

World Beef Report Issue 1077

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INTERVIEW - Jean-Luc Meriaux, Secretary General of the UECBV - “A further price decline in beef prices can’t be ruled out” in the EU following Russian embargo



FOB Mercosur

MICA meeting discussed “strongly” the possible clearance to Brazilian fresh beef

The possible clearance to Brazilian fresh beef was “strongly” discussed during the MICA (Meat Importers’ Council of America) conference that finished last Saturday, a participant told WBR. A possible 6-month term was even handled for the final approval. Consulted about the Argentine situation that, in the papers, looks closer (clearance is already in the 60-day public consultation period), the source said that that possibility is seen as more remote due to “political matters”.

It is said that Brazil will become part of the third country quota that comprises 64,000 tons in which participants are mainly Central American countries, basically Nicaragua and Costa Rica.

Beyond the approval term, the source said the market insertion won’t be easy for Brazilian exporters. “It took a long time for Uruguay to be back”, he remembered.

Shares of JBS and Marfrig had significant improvements at the start of activities of the Sao Paulo Stock Exchange this week, with increments in R\$ of 8.8% and 4.3% respectively.

Good perspectives for NAFTA markets

A Uruguayan industrialist participating last week in the MICA Annual Conference was back with an “optimistic impression” about the opportunities the market will show in the rest of the year. “The NAFTA market transformed itself in just one month and nothing indicates that this may change”, he assured. US quota 90 CL operations get between US\$/t 6,100 and 6,200. Meanwhile, in Canada (where importers manage the quota) there’s also a fluent trade current with 90 CL sales at US\$/t 5,500-5,600. With an active Canadian demand, today this market proves to be better than US off-quota operations. Current equivalent prices are around US\$/t 4,900 but, if the trend prevails, exporters are expectant of getting US\$/t 5,000 FOB for off-quota 90 CL.

Stable Europe waits for euro evolution

Chilled beef prices from Uruguay to Europe remain firm despite the depreciation suffered by the euro last week against the US dollar. A regional trader told WBR that rump & loin buying prices remain around US\$/t 16,900-17,000 for standard brands.

However, a Uruguayan industrialist assured he has achieved operations during the last three weeks at US\$/t 17,300 FOB for R&L to Germany.

On the other side of the river, an Argentine broker said that prices suffered a slight drop last week. The industry has problems to get US\$/t 18,000 FOB. “Operations today are closed at US\$/t 17,800”, he said.

The source remarked as “good news” the stability of the euro this week as an element that could add “some more dynamics” to demand that lately shows bigger levels of cautiousness to cope with the ups and downs of its currency. “If the euro keeps

dropping, it will be difficult to keep current values”, he warned. Last week Barclays’ corrected sharply down its projection for the Euro in one year time to US\$/€ 1.10.

On the other hand, frozen beef shows no major changes. A Uruguayan industrial source said that today is more convenient to include topside in the US quota at US\$/t 7,800 FOB than to try selling it at US\$/t 7,000 in Italy.

China widens demand beyond offal

Chinese importers are finally back and requests and consultations exceed traditional and typical products of this market like offal and shin & shank. A Uruguayan broker reports bids for knuckle at US\$/t 5,600 CIF, eye round at US\$/t 6,350 and navel plate at US\$/t 2,900. Meanwhile, for shin & shank importers accept to pay US\$/t 5,200 but find an industry with very little offer available. Likewise, bible (omasum) price shoot up to references around US\$/t 6,600 CIF.

“China is more active, surely from now and up to November there will be a significant increase of operations in that market”, an industrialist forecasted.

Exporters and importers meet each other in World Food Moscow

The World Food Moscow Fair started Monday, an event that by the moment had much conversation and little business.

Brazilian exporters present, members of 11 companies, handled sale prices that until yesterday were above importers’ expectations. “Tomorrow (for today) will be a key day; we’ll see who stands fast, but most surely it will end in some sales”, a regional trader said. Brazilians are asking between US\$/t 4,900 and 5,000 CIF for chuck & blade but importers weren’t offering more than US\$/t 4,750-4,800. The difference is shorter for forequarters with sellers positioned at US\$/t 4,700-4,750 and buyers offering between US\$/t 4,600 and 4,650. Paraguayan exporters are positioned around US\$/t 200 below Brazilians’.

In the case of Uruguay, the Russian market has not much attention today, as showed by absolutely no participation in Moscow’s fair. A trader said that the market was perceived as more “cautious” product of the ruble devaluation against the US dollar. Although trimming 80 VL is being shipped at US\$/t 4,000 CIF, liver at US\$/t 2,750, heart at US\$/t 2,700 and tongue at US\$/t 6,500, few operations are achieved now at these prices.

MARKETS

Real devaluation impacts over regional cattle price

The Brazilian Real sharpened the devaluating trend this week and fell 2.2% against the US\$ to R\$/US\$ 2.33. It is the lowest quotation since mid March, six months ago. Brazil’s cattle market remained stable in R\$ but the average steer price dropped US\$ 6 cents (-1.7%) to US\$/kg 3.56 cw.

Meanwhile, prices in the other Mercosur countries remain steady with some improvements in Paraguay and Uruguay.

However, the incidence of Brazil as the main regional exporter is so strong that pushed the average price down 4 US cents. Consequently, the Mercosur Steer Index (WBR/MSI) is now at US\$/kg 3.65 cw.

