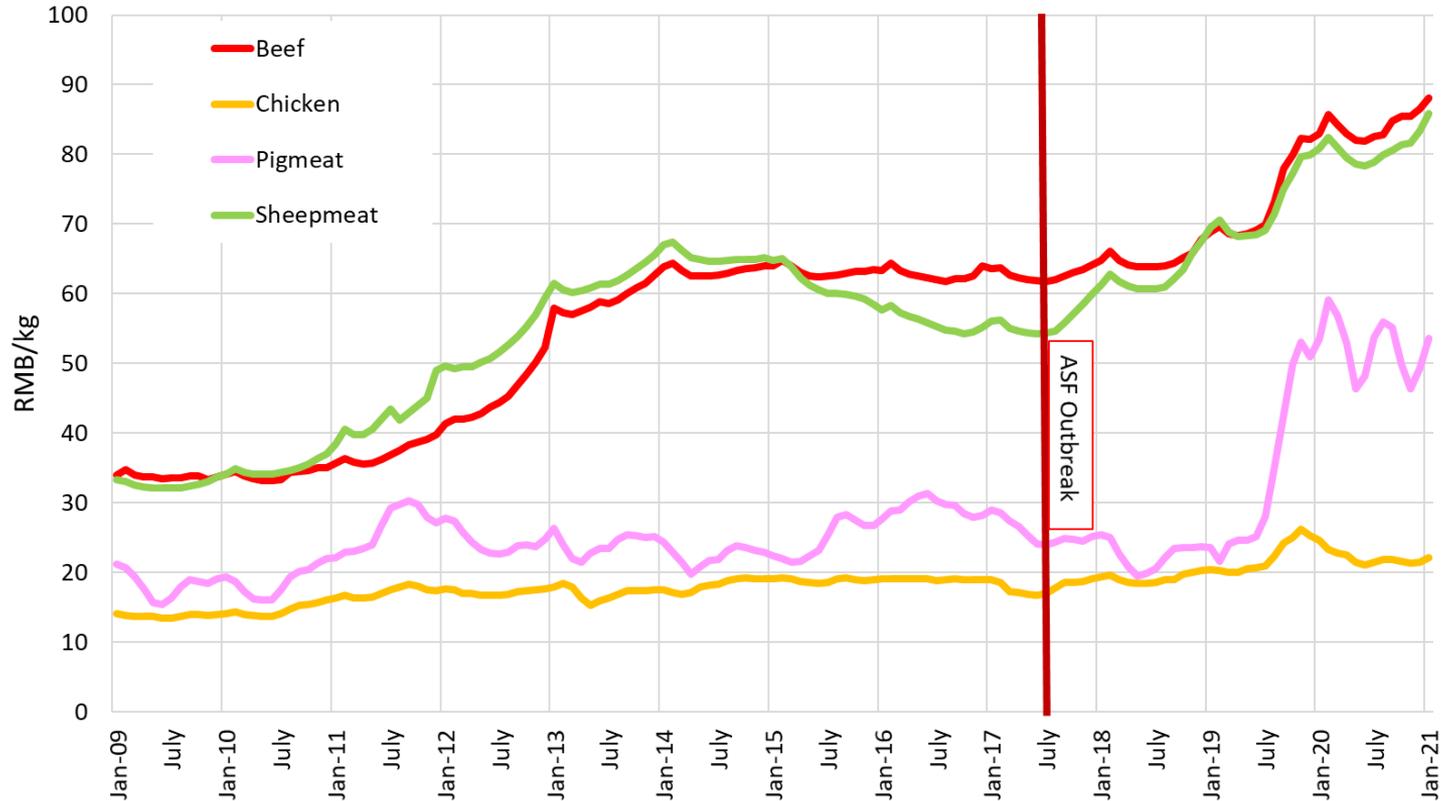
Ruminant sector slow growth, due to poor return on investment & long lead-time

