



# Global beef market update

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This report offers a comprehensive overview of the global beef market and Australia's position in it.

## Summary

**Over the second quarter of 2024, the global beef trade shifted.**

Falling bull and cow slaughter in the United States and Canada drove demand for lean beef higher, leading to high imports. At the same time, weaker demand in China meant that there was a surplus of exportable beef from South America.

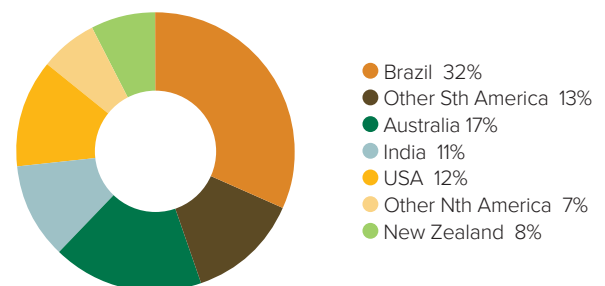
This has led to South American exports to the US surging, despite the 26.4% duty on out-of-quota exports. US imports (excluding Mexico and Canada) rose 36% year-on-year over Q2, with imports from Brazil rising 39%, imports from Uruguay rising 77% and imports from Argentina rising 100%.

At the same time, US fed steers and heifers have avoided the usual Northern summer decline in carcass weights, offsetting lower slaughter and leading to higher-than-expected fed beef production. In fact, US beef production was slightly higher than Q2 last year, which kept exports above expectations.

This level of production has been achieved partially through high heifer entrance into feedlots. In the long run, this will translate to a smaller breeding herd, smaller herd overall and then lower production.

The key question for the rest of the year is the strength of the China market. Towards the end of the quarter, there was some indication from analysts and market participants that import demand was strengthening. If this trend materializes in the second half of 2024, then export flows are likely to shift closer to 2020–23 norms, where greater than 65% of South American exports are directed to China. If not, then market diversification is likely to continue for the rest of the year.

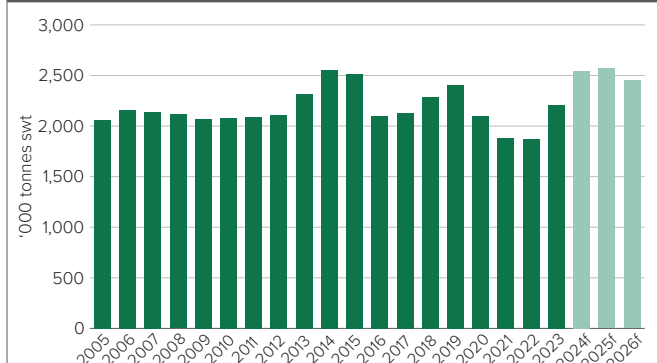
### Q2 2024 exports



Total 2,737,000 tonnes cwe

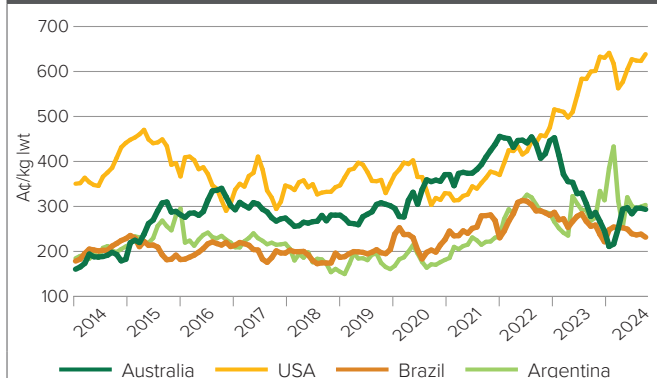
Source: ABS, MLA

### Australian beef production forecast – volume



Source: ABS, MLA

### Global heavy steer prices



Source: NLRS, USDA, Steiner Consulting, CEPEA





# Global beef market update

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# Global economy

## Macroeconomic conditions

	Australia		United States		China		Japan		Korea	
	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024	Q2 2024	Q1 2024
Consumer confidence <sup>1</sup>	-2.3%	-1.8%	-2.1%	-0.9%	-6.4%	-5.8%	-1.5%	-0.8%	-0.1%	-0.0%
Currency/US\$	\$1.52	\$1.52	\$1.00	\$1.00	¥7.24	¥7.17	¥156	¥141	¥1,371	¥1,329
Long-term interest rate	4.24%	4.05%	4.02%	4.38%	2.21%	2.29%	1.05%	0.73%	3.34%	3.39%
Unemployment rate	4.08%	3.87%	4.10%	3.80%	N/A	N/A	2.50%	2.60%	2.80%	2.80%

Note: Value colors indicate improvement/decline from previous quarter. All values as of end of quarter.

Key economic indicators generally declined slightly over the quarter, as higher interest rates began to meaningfully affect consumer spending and sentiment in advanced economies. Despite this, consumer spending remained robust, and inflation has partially abated in most key markets, offering financial markets some optimism around future rate cuts and the prospect of a ‘soft landing’.

### Consumer confidence

Consumer confidence largely fell over the quarter, though only by small amounts in most markets. Confidence eased in western markets, often accompanied by relatively weak job figures, while weaker exchange rates in Japan and Korea have affected consumer prices.

Chinese consumer confidence remains well below trend, as a sluggish real estate market has impacted saving and investment rates. After a rapid decline in confidence in mid-2022, consumer sentiment in China has remained below the major economies, with confidence sitting 8–10% lower than the long-term trend, and 15–20 points below the 2016–18 period of very high confidence in China.

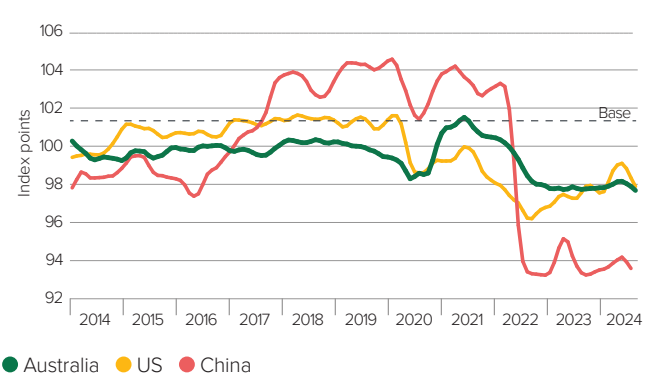
Interestingly, confidence has decoupled from actual behaviour in several markets. The impact of inflation on consumer confidence appears to be substantial, while the concurrent rise in wages has had a less substantial effect on confidence.

### Currencies

The US dollar has strengthened against most other currencies, as the American economy continues to perform strongly, and investors seek a ‘safe harbour’ in a volatile global environment.

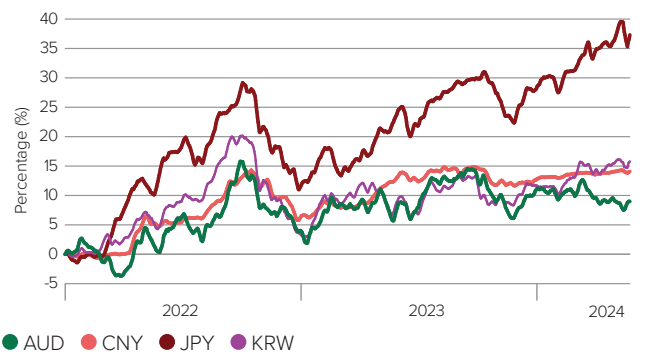
This has had two effects. Firstly, it has increased the attractiveness of the US market for exports, and secondly it has reduced the spending power of consumers in other markets. This has impacted the distribution of beef exports, and has contributed to robust American consumption, even as beef production declines.

### OECD Consumer confidence index



Source: OECD

### US dollar performance against other currencies



Source: XCED, MLA

<sup>1</sup>Value shows variation from the long-term trend.



## Macroeconomic conditions continued...

### Interest rates

Interest rates have remained high in advanced economies, though rates have stopped rising and either eased slightly or held firm in most advanced economies. Inflation remains higher than the 2–3% target in most advanced economies but has stabilized to an extent and has begun to recede in the United States, Australia and other advanced economies. This excludes Europe, where the supply shocks from the Russian invasion of Ukraine were much more severe and where pre-pandemic economic growth was less strong to begin with.

### Unemployment

Unemployment remains relatively low in advanced economies, generally below pre-pandemic levels despite higher interest rates and below-trend economic growth overall. Stable-to-falling inflation in the United States and Eurozone, solid consumption levels, and ageing populations in advanced economies have kept demand for services robust and unemployment relatively low.

## Input prices

### Key points:

#### Oil:

- Brent crude averaged US\$82.56/bbl in June, 3% below March 2024 and 10% above June 2023.
- Wholesale diesel in Australia averaged A\$176¢/l during June, 9¢ below March 2024 and 10¢ above June 2023.

#### Fertilisers:

- In June, global urea prices rose 2% from March 2024 and rose 17% from June 2023 to US\$336/mt.
- Global DAP prices fell 12% from March 2024 and rose 17% from June 2023 to US\$543/mt in June.

#### Wheat:

- The IGC wheat sub-index rose by five over the quarter to 204 points, 30 points below the end of June 2023.
- In Australia, Darling Downs SFW averaged A\$394/mt in June, 11% above March 2024 and 6% below June 2023.

#### Freight:

- The Freightos Baltic Index (FBI) averaged 4,282 points in June, 47% above March 2024 and 215% above June 2023.
- The AU/NZ component of the China Containerized Freight Index averaged 985 points in June 2024, 7% above the March 2024 and 66% above June 2023.
- The Global Supply Chain Pressure Index was -0.33 in June 2024, unchanged from March 2024 and 0.76 points improved from June 2023.

Global commodity prices have generally stabilised after marked volatility in 2022 and 2023, though prices generally appear to have settled at a higher point than what was seen pre-2022.

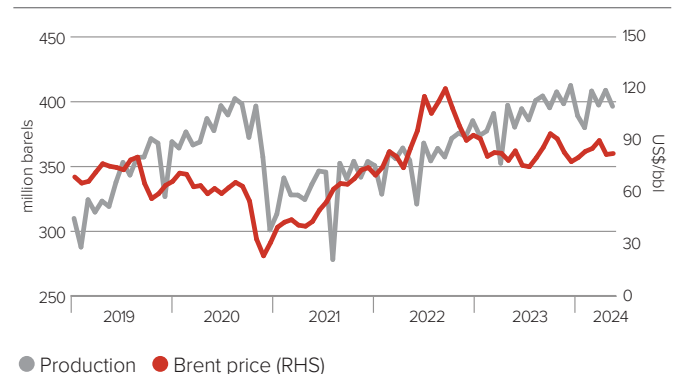
This has also squeezed consumer disposable incomes, depressing demand across the board, including for proteins.

### Oil

Oil prices have come down from peaks in mid-2022, and Brent crude prices have generally traded in a narrow US\$70–85/bbl range. This remains well over the marginal cost of production for many US fracking operations, leading to high US oil output. This dynamic has kept prices from rising further, despite considerable production cuts from OPEC nations.

Domestic petrol prices have also come down, though by less than the unrefined price. This is due in part to the falling exchange rate, which has made imported petrol more expensive in Australian dollars, but also because refined petroleum prices are generally less volatile than unrefined oil prices.

#### US oil output and Brent crude price



Source: US Energy Information Administration, World Bank



## Input prices continued...

### Fertiliser

Global fertiliser prices are closely tied to oil prices, and face many of the same supply constraints and dynamics. While prices have come down substantially from peaks in the first half of 2022, in many cases they remain well above trend, and globally traded volumes have reduced levels seen prior to the onset of the Russian invasion of Ukraine.