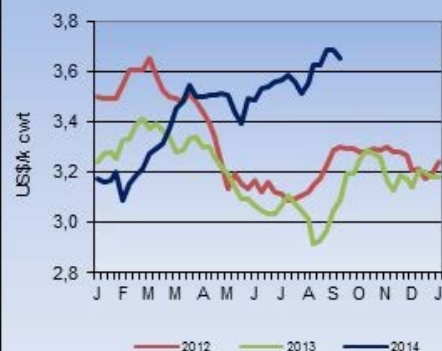


World cattle prices

Estimated carcass price (US\$/k)		Last	Week	Month	Diff % month
Steers					
Mercosur	WBR Index	3,65	3,69	3,62	0,8%
Uruguay	Best, + 460 k	3,65	3,63	3,60	1,4%
Argentina	Export + 480 k	3,88	3,88	3,92	-0,9%
Argentina	Domestic 420-440 k	3,52	3,75	4,02	-12,3%
Brazil	Avg export states	3,56	3,62	3,55	0,2%
Brazil	Sao Paulo	3,72	3,78	3,69	0,9%
Brazil	RS - Porto Alegre	3,65	3,73	3,87	-5,6%
Brazil	MS - Campo Grande	3,58	3,62	3,56	0,6%
Brazil	MT - Cuiabá	3,43	3,51	3,48	-1,3%
Brazil	GO - Goiânia	3,52	3,57	3,47	1,6%
Paraguay	Steers	3,68	3,65	3,53	4,3%
USA	Steers	5,48	5,46	5,37	2,0%
Australia	Trade steer (170-230 k)	3,42	3,40	3,34	2,3%
Australia	Japan Ox (300-400 k)	3,36	3,38	3,20	5,1%
N. Zealand	Bull (270-295 cwt)	3,55	3,60	3,53	0,5%
E. Union	Steers	5,13	5,09	5,21	-1,5%
Japan	Wagyu A5 (Tokyo)	21,11	21,46	21,18	-0,3%
Cows					
Uruguay	Best, + 440 k	3,40	3,40	3,35	1,5%
Uruguay	Manufacturing	2,11	2,05	2,07	1,9%
Argentina	Special to good	3,06	3,18	3,01	1,8%
Argentina	Manufacturing	2,24	2,42	2,04	9,6%
Brazil	Sao Paulo	3,46	3,54	3,45	0,3%
Brazil	RS - Porto Alegre	3,52	3,59	3,73	-5,7%
Brazil	MS - Campo Grande	3,38	3,45	3,33	1,3%
USA	Cow 90 lean (500-600 lb)	5,03	5,07	5,07	-0,8%
Australia	US Cow	3,04	3,03	2,68	13,7%
N. Zealand	Cow (195-220 k cwt)	3,55	3,60	3,53	0,5%
E. Union	Cow	3,70	3,72	3,86	-4,3%

Sources: Uruguayan operators, Mercado de Liniers SA, Scot Consultoria, USDA, MLA, EC

WBR Mercosur Steer Index



Companies shares

	16-Sep	Weekly % diff.	End 2013
JBS	10,1	8,8%	15,4%
Marfrig	7,2	4,3%	82,7%
Minerva	13,02	2,4%	13,2%
Brasil Foods	57,89	0,3%	18,6%
Tyson Foods	39,08	2,2%	16,8%
McDonalds	93,75	2,9%	-3,4%
Fonterra	6,28	1,3%	8,5%
ADM	51,26	1,6%	18,1%
Monsanto	113,92	-0,5%	-2,3%
Potash	35,26	4,1%	7,0%
John Deere	82,93	0,8%	-9,2%

In R\$ or US\$/share

Mercosur Cattle View (US\$ cents/kg)

URUGUAY (Cents/k)				BRAZIL (US cents/k live weight)			
Steers	Last	Week	Month	Last	Week	Month	
Best steers (OTH)	365	363	360	Steer Sao Paulo	194	197	192
Good steers (OTH)	362	360	355	Steer RG do Sul	188	192	199
Light weight (OTH)	364	361	358	Steer Mato Gr. Do Sul	186	188	185
Nat grass +480k (LW)	Nom	Nom	Nom	Steer Minas Gerais	180	184	180
Holstein (OTH)	355	352	350	Cow Sao Paulo	168	172	167
Cows				Cow RG do Sul	173	176	183
Prime (OTH)	340	340	335	Cow Mato Gr. Do Sul	164	167	162
Prime (LW)	171	168	166	Cow Minas Gerais	160	163	157
Fat (LW)	335	333	327	Future steer prices			
Heifers +310 (OTH)	348	348	345	Sep-14	192	194	196
Heifers +310 (LW)	184	181	178	Oct-14	190	194	199
Replacement cattle				Nov-14	192	195	199
Calves (120-180 k)	222	223	218	Dec-14	192	195	198
Steers (320-360 k)	178	176	174	Restocker quotes			
Cows	136	134	133	Calves Dourados-MS (180k)	-	-	-
ARGENTINA (US Cents/k, live weight)				Heifers Dorados-MS (240k)	-	-	-
EU export steers	217	217	220	Calves RG do Sul (180k)	198	202	204
Steers - Avg Liniers	201	210	215	Wholesaler			
Yearlings 390-430 k	210	220	230	Hind qtr Sao Paulo (cents/k)	404	425	420
Steers 431-460 k	204	217	233	Fore qtr Sao Paulo (cents/k)	288	316	302
Steers 461-490 k	204	217	230	PARAGUAY (US cents/k carcass weight)			
Steers 491-520 k	205	222	219	Steers to EU	Nom	Nom	Nom
Steers more than 520 k	195	180	213	Steers to Chile	370	365	355
Cows				Other fat steers	365	365	350
Prime	156	162	153	Fat cows	350	345	340

Uruguay with payment terms; Argentina, Liniers and own sources; Brazil with payment terms; Paraguay own sources



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Uruguay

INAC projects 7% increase on cattle slaughter

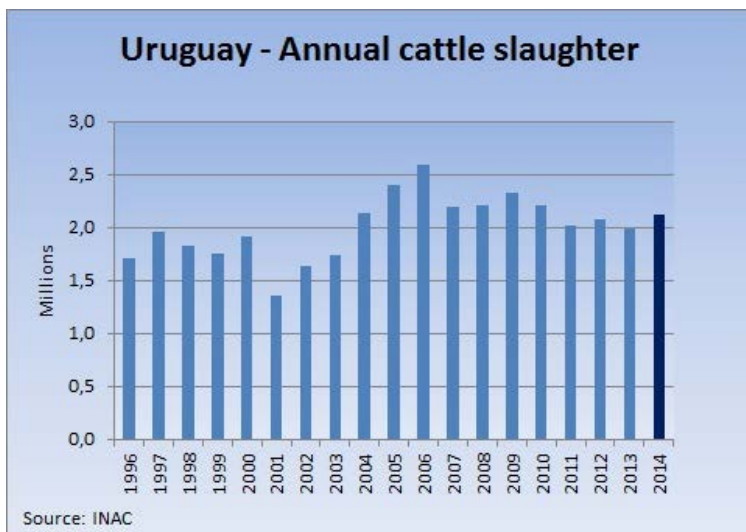
Beef exports in 2014 could be above US\$ 1.5 billion for the first time ever, says a projection done by INAC and informed by its Director Pablo Caputi. The higher income is supported by the high values paid for the product, as volumes exported are lower than the averages of the last years.