- But demand remains firm

Prices

Retail prices – just a reminder of pork's position

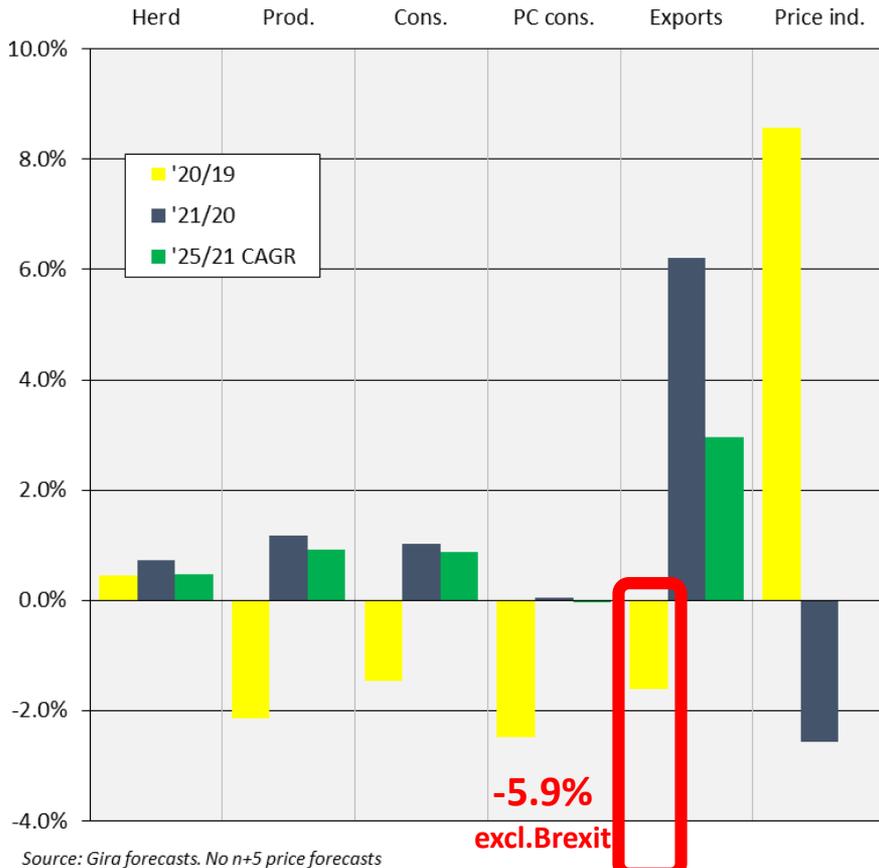
Retail Meat Prices, 2009-Jan 2021



Global Beef Highlights

2020-21f-25f Beef headlines

Serious C-19 impacts, with many 2021 uncertainties

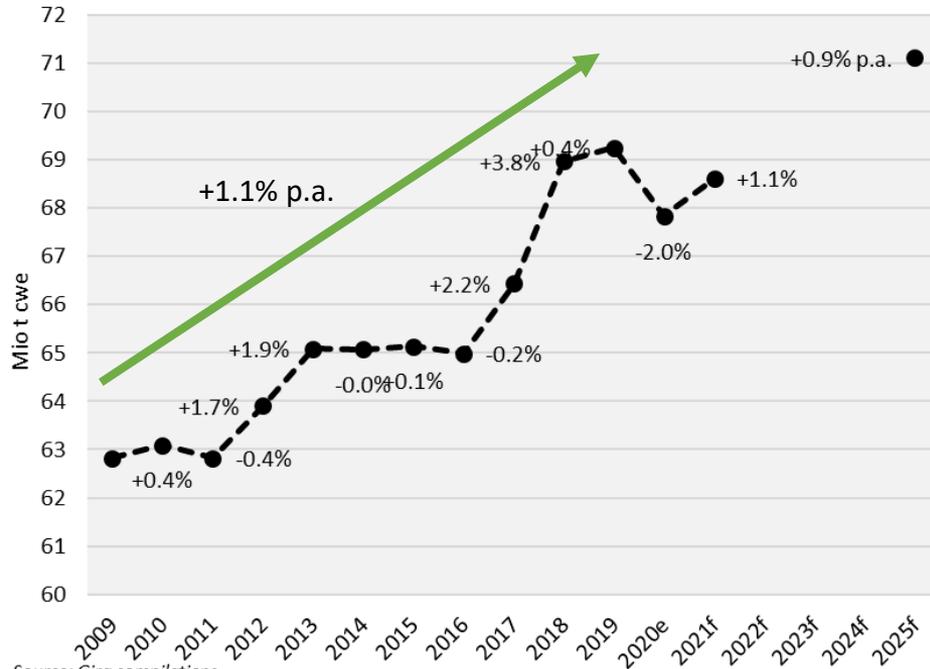


- Production: significant C-19 impact
 - Extent of backlog of cattle?
- Consumption: C-19 weakens demand
 - Stock size? Esp. in exporting countries...
 - Impact on 'apparent consumption'
- Trade: C-19 weakens import demand
 - Uncertainty about 2021 strength
- Price index (LC) upward pressure from the stronger CN demand (not in USD)
 - Especially big impact in S. America, in LC
 - 2021 erosion