### Wheat

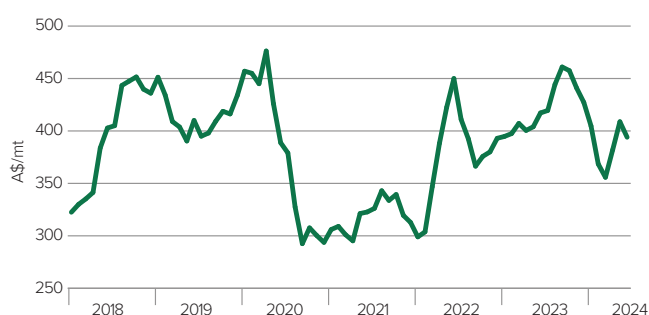
Wheat prices are well below recent averages but remain at higher levels than what was seen prior to the war in Ukraine. Strong harvests in the US, Europe and Australia have improved the supply picture compared to earlier forecasts, while Russian and Ukrainian exports of wheat have been maintained, despite the ongoing impacts of the war. Russian wheat exports have been very strong, and have added to global supplies, preventing the price spikes usually seen in highly demand-inelastic goods like wheat.

### Freight

Freight costs have continued to rise over the quarter, rising well above long-term averages. Excluding the period of Covid-induced demand shocks over 2021/22, freight indexes have reached record highs.

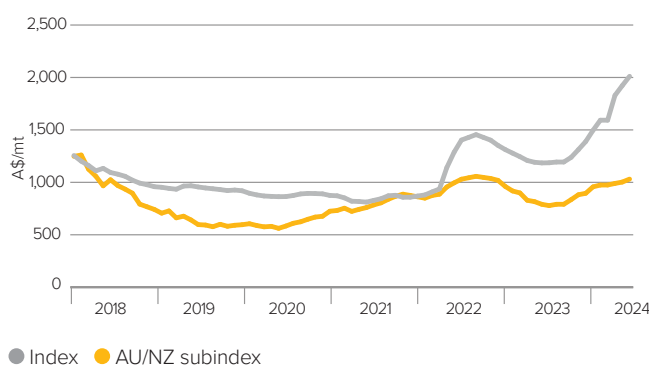
This is notable, as relaxed consumer demand should be driving prices down. The peaks in pricing seen over Covid were due to a massive shift in consumer spending away from services and into goods. This time, spending has been reasonably moderate, and the lift in pricing is largely due to disruption around the Arabian Peninsula. This can be seen in the China containerized freight index; between December 2023 and June 2024 the index lifted 111%, while the AU/NZ sub-index only lifted by 15%, suggesting that pacific trade is relatively less affected by disruption than Eurasian trade.

#### AU SF wheat ex. Darling Downs



Source: Profarmer, MLA

#### China containerized freight index



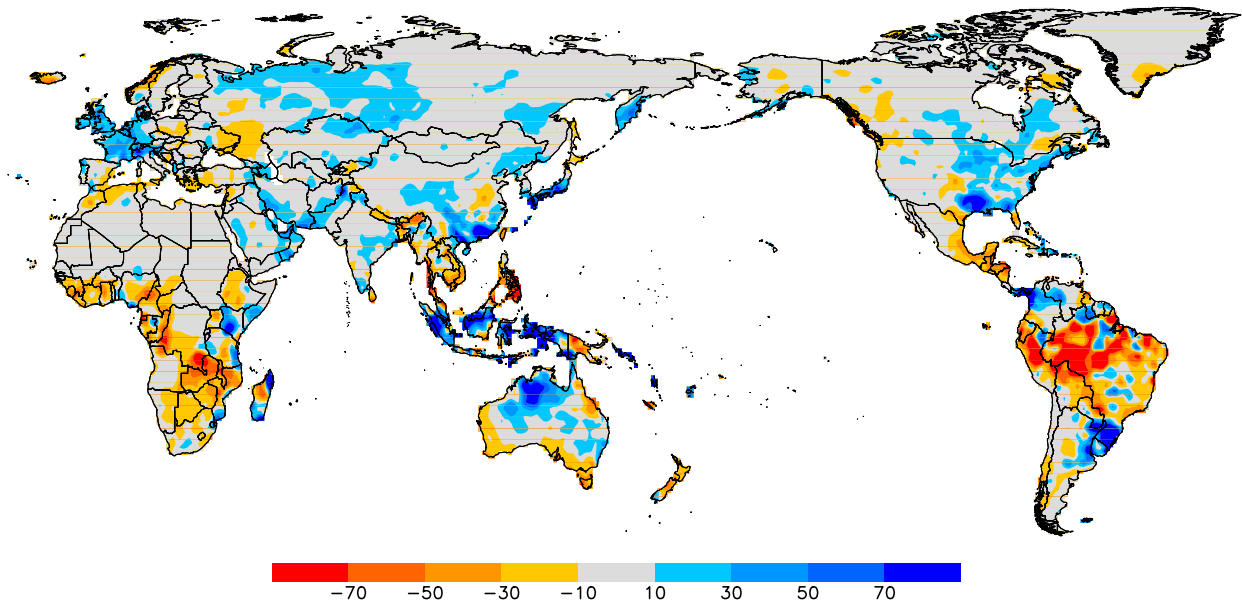
Source: Shanghai Shipping Exchange



## Weather

The second quarter of 2024 saw improved conditions across several regions, notably in North America. At the same time, June 2024 was the warmest June on record, following a pattern of unseasonal heat seen so far in 2024.

### March 2024 – May 2024 precipitation: variation from normal seasonal levels



Source: Global Precipitation Climatology Centre (GPCC)

## By region:

### Australia

June rainfall was welcomed in parts of Western Australia, though parts of the south-west and Great Southern regions remained in drought over the quarter. Conditions in northern Australia were good over the quarter, and much of the east coast saw average to above average rainfall. Drought conditions appeared along the coast in Victoria, South Australia, and in much of western Tasmania, though rain in June went some way towards ameliorating this.

### North America

Similar to most other regions, unusually hot conditions in North America increased vegetative heat stress and saw soil moisture levels decline across most of the continent, even as above-average rainfall was seen in much of the Eastern United States and Southern Canada. Mexico had a dry quarter, and in June most of the country was in drought, alongside nearby regions in Texas, Arizona and in the central west of the US.

Normal to above average rainfall in the United States and Canada represented an improvement from the very dry conditions seen in 2021–22, but remained dry compared to historic averages and did not allow for meaningful recovery of vegetation across much of the grazing country throughout central North America.

### South America

South America saw drier weather across much of the continent, especially in Central Brazil but also in Northern Argentina, Venezuela and Peru. The amount of the continent under stress tended to increase across longer timeframes; some areas have seen below-trend rainfall for several years, so average rainfall has not been enough to meaningfully recover.

Drought in Brazil continues to intensify; 918 municipalities were in severe drought in June, 16% of the total. This is concentrated on the west of the country, which especially impacted Matto Grosso, while Southern Brazil saw above average rainfall.



## Weather continued...

### Asia

Asia was generally wetter than average, with the exception of parts of South-East Asia, which recorded below-trend precipitation levels. Indonesia and Japan both saw rainfall well above average, while the Philippines and Vietnam saw below average rainfall over the period. Additionally, in West Asia, much of Turkey and the Levant saw below average rainfall, as the Mediterranean basin in general saw a hot, dry summer.

Even in areas with average or above average rainfall, acute heat has increased evapotranspiration and pushed regions into drought. This has begun to affect crop production in parts of China, Northern India, Iran, Central Asia and Vietnam. Where measured, groundwater reserves are generally lower than average, and vegetative stress has been observed across south-west Asia, northern India, South-East Asia, and parts of northern China and Mongolia.

### Europe

European precipitation was generally higher than average in Northwest Europe, while most areas surrounding the Mediterranean sea were relatively dry. Similar to conditions across Asia, even in areas with average rainfall, high temperatures increased evapotranspiration and negatively affected soil moisture and groundwater levels across much of the continent.

### Africa

Africa saw variation in moisture in different regions, but consistently high temperatures across the entire continent which lifted evapotranspiration and exacerbated drought conditions.

The northern coastlines of Morocco and Algeria saw lower-than-average rainfall, as did much of Southern Africa. Zambia and the Southern Democratic Republic of Congo saw well-below trend rainfall, and much of the region was in drought over the quarter.

In regions where rainfall was closer to trend averages, heat stress and high evapotranspiration made recovery from droughts in 2023 difficult. Vegetation was stressed across virtually the entire continent, and groundwater reserves in several regions remain well below average.

## Major producers

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### Australia

Australian cow and heifer slaughter rose over Q2, meaning that Australia entered a technical destock.

High demand for lean beef in the United States contributed to strong pricing for cows from processors, and the natural maturation of the herd after a long rebuild led to increased cow supply. At the same time, seasonal conditions on-farm were mostly good, the number of cattle on feed reached a new peak, and slaughter rates overall lifted substantially.

Overall, the outlook for Australian beef production and exports is for lifting volumes, but without the type of aggressive destocking seen in past drought periods. The latest cattle projections forecast record beef production without record slaughter, as carcass weights remain well above long-term averages.

Forecast high production, alongside predicted shortfalls in overseas markets, suggests that exports will continue to rise.

### Slaughter

- Australian adult cattle slaughter for Q2 2024 was 2.13 million head, 17% above Q1 2024 and 23% above Q2 2023.
- Male slaughter lifted 11% YoY to 998,226 head, while female slaughter lifted 36% YoY to 830,045 head.
- The Australian female slaughter rate (FSR) in Q2 2024 was 53.1%, while the FSR for the 12 months to June 2024 was 49.4%.



## Major producers – Australia continued...

The Australian cattle herd entered a technical destock in the June quarter, with a substantial lift in cow and heifer slaughter pushing the FSR<sup>2</sup> well above the baseline 47% number.

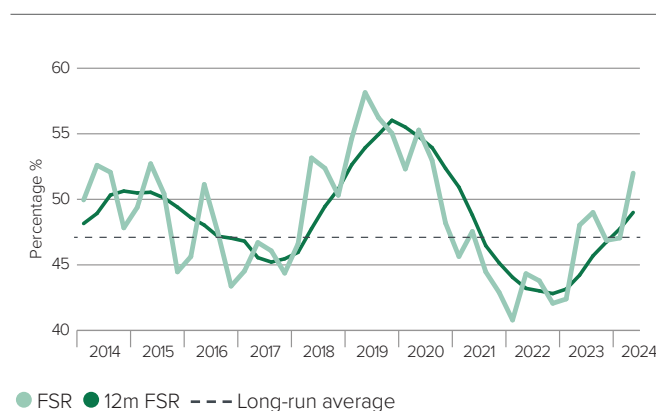
Slaughter continued to lift over the quarter. This was the first time since 2019 where quarterly slaughter reached over two million head, and slaughter is now well over the long-term average.

This increase in slaughter has come while seasonal conditions across most of Australia have been reasonably strong, and long-range forecasts for the spring suggest above-average rainfall across most of the East coast.

Australia is now in the fourth year of average or above average conditions. Much of this period has been accompanied by a substantial herd rebuild, which has now yielded a more mature herd profile, and many of the cows that were retained over that period to rebuild numbers are now ready to be turned off.

This has led to higher slaughter without the concurrent decline in prices we saw in previous technical destocks.

### Australian FSR: 2014–2024



Source: ABS, MLA

## Carcase weights

- Adult cattle carcase weights in Q2 2024 were 305kg cwt, 10kg below Q1 2024 and 10kg below Q2 2023.
- Male carcase weights in Q2 2024 were 341kg cwt, 6kg below Q1 2024 and 8kg below Q2 2023.
- Female carcase weights in Q2 2024 were 274kg cwt, 5kg below Q1 2024 and 8kg below Q2 2023.