INAC also projects a recovery of cattle slaughter at certified units on a national basis to 2.121 million head, 7% above the 1.982 million in 2013. If finally confirmed, it will be the highest industrial activity since 2010, four years ago.

The recovery is mainly produced by a bigger number of female cattle, as the category comes out from a slaughter decrease in 2013.

To accomplish INAC's forecast, slaughter in the last quarter should reach 723,000 head, 141 th more (+24%) than in the same period 2013. Taking into account the activity so far in September – around 35,000 head per week – the industrial rhythm in the last two months of the year should oscillate around 50,000 head per week.

The destination of exports is similar to the previous year, maybe with the surprise of a much bigger trade current with NAFTA markets and most especially with the US. The European Union stabilized around 15% of the overall volume but, as always, represents a much higher proportion in value for the type of cuts and quality demanded.



USDA audit and ministerial trip look after new niche for Uruguay

The US Department of Agriculture is these days auditing the functioning of INAC's beef certification programs. According to institute sources, the audit is centered in the CUC certification program that guarantees open-sky cattle production, health and welfare and environmental respect. It will also include the Never Ever 3 program that certifies that cattle were not fed with animal origin protein as well as hormones or antibiotics. The audit in Uruguay will last until 19 September.

Coincidentally, today, the minister of agriculture, Tabaré Aguerre, will arrive in the US where he plans to meet Friday with the undersecretary of Agriculture, Edward Avalos, with whom he will negotiate new 0-tariff accesses for beef. In particular, what will be asked is the creation of a new beef quota for open-sky, hormone/antibiotic-free, fully traced production in a way that consumers may trace-back the information concerning the means employed to produce what they are consuming.

GDP grows 3.7% in Q2

Uruguay avoided falling into a technical recession. The economy growing data in the 2nd quarter 2014 was 3.7% in comparison with the same period last year and 2.0% seasonally adjusted compared with Q1 2014, informed the Central Bank (BCU). By being this last number positive, the country avoided falling into a technical recession; Q1 showed a negative number and two consecutive negatives signify a recession.

In the inter-annual comparison, the only sector that showed no improvement was Construction which suffered a 4.9% fall. The agrarian sector had a 3.6% increase. This mainly obeys to an increment in the added value of cattle business followed by

forestry that compensates a fall in agriculture. The increment of the cattle activity responds to a bigger inter-annual slaughter, especially at the end of the quarter, and from higher live cattle exports which were at very low levels in 2013.

Uruguay - Weekly beef and offal exports										
	Week 34		Week 35		Week 36		Week 37		Year to date	
	Tons	US\$/t	Tons	US\$/t	Tons	US\$/t	Tons	US\$/t	Tons	US\$/t
Chilled	811	10.233	624	10.400	685	9.680	780	11.019	27.236	9.985
Netherlands	252	10.859	162	11.345	172	9.741	268	11.882	6.757	11.337
Brazil	124	5.028	35	5.722	163	7.740	99	8.081	4.705	6.449
Chile	64	5.777	87	5.749	88	5.724	68	5.828	4.087	5.585
Germany	138	14.795	114	12.447	55	15.371	171	14.133	3.904	14.489
Spain	41	10.550	29	9.200	47	11.220	37	8.209	1.665	9.403
Frozen	3.494	5.043	3.301	5.222	3.253	5.493	3.814	5.162	143.816	4.964
China	1.040	4.314	1.065	4.374	750	4.327	1.110	4.428	45.009	4.031
USA	374	5.501	525	5.763	555	5.691	471	5.577	18.938	5.536
Russia	993	3.926	520	3.692	476	3.960	529	3.617	18.489	3.908
Israel	372	5.773	459	5.848	540	5.913	633	5.905	18.251	5.830
Canada	104	4.188	180	4.649	207	5.161	338	4.659	10.269	4.017
Offal	689	1.859	717	1.960	1.059	2.020	974	2.106	29.045	1.941
China	554	1.608	545	1.515	836	1.539	697	1.972	21.870	1.611
Russia	115	2.930	131	3.670	183	3.982	185	2.313	5.089	3.062
Hong Kong	0	x	22	1.110	9	4.210	37	2.306	764	2.697

Uruguay - Weekly beef exports (ton c.w)					
	Week to				Year to
	16-Aug	23-Aug	30-Aug	6-Sep	6-Sep
Total	5.439	5.364	3.482	7.948	252.804
E.U.	928	499	268	1.673	38.640
UK	204	222	0	395	8.734
NAFTA	1.465	1.029	889	1.656	54.872
USA *	1.379	821	761	1.198	38.640
Canada	74	208	129	457	16.404
Israel	668	459	257	1.265	26.044
Mercosur **	724	998	344	368	31.085
Brazil	385	212	177	131	11.090
Chile	104	171	94	162	7.878
Venezuela	s/d	614	73	75	12.117
Russia	551	940	325	1.268	28.320
China	807	1.263	1.053	1.447	60.521

Source: INAC * includes Puerto Rico; ** includes Chile

MARKETS

Cattle market remains very firm

The market for finished cattle remains very firm. Supply is lower while buyers eagerly demand good and heavy steers, operators consulted by WBR confirmed. In the last days heavy showers complicated truckloads and in the southern region heavy steers may now get up to US\$/kg 3.68 cw. The average price in the rest of the country is US\$/kg 3.65 with bookings at no more than 7 days. In the North, loadings were not affected but a consulted operator said that cattle are not fully finished. Cows are also well demanded and the same happens with heifers. Cows get between US\$/kg 3.35 and 3.40 cw, while the references for heifers are US\$/kg 3.45-3.48.