2020-21f-25f Beef headlines: production

A significant C-19 disruption to 2020 production

World beef & veal production, 2009-2025f

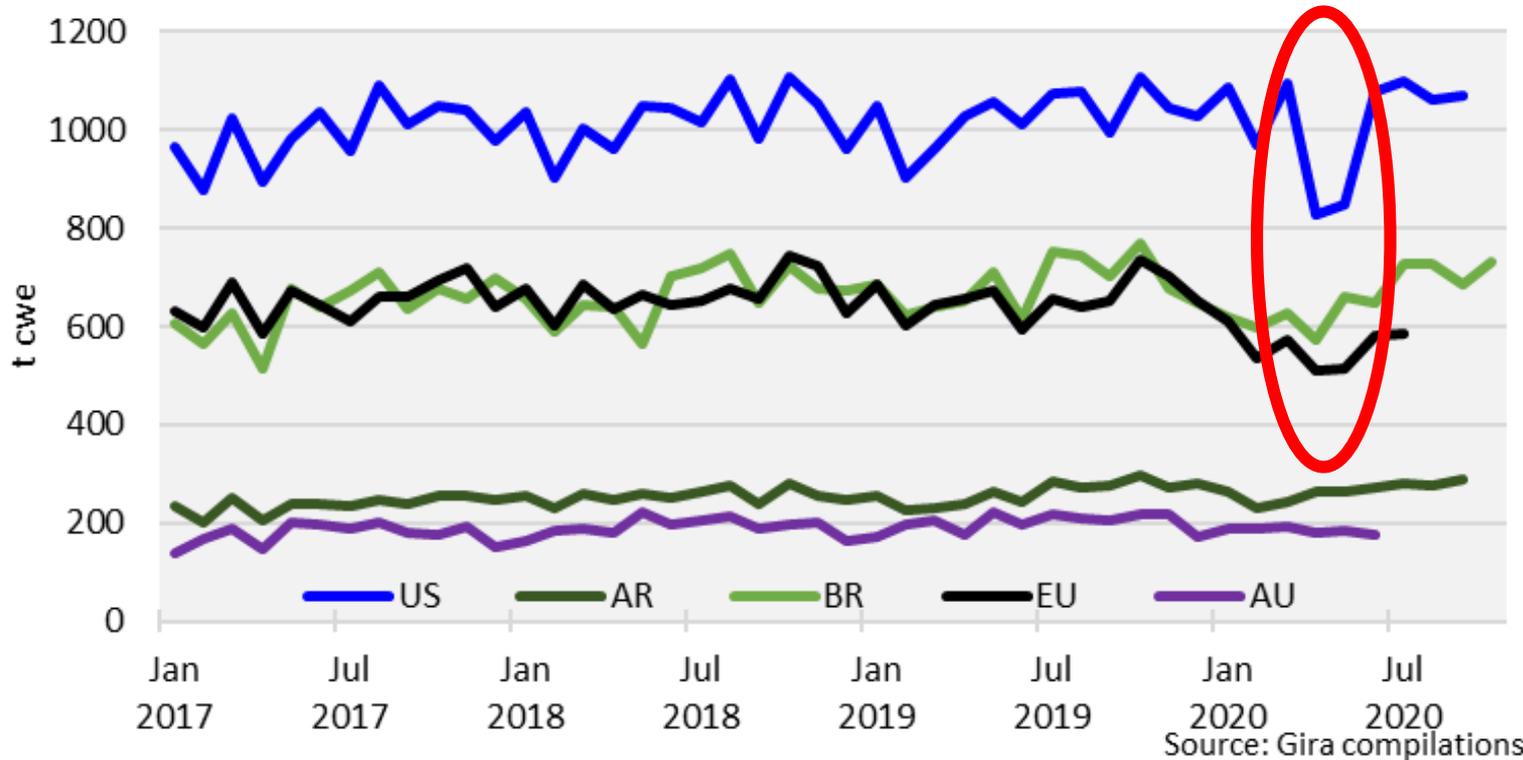


- Significant C-19 impact on output
 - Live trade disruption: N.Am, MENA, CN
 - Plants shutting down (N.Am, BR, EU...)
 - Reduced domestic demand (FS closure)
 - Weaker export demand + trade disruptions