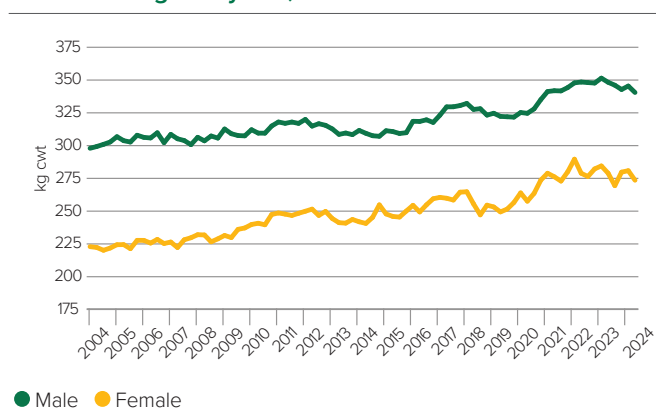
Carcase weights eased in Q2 2024. This was partially due to an increase in female slaughter, but a notable decline in male carcase weights, especially in Queensland, also contributed to the easing.

This decline was due, in part, to a smaller percentage of cattle turnoff coming from feedlots. Lotted cattle are turned off at considerably heavier weights than grassfed cattle, so the large increase in grassfed cattle turnoff has affected average carcase weights.

Additionally, although seasonal conditions were generally positive over the quarter, they were not as strong as the start of 2023, encouraging producers to turn off steers at slightly lighter weights.

Carcase weights remained consistent in year-on-year terms in New South Wales and South Australia, while falling the most in Queensland. Male carcase weights in Queensland fell by 13kg from last year in Q2. While substantial, this still meant that weights averaged 354kg, 15 kilograms above the national average and among the heaviest carcase weights on record.

### Carcase weights by sex, 2004–2024



Source: ABS, MLA



<sup>2</sup> The Female Slaughter Rate (FSR) is a technical leading indicator of herd expansion/destocking, calculated by dividing cow + heifer slaughter by total adult slaughter.



## Major producers – Australia continued...

### Lot feeding

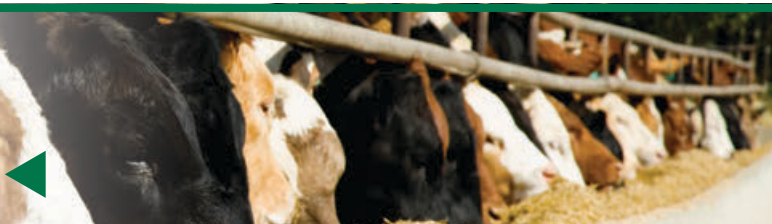
- 1.42 million head of cattle were on feed in Q2 2024, up 13% from Q2 2023 and the highest figure on record.
- Grainfed cattle turnoff made up 35% of total slaughter, below the 42% seen in Q1 2024 and the 40% in Q2 2023.
- Feedlot utilisation rates improved from 85% in Q1 2024 to 87% in Q2 2024.

Numbers on feed reached yet another peak in Q2 2024, continuing the trend of growth that we have seen over the past several years. Capacity was largely driven by lifts in Queensland and South Australia, while New South Wales and Victorian capacity remained largely unchanged and Western Australia's capacity fell slightly.

Turnoff fell from last quarter but lifted 7% from Q2 last year. The decrease in feedlot turnoff, despite an increase in numbers on feed, is largely due to increased numbers of cattle in longer fed programs.

Despite the year-on-year increase in turnoff, the grainfed % of slaughter fell as total slaughter rose by more than grainfed turnoff. This is to be expected, given the stability generally exhibited in grainfed turnoff, and suggests that increased demand and higher feedlot capacity have driven the long-run lift in turnoff, while an increase in cattle supply and fall in prices have driven the increase in the short term.

**For more information on the Australian lot feeding Industry, visit: [MLA/ALFA Lot feeding brief](#)** ◀



### Markets

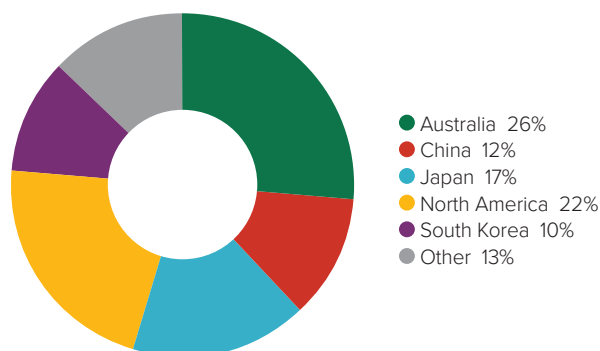
- Australia produced 652,307 tonnes of beef and veal in Q2 2024, 14% more than Q1 2024 and 19% more than Q2 2023.
- Of this, 477,328mt carcase weight equivalent (cwe) were exported, 18% more than Q1 2023 and 26% more than Q2 2023.
- Domestic consumption was 171,313mt cwe, 4% higher than Q1 2024 and 11% higher than Q2 2023.
- After the domestic market, the largest export market in the quarter was North America, followed by Japan, Greater China and South Korea.

Production increased to the highest point since 2015, which has led to increases in both domestic consumption and export volumes.

The domestic market remains the largest market and was the end destination for 26% of Australian production in Q2 2024. Outside of Australia's domestic market, exports developed as follows:

- North America remained the largest export market for Australian beef in the quarter, with exports growing by 73% year-on-year to 140,635mt cwe.
- Exports to Japan rose 36% year-on-year to 109,147mt cwe.
- Exports to Greater China rose 9% year-on-year to 75,876mt cwe.
- Exports to South Korea rose 11% year-on-year to 68,982mt cwe.
- Exports to all other markets rose by 38% year-on-year to 82,717mt cwe.

#### Distribution by market – Volume



Source: ABS, DAFF, MLA

Grassfed exports lifted by 30% from last year to 343,613mt cwe, while grainfed exports lifted by 17% year-on-year to 133,715mt cwe. This was the largest quarter for grainfed exports on record, as the continual, steady rise in capacity and turnoff has increased grainfed exports over time.

More information on export flows is available in the Major importers section (page 24).



## Major producers – Australia continued...

### Cattle prices

- The Heavy Steer indicator averaged 295¢/kg lwt in June 2024, 10¢ higher than the April 2024 average.
- The Processor Cow indicator averaged 213¢/kg lwt in June 2024, 8¢ lower than the April 2024 average.

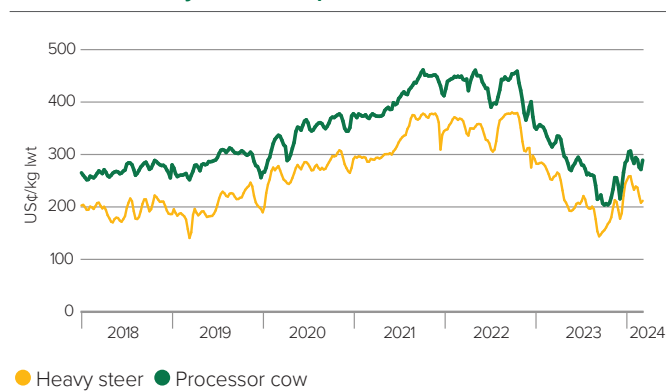
Saleyard cattle prices maintained the largely stable trend exhibited earlier in the year in Q2, with weekly steer prices only moving in a 10% band over the quarter. This was particularly true at the finished end of the market over the quarter.

Consistently rising supply at saleyards has been met by steadily growing weekly slaughter numbers, which has translated into stable pricing over the quarter.

Prices tended to be slightly stronger in Southeastern markets than the national average; NLRS market reports frequently refer to strong demand for finished animals in these sales, and slaughter numbers have grown more quickly in Victoria than in other states.

In general, strong overseas demand in Q2 was matched by steadily lifting cattle supply and slaughter capacity. Together, this meant that cattle prices have remained relatively stable over the first half of the year.

Australian saleyard cattle prices, 2018–2024



Source: MLA's NLRS

### Live cattle export

- Live export numbers rose by 24% from last quarter and lifted 42% from Q2 2023 to 211,244 head in Q2 2024.
- Indonesia remained the largest market for live cattle, with exports rising 64% from Q2 2023 to 152,899 head.

Live cattle exports continued to rise in Q2, as greater availability of cattle and more favourable pricing made Australian cattle more attractive to overseas buyers, especially Indonesia. Despite previous pressures that led trade partners to seek alternatives, the current prices, coupled with high quality and consistent supply, have reinstated importer confidence in Australian cattle.

Indonesia was the largest export market over the quarter. In fact, the 64% increase in exports to Indonesia meant that exports to Indonesia made up 72% of total volume, the highest share of exports on record. Outside of Indonesia, exports to Vietnam lifted 9% to 36,640 head, driven largely by a 60% increase in slaughter cattle exports from Townsville.

Outside of South-East Asia, relatively soft demand in the Chinese dairy sector has seen breeder cattle exports to China decline 31% from last year to 12,497 head, and difficulties along the supply chain meant there were no exports to Israel, down from 14,204 head in Q2 last year.

Overall, in Q2, exports lifted strongly to Australia's key traditional live export markets. Strong export numbers to Indonesia and Vietnam show that demand is robust as supply continues to lift.

## New Zealand

Beef production from New Zealand fell in Q2, but exports rose. There are two main reasons for this discrepancy.

Firstly, cow slaughter rose, in absolute terms and as a share of overall slaughter. The lighter carcasses contributed to slightly lower overall carcass weights, and the lean beef produced from cow carcasses is better suited to export markets than the domestic market.

Secondly, the exchange rate weakened, encouraging higher exports. Together, this means domestic consumption fell to the lowest on record.

Looking forward, the herd is likely to remain in a destock, although a slightly higher farmgate milk price forecast might encourage dairy cow retention.



## Major producers – New Zealand continued...

### Slaughter

- Adult cattle slaughter fell 1% from Q2 2023 to 874,125 head.
- Cow carcase weights lifted 3.4kg from Q2 2023 to 205kg, while steer carcase weights fell 1.9kg to 313kg.
- Heifers made up 36% of adult female slaughter in the 12 months to June 2024, well above the average of 34%.

New Zealand production continues to ease compared to year-ago levels, with falling beef cattle slaughter pulling carcase weights and total production down.

While adult cattle slaughter fell by 1% from last year over Q2, beef production fell by 3% to 313,447mt cwe. The fact that production fell by more than slaughter is largely down to a shift in slaughter composition, with cow slaughter rising while heifer, steer and bull slaughter all decline.

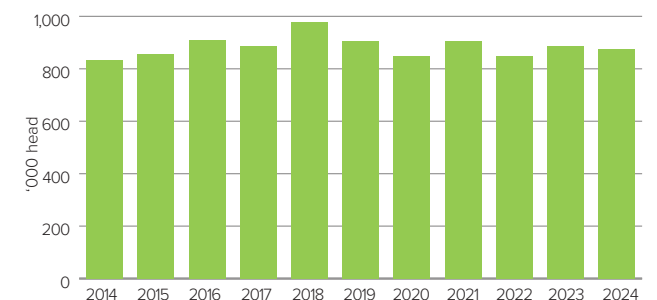
The lift in cow slaughter has primarily been driven by beef breed slaughter, which lifted 12% year-on-year over Q2. Dairy cow slaughter only lifted by 2% over the same period, as a slight increase in the dairy farmgate price forecast and improved seasonal conditions improved dairy producer's confidence.

At the same time, steer slaughter fell by 4% year-on-year. Swapping out steers for cows has meant that average carcase weights fell by 3.2 kg to 243kg and pushed total production down.

The stock turnoff rate for FY 2023–24 was 29%, well above the long-term average of 25%, and indicative of a destock. Heifer slaughter fell slightly over the quarter, with dairy breed heifer slaughter falling 4% from last year, suggesting some level of optimism in the market.

The forecast farmgate milk price for the 24/5 season has lifted slightly from NZ\$7.80 to NZ\$8.00/kgMS. Additionally, seasonal conditions have improved over the quarter, though some areas in Canterbury remain dry.