Agents consulted expect no changes. "I don't see radical changes, the trend will remain at least until late October", an operator said and added that "current weather assures a good forage production at springtime, so we should wait for the gross of the offer to come out at that time".

In what concerns with the industrial activity, meatpacker Schneck had Monday the last slaughter and starts a recess of at least one week and Solis is programmed to stop next week.



A moderate weekly slaughter contraction

In the week to 13 September cattle slaughter at certified units totaled 34,464 head, 4.3% (1,541) below the previous, says data provided by INAC. Anyway, the industrial activity was still above a year earlier; in the same week 2013 it totaled 30,129 head.

The weekly fall mainly came from cows, which totaled 14,232, 2,800 (-16.4%) less in the week and the lowest number since the week ended 2 August. On the other hand, steers increased 1,200 head to 19,471 (+6.5%), the highest number in 11 weeks, since the one ending 28 June.

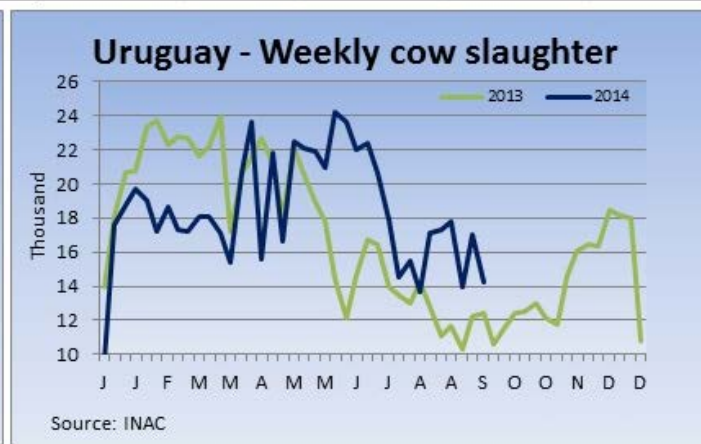
The most active unit was Marfrig-Tacuarembó (2,939), displacing BPU (2,570) to second place and Las Piedras (2,181) third. The three active Marfrig units processed 6,900 head, 5.2% down in the week.

A new drop will probably occur in the current week as copious rainfalls in the weekend generated loading problems in many country areas.

Uruguay - Cattle Slaughter

Slaughterhouse	06/09 - 13/09			Weekly slaughter per category				
	Year to date	% Total	Last week		23-ago	30-ago	06-sep	13-sep
Breeders & Packers Uruguay	105.692	7,2%	2.570	Total	35.938	32.352	36.005	34.464
Marfrig - Tacuarembó	102.871	7,0%	2.939	Steers	17.435	17.743	18.276	19.471
JBS - Canelones	97.097	6,6%	1.882	Cows	17.780	13.927	17.022	14.232
Las Piedras	94.424	6,4%	1.132	Calves	279	140	181	262
Frig. PULSA	89.463	6,1%	2.117	Bulls	444	542	526	499
Carrasco	89.460	6,1%	1.908	Percentage per category				
San Jacinto-Nirea	85.973	5,9%	2.067	Steers	23-ago	30-ago	06-sep	13-sep
Marfrig - Cledinor	81.107	5,5%	0	Steers	48,5%	54,8%	50,8%	56,5%
Ontilcor SA - Pando	72.364	4,9%	1.607	Steers	49,5%	43,0%	47,3%	41,3%
Marfrig - Colonia	70.202	4,8%	1.883	Calves	0,8%	0,4%	0,5%	0,8%
Marfrig - Inaler	63.469	4,3%	324	Bulls	1,2%	1,7%	1,5%	1,4%
Copayan	53.608	3,7%	1.269	In the year to date				
Solis-Ersinal	51.562	3,5%	1.345		2014	2013	2014/13	
Las Moras - Chiadel	51.231	3,5%	118	Total	1468417	1457741	0,7%	
Bilacor - Frigoyi	50.973	3,5%	1.324	Steers	757069	775352	-2,4%	
Casa Blanca	45.511	3,1%	1.293	Cows	677816	652715	3,8%	
Sarubbi-Sirsil	43.687	3,0%	1.083	Calves	11424	9794	16,6%	
Lorsinal	41.430	2,8%	49	Bulls	22108	19880	11,2%	
Schneck	29.879	2,0%	676					
Rosario-Rondatel	29.026	2,0%	810					
Total	1.468.433		34.464					

Source: INAC Yellow numbers are WBR estimations



Sheepmeat market keeps good demand

The sheepmeat market remains firm and well demanded. In some cases, the high ovine demand seems to compensate the lack of steers, an operator mentioned. The reference for heavy lambs is US\$/kg 4.12 cw, while ewes are paid over a base of US\$/kg 3.50.

The ovine slaughter in the week to 13 September totaled 34,357 head, 20% above the previous and the biggest number in the year; however, it's 22% below the same week last year. The weekly growth exclusively came from lambs (+48%), with drops in all the other categories.

The leading units were San Jacinto (12,262), Las Piedras (5,228) and Carrasco (4,729).



