

The World Supply and Demand Estimate raised its beef export number to 3.414 billion pounds on Friday, driving exports to a whopping 16% above a year ago and 8% higher than the previous record high annual figure in 2018.

Trade data has been released through July which provides us enough volume for about 58% of the annual estimate. Simple math: subtracting current volume for USDA's estimated total implies they are expecting a 9% increase in volume for the Aug-Dec timeframe over 2020.

Weekly beef exports provide a barometer for August data ahead of the USDA FAS monthly trade release. Those indicate exports are up 6% from last year. Based on the early trade volume this year, it appears the U.S. will have a record export year.

This week's authors ran through some trade scenarios by country to help analyze the USDA prediction. The table shows the current year to date totals by destination, the percent each of those countries are above last year and some estimate scenarios for the Sep-Dec timeframe. August for argument sake was assumed to have the percent increase by country that the weekly beef exports implied.

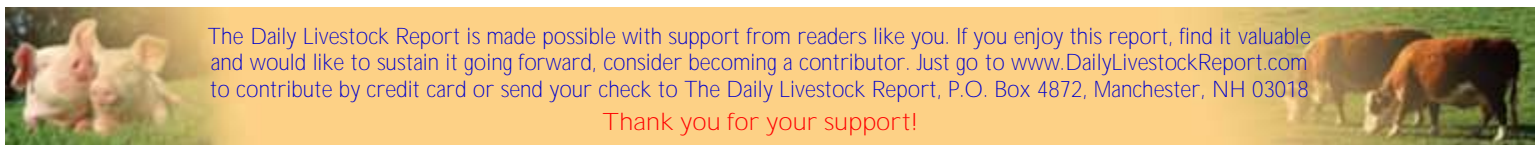
Working through these scenarios it became clear that a pull back from some countries high levels of exports should be expected. China was one of the first areas we limited continued growth, but its also the biggest wild card. High U.S. beef prices appeared to only slow the rate of growth earlier this summer. The scenario below assumes China will remain under

60 million pounds for the remainder of the year. Other scenarios included limiting purchases by Mexico to only 5% above a year ago, and rest of world purchases, increasing Canada and Japan slightly from where there current purchase level has been and limiting South Korea and Taiwan to purchases even with last year. The atypical BSE cases found in Brazil are also worth noting, and will further boost U.S. exports, particularly to China. Other countries are yesterday rumored to have followed suit and are also putting restrictions on Brazilian beef.

After running through these scenarios, the conclusion was that U.S. exports will need to slow significantly to hit USDA's target from the pace they have currently been on (21% up from 2020). Several destinations will need to purchase less than last year in the last 5 months of the year to reach the USDA number. That doesn't mean its not plausible. LMIC estimates for trade are below the USDA figure by about 100 million pounds, which would require an even greater deceleration of purchases, but would still be a new record high and 12% above 2020. The take-away remains that U.S beef exports are expected to have double digit growth in 2021 and would need a substantial change in pace to not achieve that.

USDA FAS provides greater detail of what each country is expected to import in total beef and veal as part of their Production, Supply, and Distribution online database. The amount expected to come from the U.S. is not available by country. USDA FAS will release the Livestock and Poultry: World Markets and Trade report on October 12, 2021.

Beef and Veal Exports											
Carcass Weight (Thousand Pounds)											
	Canada	China	Taiwan	Hong Kong	Japan	Mexico	South Korea	Vietnam	ROW	Total	Resulting Annual Total
Year to Date (Jan-Jul)	158770	282760	109489	74795	484209	183160	467601	13429	192153	1966367	
Year to Date Ratio (Jan-Jul, % of a year ago)	93%	1091%	101%	68%	96%	117%	123%	79%	126%	121%	
Aug Est. (Using Weekly Beef Exports USDA-FAS)	18917	51076	17777	8834	64649	20670	74003	497	26898	283319	
Sep-Dec Est (Using Current YTD Ratio)	82569	903042	66474	64381	241239	170185	262782	9877	130173	1930723	4180411
Sep-Dec Estimate (Holding China under 60 mil. pounds/month)	82569	224000	66474	64381	241239	170185	262782	9877	130173	1251680	3501367
Sep-Dec Estimate (Above + holding Mexico to 5% above 2020)	82569	224000	66474	64381	241239	152250	262782	9877	130173	1233746	3483433
Sep-Dec Estimate (Above + limiting ROW to 5% above a year ago)	82569	224000	66474	64381	241239	152250	262782	9877	108507	1212080	3461766
Sep-Dec Estimate (Above + increasing Canada and Japan to only 5% down these months)	84771	224000	66474	64381	239331	152250	262782	9877	108507	1212373	3462060
Sep-Dec Estimate (Above + holding Taiwan and South Korea even with last year.)	84771	224000	66011	64381	239331	152250	212859	9877	108507	1161987	3411673



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