#### New Zealand Q2 cattle slaughter



Source: Stats NZ

### Exports

- New Zealand exported 206,244mt cwe of beef in Q2 2024, 18% more than Q1 2024 and 3% more than Q2 2023.
- The United States remained the largest market for NZ beef (45%), followed by China (24%) and Japan (10%).

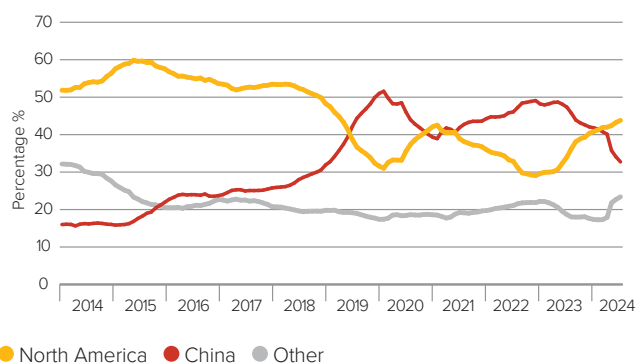
Strong demand from the US for lean beef, alongside a weak NZD, meant that export volumes strengthened despite declines in slaughter and production. This meant that domestic disappearance fell; in the 12 months to June 2024, domestic disappearance totaled 43,935mt cwe, the lowest figure on record.

Exports to China fell by 34% from Q2 last year to 50,034mt cwe. Though China had been New Zealand's largest beef export market in 2022, high levels of supply from South America and slow demand compared to the United States have seen beef exports increasingly concentrated in North America.

The USA was the largest export market by far, with exports lifting 10% year-on-year to 91,938mt cwe over the quarter. Exports to Canada also rose dramatically, increasing by 156% year-on-year to 11,357mt cwe. Taken together, this means exports to North America account for slightly over 50% of New Zealand's export mix.

Exports to Japan also rose, lifting by 149% year-on-year to 20,155mt cwe. This is the highest export total to Japan from New Zealand in at least 20 years and follows consistent increases in supply over the past several years.

#### New Zealand export split



Source: Trade Data Monitor, MLA



## United States

US production lifted from year-ago levels in Q2, as higher fed-steer and heifer carcass weights offset lower slaughter numbers and pushed fed beef production higher. At the same time, non-fed (cow and bull) slaughter fell, meaning that lean beef production fell.

This meant that import demand for lean beef remained strong, while export supplies fell by less than expected. At the same time, a strong US dollar made exports more expensive and imports cheaper, leading to a slight lift in total supply.

The lift in fed cattle slaughter was partially driven by increased heifer placements in feedlots. This has the effect of reducing the future potential breeding herd population, which will reduce the total herd count over time. This means that, although US production has remained relatively strong over the quarter, the outlook for herd expansion in the short-medium term is for a slow rebuild, which is unlikely to start in the next year.

### Slaughter

- American cattle slaughter in Q2 2024 was 7.87 million head, 3% below Q1 2023 and 1% below the ten-year average.
- The US FSR in the 12 months to June 2024 was 50.9%, slightly below Q2 2023 and well above the long-run average of 47%, indicating the US cattle herd is still in liquidation.
- US beef production in Q2 2024 was 3.02 million mt cwe, 3% above Q1 and 1% above Q2 2023.

While slaughter numbers declined throughout the quarter, beef production held considerably firmer as steer and heifer carcass weights defied the usual seasonal decline and remained well above average.

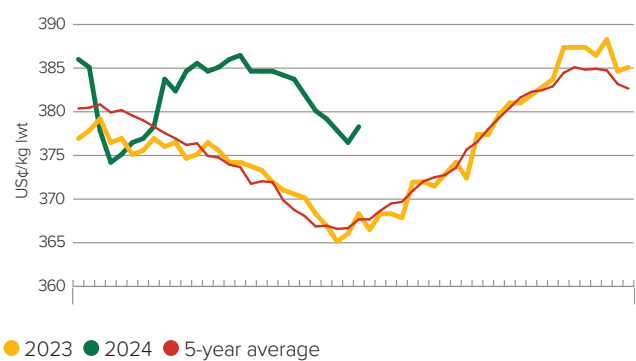
Actual slaughter numbers continued to decline in line with the trend seen since the start of 2023. Overall slaughter declined by 3%, driven by a 17% fall in cow slaughter to 1.3 million, the lowest Q2 figure since 2016. Steer and heifer slaughter rose slightly, to 3.9 million and 2.5 million head respectively.

The female slaughter rate continues to decline, suggesting that the ongoing herd liquidation is slowing down. High beef demand has pushed up feedlot placements, which have fallen less than the overall slaughter number.

Beef production has remained steady, coming in at 1% above levels year-ago in Q2 despite the decline in slaughter. This is because steer and heifer carcass weights have bucked the usual seasonal trend and remained close to the (northern) winter peaks. In Q2, steer carcass weights averaged 14kg heavier than 2023, while heifer weights averaged 11kg heavier than 2023. This trend eased over June, with weights beginning to fall, but it meant total production lifted.

The dual dynamics of lower cow slaughter alongside higher fed carcass weights have kept overall production steady compared to Q2 2023 but shifted the types of beef available. Higher carcass weights come with higher fat content. As such, 50–60CL beef is much more abundant in the US domestic market than lean beef, which has driven up imports.

#### US steer carcass weights



● 2023 ● 2024 ● 5-year average

Source: USDA, Steiner Consulting, MLA



## Major producers – United States continued...

### Cattle and beef prices

- American Fed Steer index reached an all-time high of US430¢/kg lwt in June, and averaged US415¢/kg lwt over the quarter.
- Domestic 90CL trim reached 818¢/kg at the end of the quarter, while imported 90CL trim reached 627¢/kg.
- Choice grade beef cost US\$17.90/kg at retail in June 2024, unchanged from the previous quarter.

Robust demand and buyer concerns regarding future supply have pushed prices up to record highs.

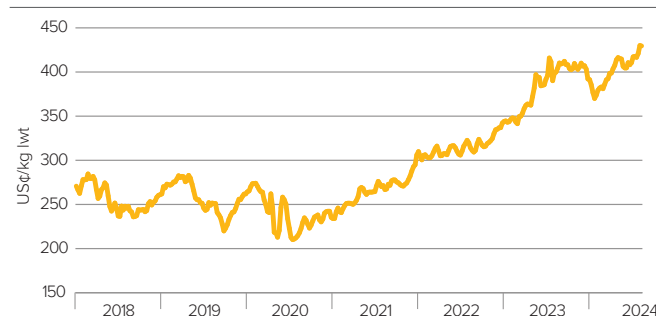
The US fed steer indicator hit a new peak of US430¢/kg lwt at the end of June, while the CME feeder cattle index hit a new peak of US570¢/kg. Strong processor demand has led to high numbers in feedlots, pushing prices back throughout the supply chain and contributing to the slower than expected emergence of a herd rebuild.

The current production dynamic has led to a lack of lean grinding beef in the market, even with robust production. This has pushed up demand for lean grinding beef, especially when domestically sourced. US 90CL lean trimmings hit an all-time high of US818¢/kg at the end of June 2024, well ahead of other wholesale beef prices tracked by the USDA.

As fattier beef is in relatively abundant supply, the spread between 50CL and 90CL beef has returned to near peak levels, with 90's running at a premium of over 300% for most of the quarter. This is despite relatively healthy prices for fat trim; high demand for tallow as a biofuel input has likely put a floor on fat trim prices, but very high lean trim prices mean that a near-record premium has been sustained.

In a similar vein, the premium for domestic 90CL trim over imported ended the quarter at over 30%, well above historic levels. As some US buyers will only purchase chilled beef which is US-sourced, the lack of domestic supply has driven demand from those buyers. At the same time, abundant exports from Australia and Brazil have meant the supply picture for imported trim is considerably better than domestic, even as prices rise. Historically, the spread between domestic and imported trim in the US market does not remain above 20% for extended periods, so the high prices for domestic 90's bode well for import pricing.

US fed steer price 2019-24



Source: USDA, Steiner Consulting

### Exports

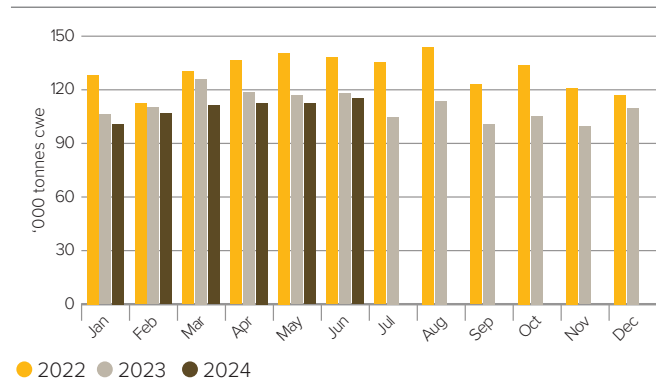
- The US exported 340,056 mt cwe of beef in Q2 2024, 7% more than Q1 2024 and 4% less than Q2 2023.
- Prices lifted by US\$0.74 from last year to an average of US\$9.54/kg, as chilled exports made up a larger portion of the total.
- Japan became the largest overseas market for the US in the quarter, receiving 23% of exports and overtaking Korea (21%).

Exports continued to decline over the quarter.

Although slaughter has been falling, cattle on feed numbers have remained solid and pushed average carcass weights above seasonal averages. This has led to robust production of forequarter cuts well suited to export markets, which has supported exports to an extent.

Despite this, a very strong US dollar has pushed up the price of exported US beef and made US exports less competitive in the face of stiff competition from Australia and Brazil. On this basis, exports to South Korea declined 18% from Q2 2023 and exports to China declined 14%.

US exports by month



Source: A



## Major producers – United States continued...

The exceptions to this were exports to Mexico and Japan, where increases were both seen. Exports to Mexico lifted 17% from Q2 2023 to 36,514mt cwe, as Mexican cattle slaughter has declined. The Mexican peso has performed strongly against the US dollar compared to other currencies, and economic growth has been stronger than average.

Exports to Japan rose by 9% from last year to 74,814mt cwe over the quarter. This increase was despite a difficult exchange rate situation, and substantial increases in exports from Australia. One contributing factor to the lift in exports appears to be the large increase in tourism to Japan, which has boosted foodservice demand and consequently raised beef consumption through this channel.

The outlook for US exports is a continued decline, given the current size of the herd and robust beef demand in the US. Even with a meaningful improvement in production, exports are unlikely to lift back to 2022 levels soon, and when herd rebuilding continues in earnest exports can be expected to decline further.

## Imports

- US beef imports totaled 545,524mt cwe in Q2 2024, 16% less than Q1 2024 and 16% higher than Q2 2023.
- Canada was the largest exporter, Followed by Australia, New Zealand, Mexico and Brazil.
- Frozen beef imports lifted 22% YoY over the quarter, while chilled imports lifted 9%.

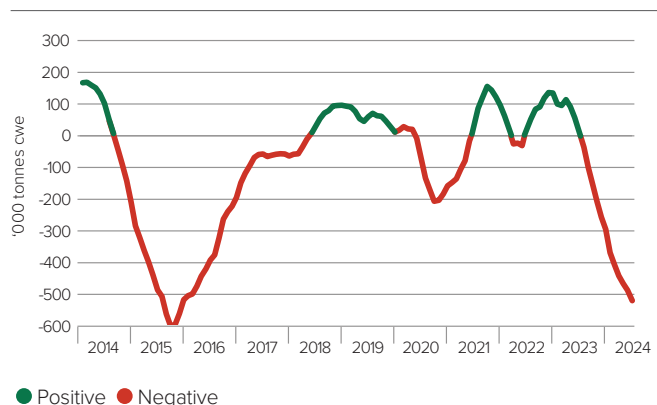
US beef imports continued to increase to fill the supply shortfall brought on by declining lean beef production.