Ovine: slaughter, prices and exports in Uruguay				
Slaughter	23-Aug	30-Aug	6-Sep	13-Sep
Sheep	3.722	5.713	4.775	3.943
Mutton	4.768	1.426	4.232	2.720
Yearlings	1.050	1.096	1.548	983
Lambs	14.915	18.857	17.965	26.567
Total	24.488	27.108	28.602	34.357
Slaughterhouse	Week from 06/09 - 13/09		Year to date	
	Total	Lambs	Total	Lambs
San Jacinto	12.262	11.635	130.868	88.130
Frigocerro	0	0	123.194	49.610
Somicar	2.859	1.318	114.157	47.569
Las Piedras	1.215	955	96.658	48.425
Caltes	2.892	1.621	95.597	44.147
Prices	Last	Week	Month	% Diff month
Export lamb	412	410	408	1,0%
Mutton	365	365	360	1,4%
Sheep	355	355	350	1,4%
Exports	16-Aug	23-Aug	30-Aug	6-Sep
Total	76	251	150	261
EU	76	12	0	55
Brazil	50	109	137	126
In US\$ cents/k cwt				
Exps. in tons cw. Sources: own, INAC, MGAP & ACG				





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Brazil

Minerva assures it has different options to sell assets

Minerva Foods, the third biggest Brazilian beef processor, reports that sale of its processing area – Minerva Fine Foods (MFF) – is not the only option handled to comply with the requirements included in the agreement with the Administrative Council of Economic Defense (CADE). The anti-trust council cleared the purchase of BRF's cattle branch by Minerva but determined a "structural" solution for BRF not to control MFF directly or indirectly because it will have a 15.2% participation in Minerva. In fact, CADE let know its preoccupation for the high concentration BRF will obtain as it already leads the market with brands Sadia and Perdigão. Anyway, according to what Minerva's financing director, Edison Ticle, told reporters, the company has at least "four or five" different options to comply with CADE's requirement, informed Valor Economico.

Minerva opens Morocco's beef market

Brazilian multinational Minerva Foods is ready to start beef exports to Morocco, an absolutely new market for Brazil, the company CEO, Fernando Galleti de Queiroz, said in a lunch with Brazilian reporters. At the same time, Galleti informed that Arab and Muslim countries are becoming "big commercial partners" and that there are more markets still to open in the region.

MARKETS

Firm market with stable prices

The market for finished cattle is stable and calm in Brazil. References in R\$ remain within the same levels of the past week. A steer in Sao Paulo quotes at R\$/@ 130 with payment term, R\$/@ 0.5 above the past week.

Early this week some slaughtering units stretched bookings after being supplied in the past and pressed prices downwards. However, supply is so short that the market remains firm with stable prices.

Anyway, beef stocks as well as lower domestic sales and a reduction in values attempted against the possibility of the industry to offer higher prices for cattle, says Scot Consultants.

Market perspectives include a firm scenario at least for some more days, as long as the offer continues to be short



Argentina

Customs' strike complicates week shipments

Customs' workers will stop for 48 hours on Thursday and Friday and market operators say it will complicate week shipments. A further 72-hour strike is expected next week starting Wednesday, "with presence at work posts". Meanwhile, on Saturday 27 and Sunday 28 they will neither serve the public.

Industrial tensions for disparities in ROEs granting

Meatpackers' representatives expected yesterday to have a meeting with the Minister of Finance, Axel Kicillof, but it was cancelled. However, the Secretary of Trade cleared some frozen cuts besides chilled. "August will probably see some more tonnage because many got them in anticipation. Evidently, there are always sons and stepsons, even more when the rules are not known", an exporter complained.

Restocking prices push feedlot margins down

Early September feedlot occupation is around 63% of the installed capacity, reports the Argentine Feedlot Chamber (CAF). The replacement index, which is the animals bought against animals sold is 0.84. The Chamber's monthly report says that "44% of the feedlots are emptying their pens; 22% show constant stocks and another 22% show a positive trend".

"The sector is studying the numbers for the rest of the year. Leaving aside production costs, the discussion centers in the variables restocking and finished prices". As for calf prices, the report indicates that they boomed in the last one and a half month due to the end of the high season and a bigger availability of grass in springtime. As for finished cattle values, "everything indicates that they should remain firm".

Despite EU warning, the country sends a mission with 150 entrepreneurs

Despite the EU having warned the Argentine government to abstain from taking advantage of the ban imposed by Russia to EU food products as a sanction for the Russian attitude in Ukraine, a mission comprising 150 entrepreneurs is now in Moscow negotiating increased sales of food, machinery and medicines. They are accompanied by the Minister of Industry and two second level officials from Agriculture and the Chancellery that respond directly to the Minister of Finance that seems to be the one that leads the country in the negotiations with the holdouts, among others.

MARKETS

A bullish market for export cattle

Export cattle prices remained firm during the past week, pressed by a short offer and despite some falls in the Liniers salesyard, main provider of the local market, of around 5% in the average price of steers. Export steer prices remain around A\$/kg 32-33 OTH.

"Fat export cows get around A\$/kg 27-28 OTH, because there are occasional exporters enthusiastic with Russia, even if they need to stock", a packer source said. "What is falling is the consumption of light steers in the local market", an agent affirmed, product of the high prices.

(From our correspondent in Argentina: Alejandra Groba).









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Paraguay

MARKETS

Finished cattle prices keep the upward pressure

The market for finished cattle remains firm with rising prices for all categories, despite an important supply. This week, the “Chile” steer rose 5 US cents to US\$/kg 3.70 cw, while general steers remained steady at US\$/kg 3.65. The “Chile” heifer climbed to US\$/kg 3.60 and the cow to US\$/kg 3.50 cw. According to a Paraguayan operator, the offer of finished cattle is high, product of a rainy winter that led to retain more cattle than the usual in pasturelands. “Now that stock is coming into the market; that caused the August slaughter record and remains firm so far in September”, he explained.

On their side, the last kosher slaughter before the usual recess will take place next Monday.





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North America

USDA expects less beef for 2015

While USDA increased their pork production forecast by 134 million pounds and they also revised higher their broiler production forecast by 45 million pounds, reductions in expected beef production more than offset these revisions, Daily Livestock Report said. USDA lowered its projected beef output for 2015 by 685 million pounds (311 th tons) compared to its previous estimate. USDA also lowered its estimate of beef production for 2014. As a result, USDA now expects 2015 US beef output to be 23.711 billion pounds (10.76 million tons), 681 billion pounds less (309 th tons) than the 2014 forecast and an astounding 2 billion pounds (907,180 tons) lower than what it was in 2013.