- Retention phase in BR, UY + post drought AU re-building
- IN: continued Grey channel trade issues with CN further limits output
- 2021 rebound expected: US, CN, IN...
 - Partly from backgrounded cattle
 - 'Pulled' by some recovery in global demand

Beef & veal production

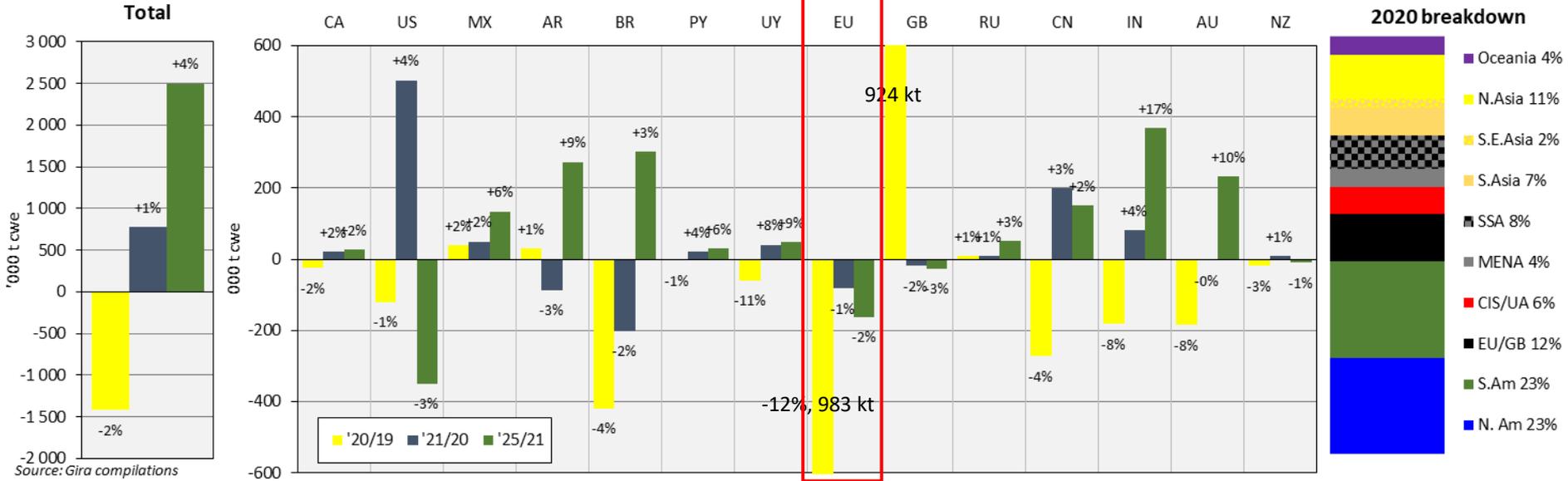
Significant fall ← Covid-19 in some large producing/exporting countries