Australian exports rose over the quarter to the point that Australia was the largest exporter in June. Canadian exports largely remained flat over the quarter, while Australian exports rose by 60% from last year.

The largest change to the import mix has been the emergence of out-of-quota imports from South America. Usually, South American exporters will mainly supply beef in the first quarter of the year to take advantage of a 50,000-tonne tariff-free quota, before pulling back once the quota has filled.

This year, weak demand from China and very strong demand from the US has encouraged exports out-of-quota. Taken together, South American exports rose 68% from last year over the quarter to 77,934mt cwe, 17% of total import volume. Notably, Paraguayan imports rose 278% from last quarter to 3,230mt cwe – this is the first year that imports have been allowed since 1997, so the quarter-on-quarter lift in exports suggests that Paraguayan exporters have been able to establish trading relationships and begin exporting substantial volumes of beef.

US beef net trade balance (exports - imports): 2014–2024



Source: Trade Data Monitor, USDA, MLA



## Major producers – United States continued...

### Domestic consumption

- Estimated domestic consumption in Q2 2024 lifted slightly from year-ago levels to 3.32 million tonnes.
- In June, beef in cold storage fell 1% from the end of Q1 2024 but fell 6% from June 2023 to 191,549mt cwe.

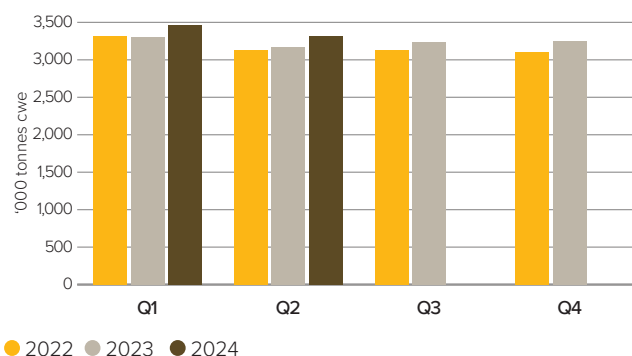
Domestic consumption volumes have been strong over the first half of 2024, with demand holding firm even as beef prices have increased.

The June Meat Demand Monitor results showed a strong willingness to pay for beef products among consumers at retail, but a slight decline in the willingness to pay at foodservice.

While economic performance has remained strong over the year, inflationary pressure has led to a slight shift in consumer behaviour. In general, consumers appear more willing to pay for meat items in a retail setting than foodservice, with this effect much stronger in Ribeye steaks than ground beef products<sup>3</sup>.

Cold stores of beef continued to shrink, falling to 186,393mt cwe at the start of July. This is the smallest July stockpile since 2014, at the bottom of the previous cattle cycle, and the speed of decline has been much faster this year than in the past.

### US domestic consumption



Source: USDA

## Canada

Beef production in Canada has followed a similar pattern to the United States in Q2, with turnoff easing slightly as drought conditions moderate.

The main driver of turnoff in Q2 was high live export volumes; a strong US dollar and high demand in the US for beef cattle led to strong increases in exports, even while slaughter fell. At the same time, imports rose, as lower slaughter translated into a smaller locally available supply of beef.

### Slaughter

- Canadian total turnoff was 921,589 head in Q2 2024, 3% below Q2 2023.
- Slaughter eased by 8% YoY to 721,602 head for the quarter, while live export lifted 21% to 199,987 head.
- The stock turnoff rate (STR) for the 12 months to June 2024 was 33%, above the Canadian long-term average of 31%, suggesting that the Canadian herd is currently in a destock.

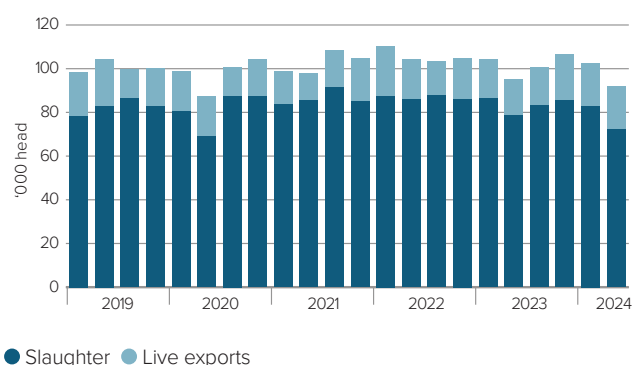
Although Canadian slaughter so far in 2024 has been below the first half of 2023, strong demand for cattle in the United States has pushed live export volumes well above usual levels. Live export of slaughter cows and heifers has seen a 35% lift year-on-year, meaning that total female turnoff is well above normal levels and the herd remains in a destock.

The Canadian dollar has remained relatively stable compared to the US\$ at 73¢/US\$ over the quarter, which is quite weak in historic terms. When combined with very strong beef demand in the US, this has encouraged the live export of cattle south to the US instead of to domestic slaughter.

On July 1, 2024, the Canadian cattle herd was 11.9 million, down 2% from July 2023 and 8% smaller than ten years ago. The Canadian cattle herd has been declining for over a decade, and much of this is concentrated in the beef herd; beef cows numbered 3.5 million head in July, 2% less than last year and 9% less than a decade ago.

Drought conditions persist across much of the western plains, where much of the breeding herd is located. Drought in some areas has been intensifying, reducing the likelihood of restocking in the medium term.

### Canadian turn-off by type



Source: Statistics Canada

<sup>3</sup>Source: Glynn Tonsor, Kansas State University, Meat Demand Monitor (June 2024 edition).



## Major producers – Canada continued...

### Trade

- Canadian beef exports for Q2 2024 totaled 132,150mt cwe, 17% lower than last quarter and unchanged from Q2 last year.
- Beef imports were 55,452mt cwe, 7% higher than last quarter and 22% higher than Q2 last year.
- The USA was both Canada's largest export market and import supplier.

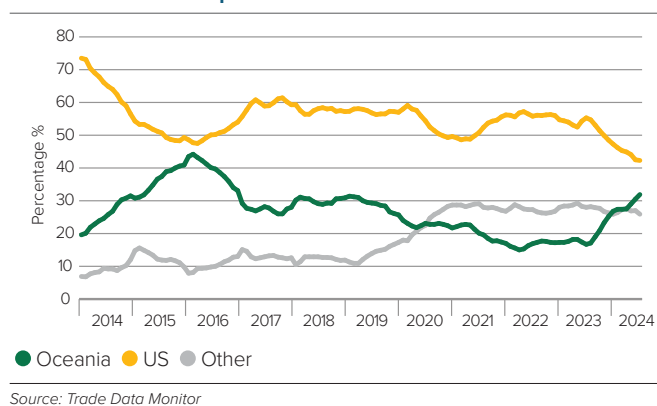
Canadian beef exports were largely unchanged from year ago levels, which suggests export demand was quite high given the decline in slaughter over the period. Export volumes were largely maintained due to a slight increase in exports to the US, with import volumes totaling 106,963mt cwe and 81% of total export volume over the quarter.

Outside of the US, exports to almost every other market declined from year-ago levels. Exports to Japan eased 1% to 9,367mt cwe, exports to Mexico fell 25% to 5,657mt cwe and exports to South Korea fell 22% to 3,753mt cwe.

Import volumes over the quarter lifted, largely due to increased supply from Oceania. While the US remained the largest exporter into Canada, imports fell by 5% from last year to 26,159mt cwe as US domestic demand remained strong. The largest increase in imports came from Australia, which saw a 184% lift in imports to 10,976mt cwe from last year. New Zealand also saw a 164% increase in imports to 8,290mt cwe, which means that Oceania became the second largest supplier into Canada for the quarter.

Taken together, this means the Canadian beef trade balance remains positive, but has fallen from 107,147mt cwe in Q1 to 76,698mt cwe in Q2, the lowest trade balance since Q2 2020.

Canadian beef import market share



## Brazil

Drought conditions impacted Brazilian slaughter, production, and exports, hitting new records in Q2 as carcass weights remained stable.

At the same time, the distribution of extra beef shifted slightly from the norm established over the past five years. While China remained the largest export market, exports to the Middle East and North Africa region (MENA) and the United States lifted markedly, despite the 26.4% out-of-quota duty applied to exports over the quarter by the United States.

Despite destocking, carcass weights remained steady, pointing to genetic improvements and investments in lotfeeding that point towards higher production in the future.

In May, the Brazilian government announced that the Cattle herd was free of Foot and Mouth Disease (FMD) without vaccination and intend to certify this status with the World Association of Animal Health. If this comes to pass, then it paves the way for Brazil to gain technical market access to several high-value markets in the future.

### Slaughter

- Brazilian cattle slaughter in Q2 2024 was 9.6 million head, seven above the previous quarter and 17% above Q2 last year.
- Adult male carcass weights for the quarter were 294kg, slightly below both the previous quarter and Q2 last year.
- The Brazilian FSR for the 12 months to June 2024 was 43%, above the long-run average of 39% and suggesting the Brazilian herd is currently in a destocking period.

Brazilian cattle slaughter reached a new peak in Q2, hitting 9.6 million head. Combined with reasonably stable carcass weights quarter-on-quarter and year-on-year, Brazilian beef production reached 2.6 million tonnes cwe.

The female slaughter rate continued to rise, reaching 43% for the quarter. In large part, the rise in slaughter came from disproportionately high female slaughter; adult male slaughter rose 15% YoY over the quarter, while female slaughter rose 21% to 4.5 million head.

Heifer slaughter lifted 25% YoY to 1.4 million head. Increased heifer turnoff, alongside very high slaughter generally, suggests a relatively deep destock.



## Major producers – Brazil continued...

In June, most of the country was in drought, with most of that area either classified as 'moderate' or 'extreme'. The only areas without widespread drought conditions were across the northeastern coast, and the southern province of Rio Grande de Sul.

While only small pockets of the country were in severe drought, according to the MCTI, 739 municipalities had at least 40% of their agricultural land affected by drought conditions in June, and water resources are beginning to be stressed by low water flows.

### Exports

- Brazil exported 872,916mt cwe Q2 2024, 16% more than the previous quarter and 30% more than Q2 last year.
- Export beef unit prices have eased US50¢ from Q2 last year to US\$4.50/kg.
- China remained the largest overseas market for Brazil, importing 48% of exports, followed by the United Arab Emirates (9%), and the United States (5%).

Alongside high slaughter and production numbers, Brazilian export volumes lifted strongly in Q2 from year-ago levels. The 872,916mt cwe exported over the quarter is a new record for Brazil, previously set in Q4 2023.

China remained the largest market, with exports lifting 1% in year-on-year terms.

The Brazil-China beef trade remains the largest bilateral beef trade flow in the world, but subdued demand from China pushed export prices lower; export prices to China were US74¢ down compared to year-ago levels, which effectively dragged unit pricing down overall.

Exports to the United Arab Emirates lifted 218% year-on-year in Q2 to 75,111 tonnes cwe, and saw slightly improved pricing from year-ago levels. Exports to the United States rose by 66% year-on-year to 46,088mt cwe, which is unusual given that these exports took place after the 50,000 tonnes 'all other countries' tariff-free quota closed in the US.

Even with very high export volumes, the domestic market remained the largest destination for Brazilian beef, accounting for slightly over 66% of production, and rising 12% from year ago levels to 1.7 million mt cwe over the quarter.