Beef imports in 2015 are expected to be about 450 million pounds (204,116 tons) larger than what they were two years ago.

Feedlot margins on the rise

Cattle feeding margins continued gaining ground last week, finishing the week ending September 6 at US\$ 222.04, compared to US\$ 171.99 the previous week. While last week's feedlot margins were significantly lower than the US\$ 284.85 per head earned one month ago, they are nearly US\$ 260 higher than last year at this time when feedlots were losing US\$ 37.87 per head.

By the other hand, packer margins took another fall last week, decreasing from US\$ 81.52 per head to US\$ 30.15 per head. While this is lower than last month's US\$ 108.68 per head, packer margins remain significantly higher than last year when packers were earning less than US\$ 9 per head, CattleNetwork said.

McDonald's sees significant sales drop in APMEA

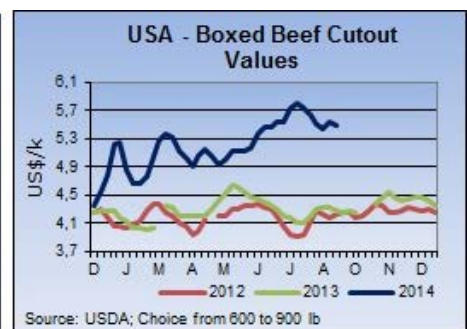
Global fast food chain McDonald's has seen sales drop 14.5% in the Asia/Pacific, Middle East and Africa (APMEA) region. Sales were also down in the US (-2.8%), and across Europe (-0.7%) during August, as stated in McDonald's latest financial update. Performance in the US was hampered by the highly competitive marketplace, while in Europe a strong performance in the UK more than offset a weak performance in Russia. Sales in the APMEA region were negatively impacted by the scandal that hit one of its suppliers, OSI China's Shanghai Hushi Foods. **MARKETS**

Sharply higher prices in the beef import market

Fed cattle sales last week were steady compared to the previous one. Prices were around US\$/cwt 160-162 on a live basis.

Late on Friday there were some sales in Colorado and Nebraska around US\$/cwt 163.

In the import market activity was moderate and prices were again sharply higher. USDA says that tight import supplies, higher domestic prices and strong demand continued to support prices. The office added that supplies of nearby product on the West Coast remain scarce.



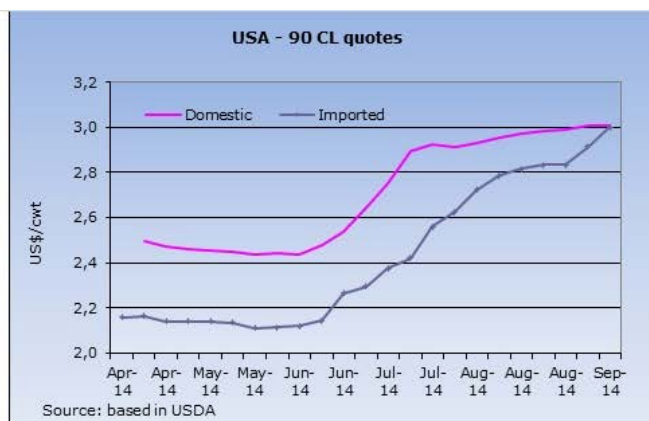
Nafta markets

USA					Canada				
Cattle (US\$/k)	Last	Week	Month	Var month %	Cattle (US\$/k)	Last	Week	Month	Var month %
Steer Choice	3,54	3,50	3,42	3,8%	Steers, Sel 1-2	3,16	3,16	3,45	-8,2%
Heifer Choice	3,55	3,50	3,41	4,3%	Heifer Sel 1-2	3,08	3,11	3,36	-8,2%
Carcass 181 kg Boning	Nom	Nom	Nom	-	Cow, cut & ut 1-3	2,17	2,22	2,34	-7,2%
Carcass 159 cutter	Nom	Nom	Nom	-	Import price US\$/ton, frozen, boneless)				
Steer choice carc.	5,48	5,46	5,37	2,0%	Forequarter	s/d	5783	4838	-
Heifer Choice Carc.	5,52	5,47	5,39	2,4%	Hindquarter	s/d	10341	4899	-
Processing beef 90	6,64	6,63	6,55	1,3%	Clods	s/d	s/d	s/d	-
85	6,17	6,15	6,00	2,7%	Eye Round	s/d	s/d	s/d	-
75	5,51	4,78	4,64	18,8%	Knuckle	s/d	5060	s/d	-
USA: Selected primal cuts US\$ / Ton					Montreal Wholesale Prices (US\$/k)				
Ribeye(over 14 lb.)	16622	16348	15521	7,1%	<i>Steers & Heifers</i>				
Shoulder Clod	6126	6079	5814	5,4%	Sides	7,80	7,85	s/d	-
Knuckle	6934	6720	7937	-12,6%	Fore Quarter	6,36	6,40	s/d	-
Inside Round	6236	6565	7244	-13,9%	Hind Quarter	7,13	7,18	s/d	-
Outside Round	6820	6538	7139	-4,5%	Shank	4,11	4,14	s/d	-
Eye of round	6748	6679	7075	-4,6%	<i>Cow</i>				
Strip Loin	10813	11610	12804	-15,5%	Inside round	s/d	s/d	s/d	-
Top Butt	7124	7119	7146	-0,3%	Outside round	s/d	s/d	s/d	-
Tender Loin	28407	26693	23364	21,6%	Sirloin tip - Knuckle	s/d	s/d	s/d	-
CME futures - Live Cattle (US\$/k)					<i>Sirloin K Butt</i>				
	Last	Week	Month	Var month %	Rib eye roll	s/d	s/d	s/d	-
Oct-14	3,45	3,49	3,27	5,3%	Strip loin	s/d	s/d	s/d	-
Dec-14	3,51	3,55	3,34	4,9%	Boneless box beef 85%	s/d	s/d	s/d	-
Feb-15	3,52	3,52	3,49	0,8%	Trimnings fresh 60-65%	s/d	s/d	s/d	-
Apr-15	3,48	3,47	3,37	3,3%					
Jun-15	3,30	3,31	3,25	1,5%					