Monthly beef production in selected countries, Jan 17-end 20



Beef & veal net production changes, 2020-21f-25f

2020 C-19 live trade, slaughter and demand disruptions. 2021 recovery



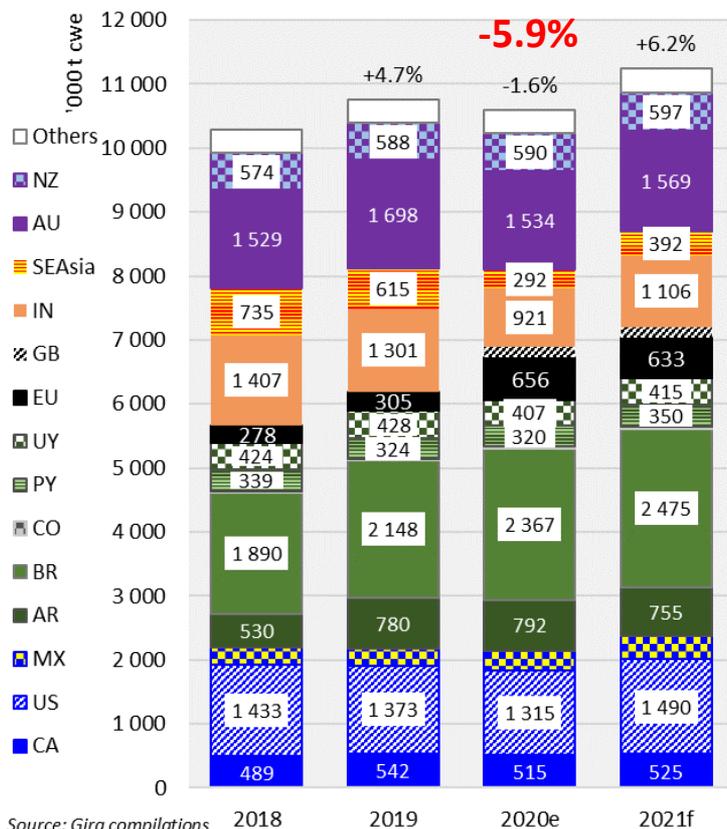
- 2020 declines: C-19 plant shutterings and reduced throughput to control disease spread
- Recovery started in 2H and expected to continue in 2021