### Cattle prices

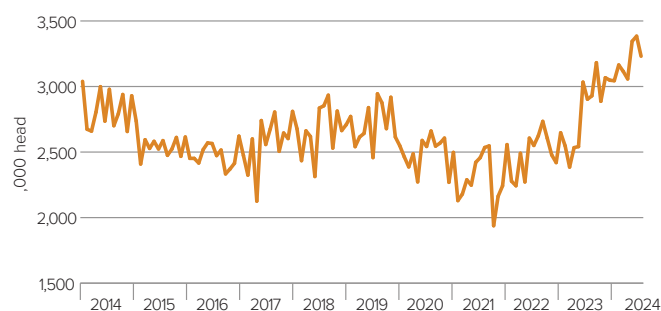
- The Brazilian Boi Gordo (heavy male) indicator ended June 2024 at US\$2.69/kg cwt, 55¢ below the Q1 2024 average and 88¢ below the previous year Q2 average.
- Male calf prices ended June 2024 at US\$364/head, US\$53 below the Q1 2024 average and US\$99 below the previous year Q2 average.

Cattle prices continued to slide over Q2, with poor on-farm conditions, high turnoff rates and relatively flat processor demand combining to push finished steer prices below US300¢/kg cwt.

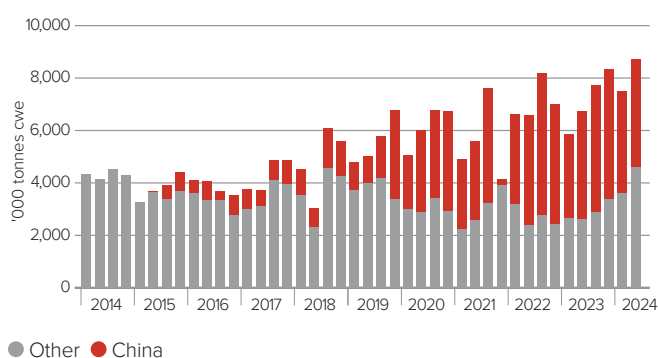
The Boi Gordo (finished steer) indicator eased by 13% over the quarter, with prices almost falling below the multi-year lows seen in September last year.

The informal premium for cattle well-suited to the China export trade (often referred to as the 'Boi China') has been easing, as import demand from that market has continued to soften.

### Brazil monthly slaughter 2014–2024



### Brazil exports by market 2019–2024



### Brazil Boi Gordo price 2019–2024



## Major producers – Brazil continued...

Restocker prices fell by slightly less than the finished end of the market, but still fell by 11% over the quarter. Ongoing droughts, combined with extremely volatile input costs, have impacted profitability and carrying capacity on-farm. While large scale investments are still being made in the industry over the long term, in the short term a challenging financial environment for producers is leading to decreased profitability and lower prices for cattle.

## Argentina

The Argentine cattle herd continued destocking in Q2, with a female slaughter rate well above the long-run average. This led to higher production, but exports remained unchanged from year-ago levels.

With steady-to-lower demand from China, this meant that the export mix diversified, with exports to North America in particular lifting markedly. Despite this, China remained the destination for most of the Argentine beef.

### Slaughter

- Argentine cattle slaughter in Q2 2024 was 3.3 million head, unchanged from Q1 2024 and 13% below Q2 2023.
- The FSR in the 12 months to June 2024 was 48.5%, above the long-run average of 45%, indicating the Argentine cattle herd is still destocking.
- Carcase weights averaged 226.5kg over Q2, 0.5kg higher than Q1 and 1.5kg higher than Q2 2023.

Cattle slaughter continued to ease in Q2 2024, but the persistently high female slaughter rate suggests that the herd is still contracting. This comes despite above average rainfall in the centre of the country, where most of the herd is located, and improvements to drought conditions in much of the country.

Carcase weights remained consistent over the quarter, averaging 226.5kg over the quarter, which is up from 225kg in Q2 last year. This suggests that destocking is not driven by substantial need to reduce stocking rates on-farm.

Fertilizers and other imported inputs remain expensive, which has impacted productivity on-farm for many producers. Rapid inflation has made financial planning difficult, and capital investment has been challenging in an illiquid capital environment.

On the other hand, labour availability has been improved by poor economic conditions, and the total cost of processing has anecdotally held even or dropped slightly.

As carcase weights remained relatively consistent from last year, the decline in slaughter has translated to a 12.8% decline in production from last year to 742,752mt cwe.

### Exports

- Beef exports totaled 228,455mt cwe in Q2 2024, 14% more than Q1 2024 and unchanged from Q2 2023.
- China was the largest market for Argentine beef with a market share of 72%, followed by the United States, Israel and Germany.
- Average export prices dropped by 52c from last year to US\$3.83/kg.

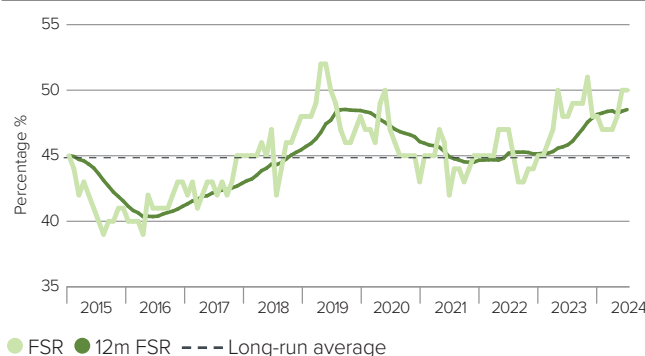
As slaughter declined, exports remained flat. While the headline figure remained largely unchanged, there was a meaningful shift in exports towards North America and a range of secondary markets.

China remained the largest market, with 72% of Argentine exports heading to Mainland China. While China remained the largest market, volumes declined by 12% YoY, leading to slightly greater market diversity than has been seen over the past several years.

The main secondary destination for Argentine beef over the quarter was the United States, and exports to the US lifted 136% YoY to 16,328mt cwe. This is notable as most, if not all this beef exported would have been subject to the US's 24.9% tariff on exports; strong import demand has made the United States an attractive export destination despite the substantial quota.

Despite the rise in volume, the US still only made up 7% of exports. The remainder went to a variety of smaller markets that did not show a clear trend, outside of a slight easing of export pricing. Overall, export prices eased 52¢ from last year to US\$3.83¢/kg, which was nonetheless a 5¢ lift from the previous quarter.

#### Argentine FSR 2015–24



Source: IPCVA



## Major producers – Argentina continued...

### Cattle prices

- Export steer prices ended June at US\$1.97/kg lwt, 1¢ below the previous quarter average and 19¢ below the Q1 2023 average.
- Manufacturing cow prices ended June at US\$1.26¢/kg cwt, 16¢ below the previous quarter average and 9¢ below the Q2 2023 average.

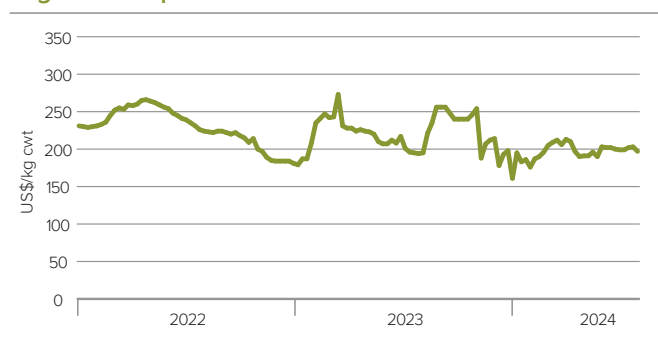
Argentine cattle prices continued to drift down slightly from year-ago levels but showed a considerably greater degree of stability than in 2022 and 2023, when price volatility was the norm in the cattle market amidst broader shifts in the Argentine peso.

A Government-led effort to 'unify' the Argentine peso, which has in practice led to currency devaluations, contributed to the decline in cattle prices in US dollar terms. Despite this, the removal of export controls contributed to strong processor demand, at a time when a smaller herd is causing a decline in slaughter.

Steer prices performed somewhat better than cow prices, as the ongoing destock encourages cow slaughter while availability of steers continues to slide.

Despite this, continued economic volatility and high inflation continue to add to the cost of processing, which remains a drag on the industry more broadly and restrains cattle prices.

#### Argentina export steer 2018–2024



Source: IPCVA

## European Union

European beef production is up slightly from Q2 2023, but below ten-year averages, as slightly higher carcass weights partially offset substantially lower slaughter.

The outlook for European beef production is forecast 9% decline in slaughter over the next decade. Changes to land use, increasing costs of production and regulatory changes are all forecast to impact production over the long term. Restrictive market access conditions make the prospect of importing larger volumes of beef unlikely, so the long-term outcome is likely reduced consumption.

### Slaughter

- EU cattle slaughter for Q2 2024 was estimated at 4.1 million head, 2% above the same period in 2023.
- Adult male carcass weights in June 2024 lifted by 2kg year-on-year to 371kg cwt, while adult female carcass weights lifted 2kg to 330kg cwt.
- France was the largest beef producer in the EU for the quarter, followed by Germany, Poland and Ireland.

Cattle slaughter lifted slightly when compared to year-ago levels, continuing the trend seen in Q1 for slightly higher turnoff.

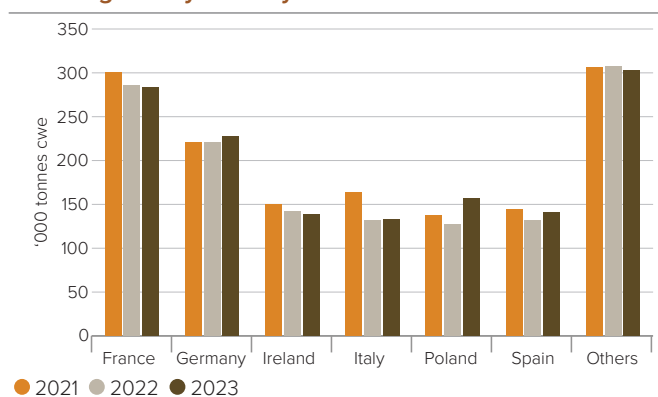
The largest increase in production came from Poland, where a 32% increase in cow and heifer slaughter drove a 24% increase in slaughter. There was also a notable rise in slaughter in Spain and Portugal, as hot weather and drought conditions caused an aggressive destock of cattle in the Iberian Peninsula.

Elsewhere, slaughter remained relatively consistent from year-ago levels. French slaughter was down 1% year-on-year, German slaughter was up 3% year-on-year and Irish slaughter dropped 3%.

Despite the relatively strong year-to-date production figures, the European Commission's short term agricultural outlook is forecasting a 3.9% decline in beef production, as part of a broader decline in the cow herd which is forecast to drive a 9.2% reduction in slaughter by 2035 (equivalent to 600,000mt cwe).

The European cattle herd shrunk by 1% in 2023 to 73.8 million head. The cattle herd has shrunk every year since 2016, and since that previous peak has declined by 7%, or 5.8 million head. This decline has been consistent across the continent, with every mainland European state's herd shrinking in 2023 (Cyprus and Malta were the only EU states to see marginal herd expansion).

#### EU slaughter by country



Source: Trade Data Monitor, MLA



## Major producers – European Union continued...

### Trade

- In Q2 2024, the EU exported 148,530mt cwe of beef, 2% less than the previous quarter and 11% more than Q2 last year.
- EU imports totaled 89,114mt cwe of beef over the quarter, 3% more than the previous quarter and 2% less than Q2 last year.
- On average, EU exports over the quarter were valued at US\$6.51/kg, while imports were valued at US\$9.58/kg.

Total EU export volumes lifted slightly over the quarter, though exports to the UK declined, bringing UK export market share below 50% for the first time since Q3 2021. Instead, there was a strong lift in exports to Turkey, which made up 15% of exports over the quarter.

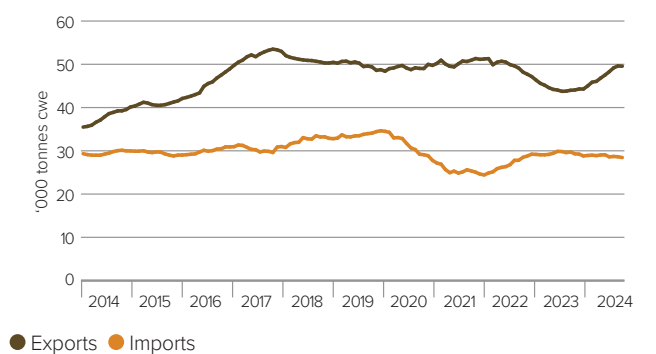
Exports remained geographically proximate to the EU; the five largest export markets all share a direct border with the EU.