Sources: USA: USDA and CME. Canada: Cattle: USDA; Import prices: Department of Foreign Affairs and International Trade
Wholesale Prices: Agriculture and Agri Food Canada

USA - Import values		Uruguay			Australia & New Zealand		
0-15 Days	CL	12-Sep	5-Sep	15-Aug	12-Sep	5-Sep	15-Aug
Bull meat	95%	n	n	6.415	7.033	6.834	6.559
Cow meat	95%	n	n	n	n	6.779	n
	90%	n	n	n	n	6.427	6.206
CFM Fores	85%	n	n	n	n	n	n
Trimnings	85%	n	n	n	n	n	5.798
	80%	n	n	n	n	n	5.236
	75%	n	n	n	n	n	4.751
16-45 dias							
Bull meat	95%	n	n	n	6.989	6.823	6.559
Cow meat	95%	n	n	n	6.945	6.768	n
	90%	n	n	n	6.614	6.393	6.206
CFM Fores	85%	n	n	n	n	n	n
Trimnings	85%	n	n	n	n	n	5.798
	80%	n	n	n	n	n	5.236
	75%	n	n	n	n	n	4.751

In US\$/ton; n=no quote; Source: based in USDA



Europe

US/EU FTA may harm European beef trade

As required by the European Parliament, a team of EU economic institutes headed by AgroParisTech & Centre d'Études Prospectives et d'Informations Internationales (CEPII), the French INRA and the University of Munich, prepared a report in which they study how a possible US/EU Free Trade Agreement, currently under negotiation, may affect EU's agro-food sector. According to Eurocarne, the report foresees that one of the most affected sectors will be beef because the US is highly competitive in cattle breeding and the trade liberation could cause problems to European producers. Other sectors with possibilities of being affected include ethanol, poultry meat, cereals (especially corn) and some varieties of wheat. Due to the prohibition of hormone-treated meat in the EU, the report considers that red meat imports – pork and beef – are not significant nowadays (around US\$ 630 million). However, it warns that an FTA may change the situation as import tariffs currently applied to US exports will become lower.

Russia to extend aid to meat industries up to 2018

Nikolay Fyodorov, Russia's Minister of Agriculture announced the intention to extend aids aimed to upgrade and modernize industrial units. He said that updated meatpacking units could eliminate the need of imports. Fyodorov remarked a proposal to extend these aids up to 2018 as current aid programs to poultry are programmed to end this year and those destined to pork in 2016, says Eurocarne.

Belarus and Kazakhstan to benefit from Russian meat embargo

Belarus and Kazakhstan look ready to increase their supplies of meat to Russia, as recently implemented trade restrictions on imports have created a bigger demand and attractive prices, according to government officials and local market experts, GlobalMeat said. Mikhail Rusi, Deputy Prime Minister of Belarus, claimed the country will be able to increase its supplies to Russia in the years ahead by nearly two-and-a-half times – to approximately 250,000 tons per year – which will encourage the country's producers to increase their production capacity. "We can increase the supply of dairy products by around 150%, meat products and meat by around 140% and potatoes by two times in the coming years," he said.

While Belarus is focusing on increasing poultry and pork production, Kazakhstan is hoping to become Russia's largest supplier of beef. At a meeting with his Russian counterpart Igor Shuvalov, Kazakhstan's First Deputy Prime Minister Umirzak Shukeyev promised that, in the next three years, the country's producers would boost the volume of beef supplies to Russia tenfold. "Kazakhstan intends to increase its exports of beef to Russia from the current 6,200 tons to 60,000 in the next three years," he said.



The banner features a large stylized 'G' logo on the left, surrounded by various national flags. To the right of the logo, the text reads "MEET US AT OUR STAND!" in bold blue letters, followed by the website "www.globalwing.com" and email "info@globalwing.com". On the far right, there are two red calendar-style boxes: the top one says "15-18 SEP" and the bottom one says "19-23 OCT". To the right of these boxes, the text reads "worldfood - MOSCOW HALL 3 J 225-C" and "SIAL - PARIS HALL 6 U 197".

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Oceania

July female cattle slaughter highest in ten years

Adult cattle slaughter increased to 846,707 head in July, up 12% year-on-year and 29% above the five-year average. The year-on-year increase was made up entirely by cow and heifer slaughter – which was 46% above the July five-year average, at 450,642 head, Meat & Livestock Australia (MLA) said.

Seasonally, female cattle slaughter in July usually begins to ease, with the percentage of cow and heifers making up the overall adult kill declining. This year, however, females accounted for 53.2% (five-year average for July is 47%), a rate which has not occurred over the past ten years in any month – and it has been sustained above 50% since February.

Average year-to-July adult carcass weights were 275 kg, down 3kg year-on-year and 5kg below the five-year average as a result of the prolonged dry conditions in northern Australia.

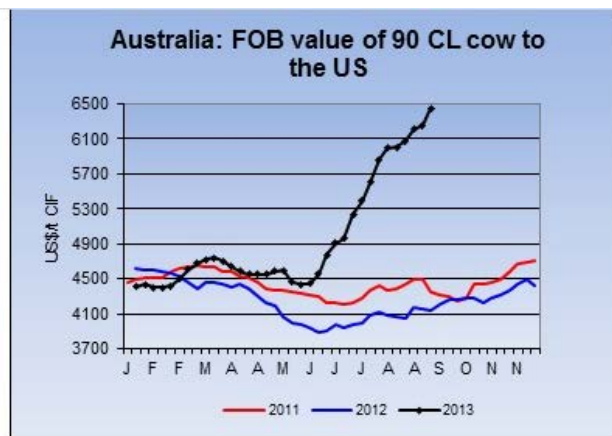
However, as a result of the increase in slaughter, total beef production increased 10% year-on-year, to 231,472 tons cwt. This carried the year-to-July beef production to 1.45 million tons cwt, up 9% year-on-year and 18% on the five-year average.