Global beef & veal traders, 2018-21f

-5.9% 2020 fall excl. Brexit → -1.6%. 2021 recovery, 'pulled' by Asia



Exporters

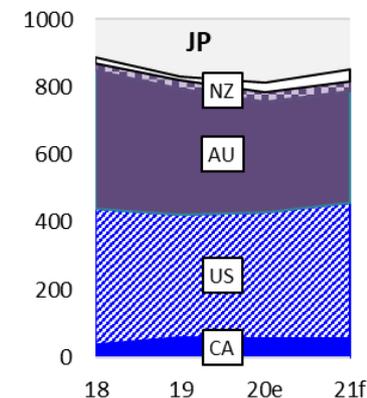
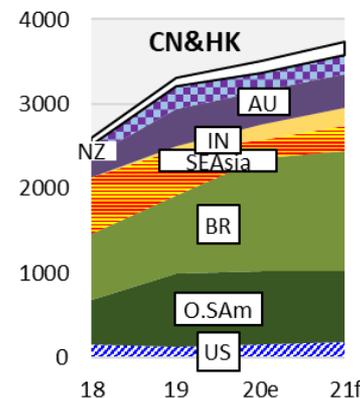
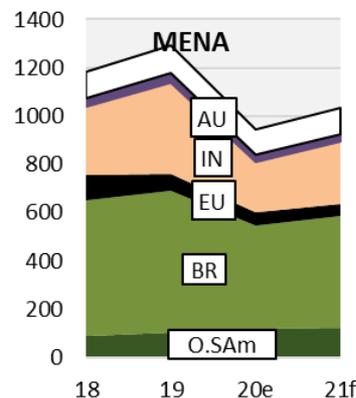
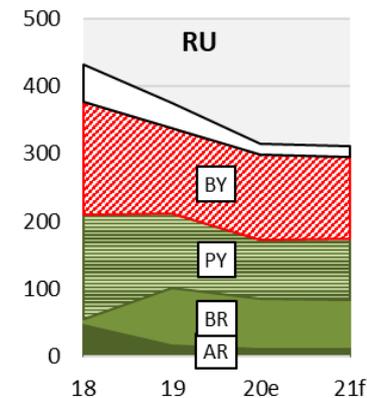
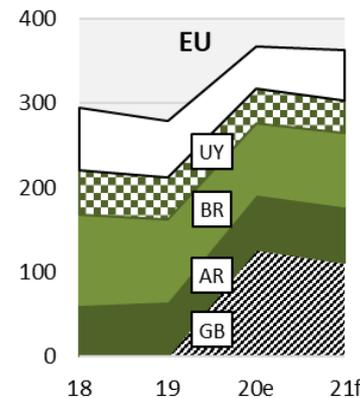
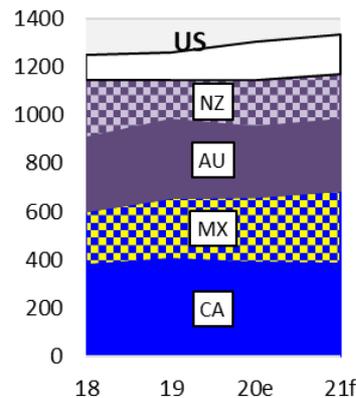
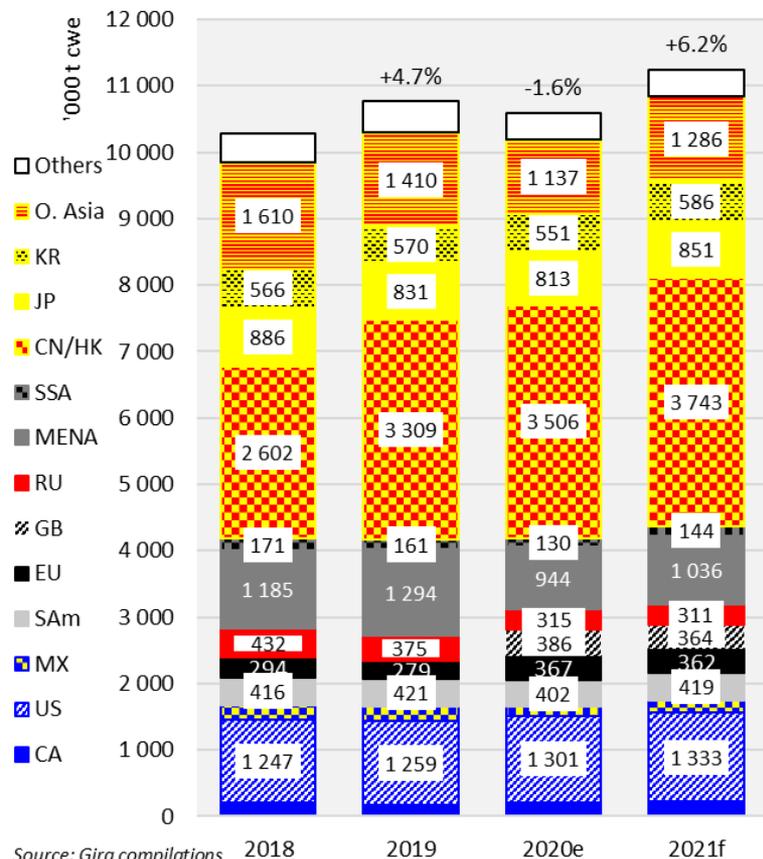