The UK remained the largest export market for EU beef, with exports falling 5% from last year to 71,225mt cwe. Turkey was the second largest market, with exports lifting 66% YoY to 22,952mt cwe, followed by Bosnia & Herzegovina, Switzerland and Algeria.

Imports lifted slightly, but in general remained consistent with trade flows seen in 2023. Imports from Uruguay and Argentina lifted, while imports from Brazil eased, leaving total imports from Mercosur (South American free trade area) roughly flat. Imports from the UK also fell year-on-year terms, meaning that total trade with the UK was down 6% year-on-year over the quarter.

A notable lift in imports was seen from Namibia and Botswana, two Southern African countries that have, in recent years, implemented numerous reforms to meet red meat technical market access requirements and lift beef exports. EU imports from Namibia lifted 54% from last year over Q2 to 2,808mt cwe, while imports from Botswana lifted 306% to 1,705mt cwe.

EU beef trade 2014–2024



Source: Eurostat

### Cattle prices

- EU Steers rose 6¢ over Q2 2024 to end at €5.24/kg cwt, 9¢ above June 2023.
- Cow prices rose by 22¢ over the quarter to €4.31/kg cwt, 5¢ above June 2023.
- Of the major cattle producers, France, saw premiums over the EU average while Ireland, Poland and Germany were below the EU average for the quarter.

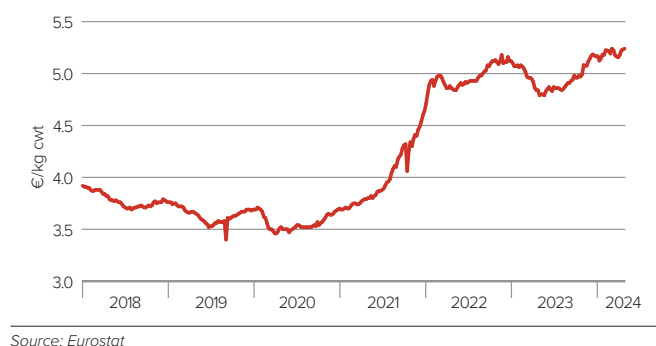
EU cattle prices remained firm over Q2, with steer and bull prices rising slightly over the quarter and inching closer to the all-time peaks seen in early 2023.

Cattle prices have remained relatively stable since mid-2022, with adult male cattle trading in a €4.70–5.30/kg cwt band over that period. This has held true so far in 2024, with prices inching upwards above the €5/kg mark as cattle supply dropped while demand held firm.

Cow prices have been more volatile, and the rise in prices seen so far in 2024 has largely been the reverse of price declines seen throughout 2023. Although European herds are still destocking, the slight lift in processor demand has been enough to generate a lift in prices.

In general, prices remain relatively consistent across the continent, with prices in major producing countries rarely varying from the EU total price by more than 10%. In general, Western European prices tended to run at a slight premium to the EU average overall, but the overall trend of national prices converging on the EU market average price continues.

EU male cattle price 2018–2024



Source: Eurostat



# United Kingdom

British beef production was largely unchanged from year-ago levels in Q2, and production for the remainder of 2024 is forecast to remain unchanged also. Slaughter has remained largely in line with Q2 2023 as well, which in the context of a smaller herd implies slightly more intensive destocking.

## Slaughter

- UK adult cattle slaughter in Q2 2024 was 663,587 head, 3% below Q1 2024 and 1% above Q2 2023.
- Steer carcase weights rose by 4kg from last year to 360kg in June 2024.
- The STR for the 12 months to June 2024 was 30.1%, above the 10-year average of 28.6%, suggesting that the UK cattle herd is currently in a mild destock.

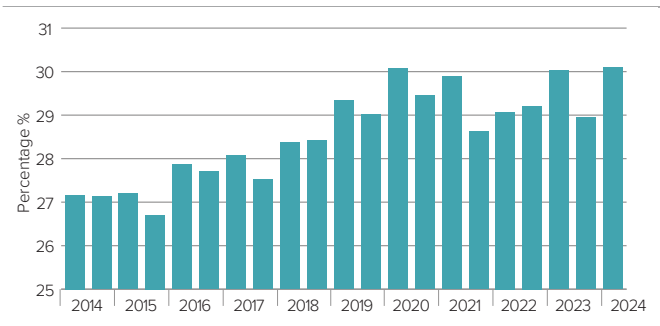
UK beef production was largely unchanged from 2024 in Q2 at 225,118mt cwe.

This production was driven by an increase in heifer and steer slaughter, while bull, cow and calf slaughter dropped. Consistent slaughter numbers, when placed in the context of a declining herd, suggest that the herd destock has accelerated slightly compared to last year. In particular, the high heifer slaughter figure points to future reductions in the breeding herd and consequently a smaller herd.

According to the Agriculture and Horticulture Development Board (AHDB), strong beef prices, alongside margin pressure from higher production costs, have incentivised culling from producers. Alongside the increase in input costs felt globally, UK producers are seeing changes to Government support payments, with direct subsidies being replaced by a set of incentive schemes that aim to improve environmental outcomes and will lead to a net reduction in payments for some producers.

The AHDB's Beef Market Outlook forecasts stable beef production throughout 2024 at 903,000mt cwt, while production in 2025 is forecast to decline 2.6% from 2024 levels.

UK Stock turnoff rate 2015–2024



Source: DEFRA, MLA



## Major producers – United Kingdom continued...

### Trade

- The UK exported 24,925mt cwe of beef in Q2 2024, 29% less than the previous quarter and 20% less than Q2 last year.
- Beef imports totaled 52,263mt cwe in Q2, 39% less than the previous quarter and 33% less than Q2 last year.
- Export prices eased to US\$6.01/kg, 25¢ below year-ago levels.

UK trade eased at both ends in Q2, though imports fell considerably more, pushing the net trade balance to its highest point since Q3 2019.

Export volume declines into Europe were relatively consistent; exports to Ireland fell 30% YoY, exports to France fell by 28% YoY and exports to the Netherlands fell 15%. The bright spot among exports was Hong Kong, where exports rose 42% YoY, becoming the fourth-largest market for the quarter and the only major market for UK beef outside the Eurozone.

Import volumes followed a similar pattern as imports from the Eurozone fell, while imports from other markets lifted. Imports from Ireland, Poland and the Netherlands all eased from year-ago levels, while imports from Australia lifted 212% from year ago levels to 1,288mt cwe.

Despite the decline in import volume, Ireland remains by far the UK's largest beef supplier, with Irish imports making up 58% of total volume. Irish cattle prices lifted over the quarter and slaughter is forecast to decline marginally over 2024, contributing to a reduction in UK imports.

Relatively strong import volumes in Q1, alongside robust domestic production, have contributed to a reasonably high supply in the UK market. This has reduced the demand for further imports. At the same time, domestic demand is relatively high, and the UK pound is performing reasonably strongly against the Euro, marginally reducing export demand. As a result, domestic beef supply is relatively high, and overall international trade is lower than in the first quarter of 2024 or Q2 last year.

#### UK trade balance 2015–2024



Source: Trade Data Monitor, MLA

### Cattle and beef prices

- Deadweight steer prices ended June 2024 at 478p/kg cwt, 11p below March 2024 and 2p lower than year-ago levels.
- Beef mince cost £5.00/kg at retail in June, unchanged from the previous quarter and 2p higher than June 2023.

Cattle prices were slightly below year-ago levels for much of Q2 but remained well above historic levels.

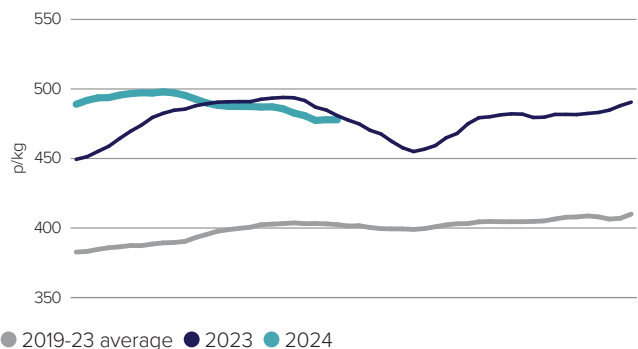
Strong domestic consumption ensured that demand for beef was relatively high, and the smaller cattle herd meant that supplies were relatively tight over the quarter. Together, these factors ensured that prices remained well above historic levels, especially for prime cattle.

Cow prices overperformed when compared to the prime cattle market, lifting slightly over the quarter and inching closer to matching the all-time highs seen in mid-2023.

Prices were consistent regionally, with Scottish prices remaining largely in line with English and Welsh prices.

Retail prices also held steady, with mince remaining unchanged quarter-on-quarter and only slightly higher than in 2023. UK inflation figures generally have been trending down from the peak in October 2022, which can be seen in stable beef retail prices.

#### Prime steer OTH price



Source: AHDB, MLA



# India

## Exports

- Indian buffalo meat (IBM) exports in Q2 2024 fell by 27% from Q1 2024 and fell by 17% from Q2 last year to 304,021mt cwe.
- Egypt was the largest market for IBM in Q2, followed by Vietnam and Malaysia.
- The average export price in Q2 was US\$3.48/kg, 42¢ above Q1 2023.

Indian buffalo meat (IBM) exports fell over Q2, as volumes fell across most major markets, though export value did lift from year-ago levels.

Exports to key markets Egypt, Malaysia and Iraq all fell over the quarter, while exports to Vietnam remained consistent with year-ago levels. At the same time, exports to Saudi Arabia and the United Arab Emirates both lifted, by 16% YoY and 52% YoY respectively.

In volume terms, the largest impact on Indian export volumes came from Indonesia, which has not been the destination for any IBM exports so far this year. Issues relating to export permits with the Indonesian government mean that no exports have taken place so far this year. In Q2 last year, exports to India totaled 27,440mt cwe, so roughly half of the decline in export volume can be explained by the lack of Indonesian imports.

While exports fell generally, declines were more pronounced in South-East Asia, which meant that the Middle East and North Africa region (MENA) had a more pronounced market share than in Q1, taking in 59% of product compared to 50% the previous quarter.

While exports have been subdued over the quarter in volume terms, export pricing rose to US\$3/kg from last year in Q2. This was in part due to a shift in export distribution; IBM exports to MENA are generally slightly more expensive than to South-East Asia. Beyond that shift in distribution, the boost in protein demand in middle-income countries from rising incomes benefits exporters like India most visibly, as India lacks market access into most high-value markets and exports commodity-grade meat that is heavily exposed to general market trends.



# Major importers

## Japan

### Slaughter

- Japanese adult cattle slaughter in Q2 2024 rose by 1% from Q2 last year to 269,260 head.
- Dairy breed slaughter fell by 4% from last year to 73,812 head, while Wagyu slaughter lifted 7% from last year to 130,516 head.
- The female slaughter rate for the 12 months to July 2024 was 50%, above the long-run average of 47%, suggesting that the Japanese herd is currently in a destock.

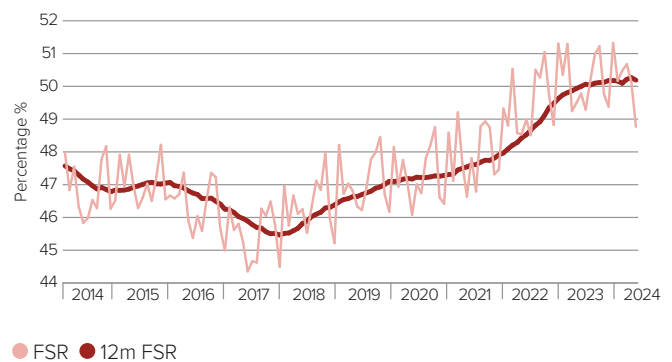
Japanese cattle slaughter lifted slightly compared to last year, and female slaughter remained well above the long-term average.