Increase in Australian beef production

Beef production increased by 1% in July, to 211,000 tons, according to the latest data from the Australian Bureau of Statistics (ABS), GlobalMeat reported. The number of cattle slaughtered remained steady at 752,000 head, while the number of calves slaughtered dropped by 3% to 56,000 head.

Mutton production fell by 1% to 19,400t, while lamb production remained steady at 39,400t. Sheep slaughter numbers fell by 1% to 846,000 head.

Australia Beef Export Prices				
Prices to Japan (C.I.F)	12-Sep	5-Sep	15-Aug	Mthly Var %
Chilled				
Grassfed fullset	7.209	7.253	s/d	x
Grassfed navel end brisket	5.975	5.952	s/d	x
Grassfed chuck roll	6.063	6.195	s/d	x
Shortfed navel end brisket	6.129	6.129	s/d	x
Shortfed chuck roll	7.143	7.297	s/d	x
Frozen				
CF 85 CL	5.423	5.534	5.357	1,2%
Brisket	5.732	5.842	5.247	9,2%
To US (C.I.F.)				
Bull 95 CL	6.449	6.250	6.008	7,3%
Cow 90 CL	5.952	5.820	5.732	3,8%
Cow 85 CL	6.294	6.118	6.019	4,6%
Shank 90 CL	5.886	5.787	5.710	3,1%
Trimming 85 CL	5.456	5.346	5.115	6,7%
Trimming 80 CL	4.971	4.795	4.608	7,9%
Trimming 75 CL	s/d	s/d	s/d	x
US\$ / ton CL Chemical Lean				



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Asia

China industrial production grows at slower pace

Chinese industrial production expanded at its slowest pace since the global financial crisis in August, increasing pressure on the central government's target of 7.5% economic growth for 2014, says Financial Times.

The National Bureau of Statistics said industrial activity had grown 6.9% in August from the same month a year ago, a slower pace than the 9% rise recorded in July. It blamed the lower growth on weak global demand and domestic pressures, including stresses in the housing market.

"Short of outright policy easing, China will likely miss the 7.5% growth target this year, and a sharp economic slowdown will endanger the undergoing structural reforms," Liu Ligang and Zhou Hao, ANZ economists, wrote in a research note that analyzed the situation. "Chinese authorities should further relax monetary policy as soon as possible to prevent the growth momentum from decelerating further".

The Chinese economy grew 7.4% in the first quarter of this year, but accelerated to 7.5% in the second quarter on the back of government stimulus measures. Speaking at the World Economic Forum in Tianjin this week, Li Keqiang, Chinese premier, said the government "will not be distracted by short-term fluctuations of individual indicators".

Exchange rates			
	16-Sep	9-Sep	17-Sep-13
Uruguayan peso	24,16	24,12	22,10
Argentine peso	8,42	8,42	5,74
Brazil Real	2,329	2,281	2,262
Guarani, Paraguay	4301	4288	4480
Canadian dollar	1,1051	1,0979	1,0326
Euro	1,2947	1,2918	1,3354
Pound	1,628	1,609	1,590
Rouble	38,430	37,153	32,223
Yen	106,945	106,386	99,170
Australian dollar	1,100	1,087	1,069
All currency/US\$, except euro and pound, US\$/curr.			



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INTERVIEW

Jean-Luc Meriaux, Secretary General of the UECBV (European Livestock and Meat Trading Union)
“A further price decline in beef prices can’t be ruled out” in the EU following Russian embargo

Q. Which were the main impacts of the prohibition of exporting meat from EU to Russia?

The embargo that was decided on 6th August and implemented the following day is a final step of a set of bans or trade barriers to the livestock and meat imports originating in different regions of the World and more especially in the European Union.

As a consequence of the trade barriers for the EU live pigs and pork, a few months prior to the Russian embargo, the EU decided to launch the dispute settlement procedure at the WTO against Russia.

Therefore, the embargo itself, as such, had a modest impact on the EU livestock and meat exports to Russia with an exception for the beef exports to that country that are now slowing down.

Q. What volume of beef/pork was exported to Russia in the year till the prohibition and what percentage of EU total exports is that, for each product?

Due to the trade barriers in force since the end of January 2014, the day before the embargo, the EU pork exports to Russia were quite thin, around 54,000 tcwe (January/June), i.e. a reduction by 85% compared to the same period of the previous year.

On the contrary, the EU beef exports to Russia were on an upward trend, despite the nearly stopped live cattle export since the beginning of 2013. During the first half of 2014, the EU beef exports to Russia amounted to around 59,600 tcwe, i.e. an increase by 84%, compared to the same period of the previous year. Parts of the beef products are now covered by the embargo, which hit more or less 25% of the EU beef export (2013 figures) or 0.5% of the EU beef production.

Q. Do you think that surplus will be exported to other countries or it will be consumed locally?

In the pork sector, the drop of the EU exports to Russia has been mitigated by a downward trend in the production, a dynamic domestic consumption and alternative export outlets, mainly in Asian countries.

In the beef sector, it is highly unlikely the beef will be re-orientated to other external markets. It should be absorbed by the domestic market.



Q. How do you see the EU beef market in 2014/15?

In its short-term summer outlook, the EU Commission wrote: 'prices, though still high, have been steadily declining for over a year to 366 EUR/100 kg in May 2014, 4.3% below their 2012-13 average. This shall contribute to the expected recovery in domestic beef consumption to 10.5 kg/capita in 2014 and 10.7 kg/capita in 2015 (in retail weight).'

The main driver of the slowdown in prices should be the EU 'yearly beef production (that) is expected to recover by 1.4% in 2014 compared to 2013 and at a stronger pace in 2015 (+2.3%), since the effect of the dairy cow herd restocking is expected to spread to more' EU Member States.

On 6th and 7th August, Russia introduced the embargo on the EU beef. The extent to which it could affect the above outlook is yet uncertain given that not all beef products are concerned. However, a further price decline can't be ruled out. This should have a positive impact on the beef consumption, but not on the profitability of the EU farmers.

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