Importers



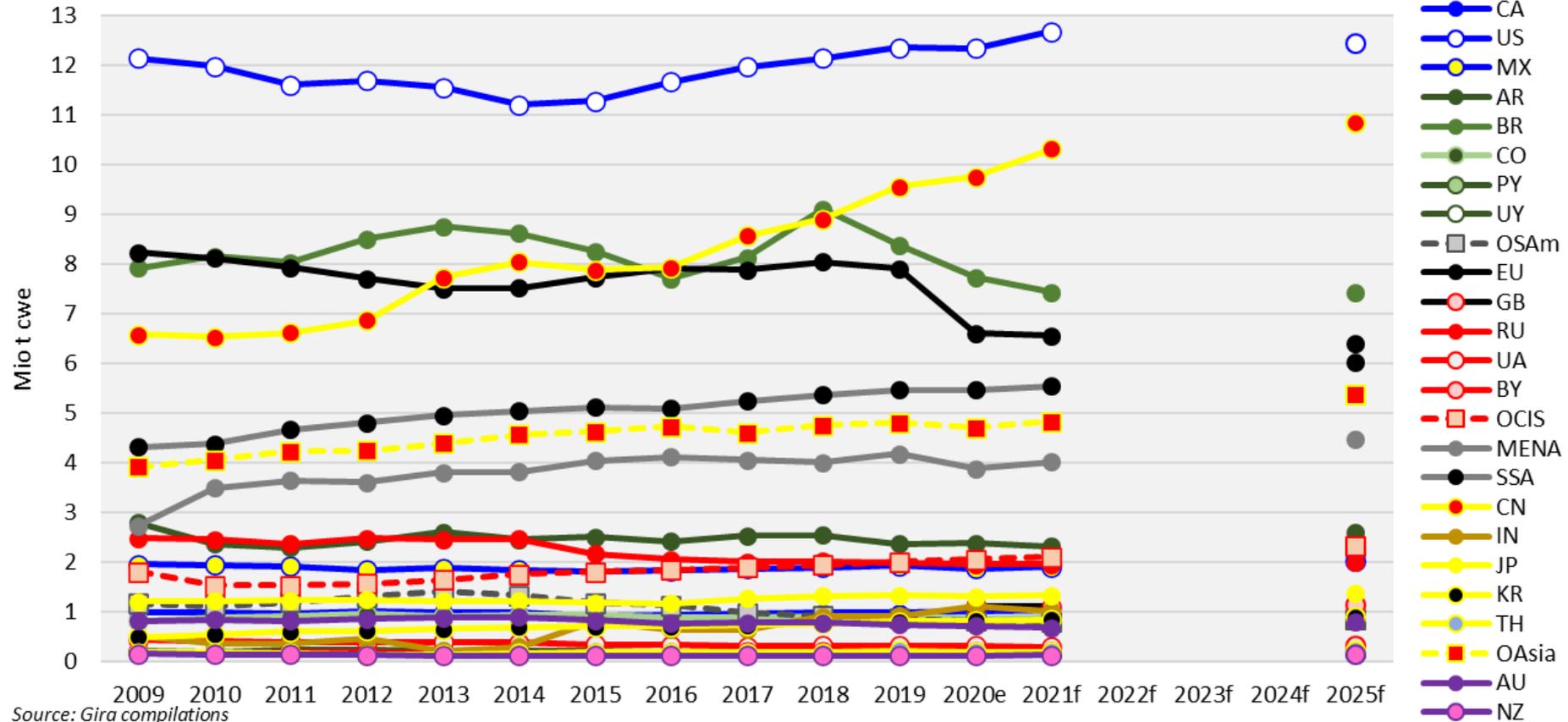
World beef & veal importers, 2018-21f

C-19 reduces import needs and CN demand sets high prices



Beef & veal consumption developments, 2009-21f&25f

Negative for 2020, but with generally better 2021f and 2025f trends



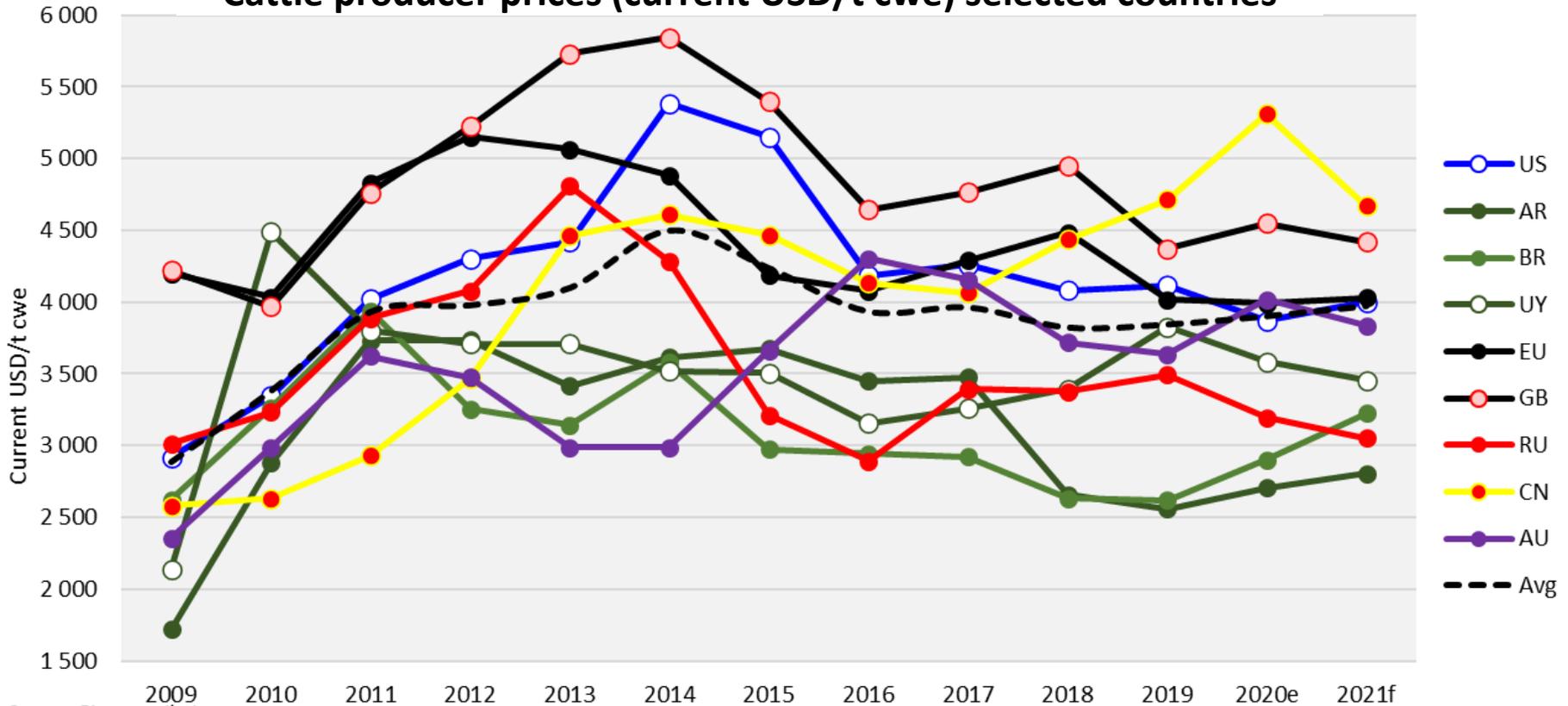
Source: Gira compilations

Cattle producer prices 2009-21f (selected)

Contrasting trends with marginally rising avg. for both 2020 and 2021



Cattle producer prices (current USD/t cwe) selected countries



Source: Gira compilations

Final Thoughts

A Difficult Year Globally for Beef

Covid disruption to Foodservice damages beef demand



- 2020 downturn in production due to global disruption in supply chains and slaughtering
 - Further impacted by Australian drought recovery
- European market disruption to foodservice has been sever – not over yet
 - Big reduction in demand for premium cuts, notably hind quarter, whilst QSR products thrive
 - Retail boomed in 2020, but has settled back to ~10-15% above normal
- Brexit continues to disrupt trade: Ireland → UK → Mainland EU
 - Considerable increase in; logistical challenges (paperwork) and costs
- 2021 demand recovery on 2020 – but muted by ongoing waves of Covid
 - Economic uncertainty, will be compounded as job retention schemes end → downtrading

Thank you for your attention

Continuously evolving situation... and Gira support is ongoing:

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