The high FSR is largely driven by dairy cow and heifer slaughter, which has been well above replacement levels since 2017 and has seen the dairy cow herd decline by 10% between 2013 and 2023. The decline in dairy cattle slaughter in 2024 so far has largely been due to a decline in the dairy herd, as opposed to a meaningful shift in herd dynamics.

Compared to dairy cattle, Wagyu slaughter remains robust, lifting 7% from Q2 last year to 130,516 head. Input cost rises have significantly contributed to this. The feed complex required for Japanese wagyu production has risen in price over the past several years, as Japan imports large volumes of feed and as such is heavily exposed to exchange rate fluctuations and global supply, both of which have substantially increased prices. The increased costs have reduced profitability, especially for long fed programs, which has in turn pushed slaughter rates up.

This has meant that Wagyu cattle made up 49% of adult cattle slaughter in Q2, the highest Q2 figure on record.

### Japan Female Slaughter Rate (FSR) 2014–24



Source: ALIC, MLA

### Imports

- In Q2 2024, Japan imported 227,449mt cwe of beef, 41% above last quarter and 1% above Q2 2023.
- Import prices in March were 25¢/kg higher than June 2023 in US\$ terms at US\$5.96/kg.
- Australian market share lifted from 41% last year to 47%, while American market share fell from 40% to 34%.

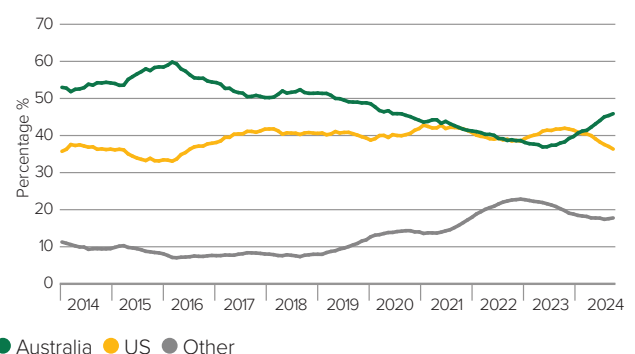
Japanese beef exports remained steady from year-ago levels, despite a lower exchange rate, as tourist numbers boosted foodservice demand and overall beef consumption rose from year-ago levels.

Imports from Australia lifted substantially by 15% YoY to 105,950mt cwe throughout the quarter. At the same time, imports from the United States fell by 34% YoY to 77,877mt cwe. This shift is typical for the Japanese market; Australian exports tend to lift as American exports decline, with supply in both markets affecting market share.

Additionally, the weak Australian dollar is improving international competitiveness relative to the United States. While the AU\$ did strengthen relative to the Yen over the quarter, the US\$ strengthened by more. Between the start of the year and the end of June, the US\$ has appreciated 14.1% against the yen, compared to a 12.9% appreciated for the AU\$.

Together, Australia and the US account for 81% of the import market. Canada was the third-largest importer, and exports from Canada fell by 16% from last year to 18,504mt cwe. Similarly to the United States, Canadian beef supply eased in Q2, which impacted export volumes.

### Japan beef import market share



Source: ALIC, MLA



## Major importers – Japan continued...

After Canada, New Zealand imports rose 80% YoY to 17,482mt cwe. New Zealand imports have been steadily lifting since a low in 2018, and this quarters' import volume is the highest since Q2 2006, when American imports were still banned from the Japanese market.

### Consumption

- In Q2 2024, total beef consumption lifted 11% from last quarter and fell 4% from Q2 last year to 315,860 tonnes cwe.
- Beef in cold stores lifted by 18% from Q1 2024 and declined by 8% from Q2 2023 to 210,327mt cwe.

Beef consumption continued to fall in year-on-year terms in Q2, though by less than expected as beef in cold store volumes continued to decline. Consumption of domestic beef lifted 2% YoY, as supply lifted slightly, while imported beef consumption fell 8%.

Japanese beef commands a substantial premium over imported beef in the Japanese market, so additional imports have increased availability at the more affordable end of the market. To that end, the price difference between Japanese dairy beef and beef imported from the USA eased over the quarter, although in absolute terms it remained substantial.

Lower imported supply, alongside a slight easing of domestically produced retail beef prices, both contributed to the increase in domestic beef as a portion of total consumption.

Pricing of Australian beef in retail continued to ease slightly, and prices of US beef are now generally at a premium to Australian prices at all price points, both in the 'bargain' price point and the 'normal' retail price points.

### Japanese premium over US at retail



Source: ALIC, MLA

## South Korea

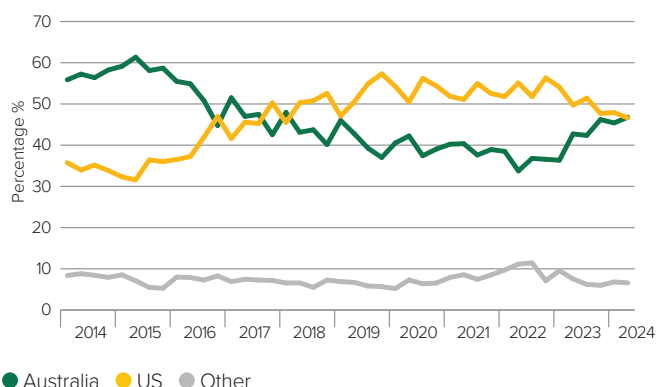
### Imports

- In Q2 2024, Korea imported 142,513mt cwe of beef, 20% less than the previous quarter and 8% less than Q2 last year.
- Australia became the largest exporter over the quarter, with a market share of 46.8%, followed by the United States with a market share of 46.6%.
- The average cost of imported chilled beef was US\$13.10/kg swt, while frozen imports cost an average of US\$6.51/kg.

Korean beef imports fell from year-ago levels, due to a 13% decline in exports from the United States. At the same time, Australian exports remained stable compared to 2023, meaning that Australian market share grew, and Australia became the largest supplier into Korea for the first time since Q1 2018.

Import pricing varied from supplier over the quarter. Unit prices for beef imported from the US grew by US32¢ over the quarter to US9.60¢/kg swt. This was in large part due to a change in product composition; as US production declines, the product composition also changes, affecting total unit pricing. The shift in export composition also affected overall unit pricing; beef from the United States usually holds a premium over Australian beef in the Korean market, so the shift in export composition led to a 5¢ decline in the price of imported frozen beef over the quarter to US\$6.51/kg.

### Korean import market share



Source: Trade Data Monitor, MLA



## Major importers – Korea continued...

### Slaughter

- In Q2 2024, cattle slaughter fell 12% from last quarter and rose 1% from Q2 last year to 251,892 head.
- In the first six months of 2024, cattle slaughter has been 5% above the first six months of 2023.

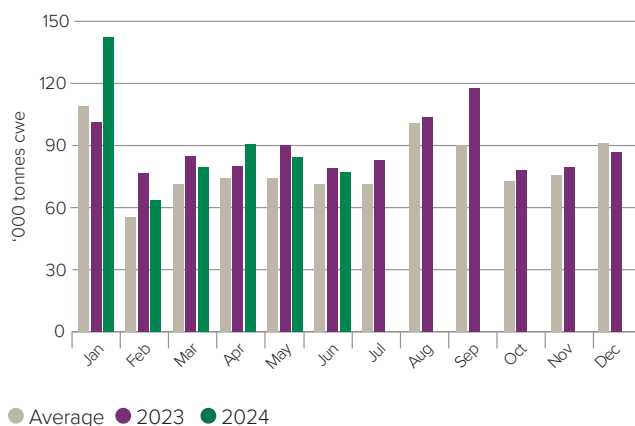
The pace of cattle slaughter remained well above long-term average levels in Q2, but slowed down slightly compared to Q1, falling 12% from Q1 and only lifting 1% from Q2 last year.

Government subsidies to encourage consumption of Hanwoo beef and deliberate herd destocking from producers due to high input costs has seen elevated slaughter.

Despite this, domestic beef remains more expensive than imported Australian and American beef in the Korean market. After a very strong start to the year, with very high slaughter in January, numbers have come back much closer to long-term averages, while remaining slightly above 2023 levels so far this year.

As Korea lacks FMD-free phytosanitary certification, and saw a confirmed outbreak in May 2023, most of the Korean beef is consumed in Korea (in Q1 exports totaled just 16mt cwe). As such, Korean production has a meaningful impact on overall supply in the market, despite its relatively small size.

#### Korean slaughter by month



Source: APQA, MLA

## China

### Imports

- China imported 899,173mt cwe in Q2 2024, 14% less than last quarter and 12% more than Q2 2023.
- 108 batches of beef were rejected by customs in Q2 2024, up from 18 batches in Q2 last year.
- Brazil was the largest exporter to China, accounting for 44% of imported volume, followed by Argentina, Australian and Uruguay.

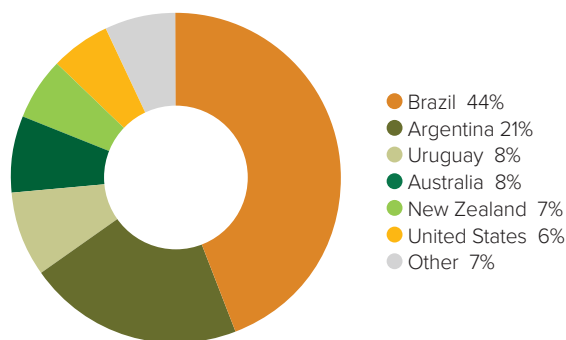
Chinese beef import volumes remained robust over the quarter, with supply increasing from Brazil and Argentina in year-on-year terms.

Imports from Brazil made up 44% of the imported total, with exports lifting 57% from last year to 496,121 tonnes cwe over the quarter. While there was a large increase, this rise has much more to do with low volumes in Q2 2023. In trade figures from April and May 2023, exports were much lower than normal due to a case of atypical BSE in Brazil that led to a temporary pause in trade.

Looking at June 2024 separately, exports dropped 12% year-on-year with substantial declines in export volumes from all major exporters. This came alongside prices easing US79¢, a 14% decline since June 2023.

Taken together, this suggests the Chinese imported beef market softened over the quarter. Despite this, the Chinese market remains the largest in the world for beef imports and is forecast by the OECD to account for 27% of global imports in 2024.

#### Distribution by market – Volume



Source: Trade Data Monitor, MLA



## Major importers – China continued...

### Prices

- Frozen beef imports into China cost US\$4.61/kg in Q2 2024, while chilled imports cost US\$11.49/kg.
- Of the major beef exporters, US beef carried the highest price at US\$9.94/kg over the quarter.
- Retail beef prices eased 11% from Q1 2024 to end June at ¥69/kg.

Import beef prices largely held firm in Q2, dipping 1¢ compared to Q1 2024. Despite this, prices remained well below year-ago levels, with wholesale prices dropping from all countries, except for the United States.

Unit pricing from the US lifted 86¢ year-on-year to US\$10.15/kg. This was not due to an actual increase in prices, but rather a shift in export mix. As US production declines, higher-value beef makes up a larger portion of the export mix, which in turn drives up the aggregate price.

Among South American exporters, who overwhelmingly export frozen beef, prices declined by an average of 8¢ over the quarter, and 58¢ from last year.

Retail beef prices continued to decrease, dipping ¥7 over the quarter to ¥69/kg. This easing meant that beef prices fell below retail mutton prices for the first time since 2019 and brought beef prices closer to retail pork prices, though beef prices were still slightly more than double pork prices on a per kilo basis at the end of the quarter.

### Retail beef price 2018–2024



Source: Steiner Consulting, MLA



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