

USDA FAS released April's trade numbers yesterday on a product weight basis. Tomorrow this publication will cover the carcass weight trade data. Today, will focus on the cattle by-product export trade data.

The USDA FAS data series in the "FAS" Product group of the Global Agricultural Trade System (GATS) aggregates exports into variety meats-beef, cattle hides— partial and whole. April's variety meat exports showed some of the most promising data so far this year, up 28% over a year ago. The first quarter of 2021 posted a 13% loss from the quantity shipped in 2020. Under this category, Mexico was the largest buyer in 2020 and continues to purchase large volumes in 2021. Year to date, Mexico's purchases are only down 4%. Egypt and Japan were a close second and third and were about half the volume to Mexico, each. So far this year, Egypt has struggled to recover, down 17% through the first four months of 2021. Japan on the other hand has accelerated increasing 18% year to date compared to 2020.

China has made noteworthy purchases in variety meats, flying 2858% higher than 2020, year to date. Last year, China purchased less than 3,000 metric tons. This year China has already purchased 2,250 metric tons of beef variety meats. For comparison, in 2020 Mexico purchased 89,952 metric tons.

Hide exports returning is something that bears discussion as hide values, and exports have been in a steady decline since about 2014. April's whole cattle hide exports soared 66% above a year ago. In the last 8 months, whole cattle hides have passed 2 million pieces 5 times. The last time exported whole U.S. cattle hides in a single month was over 2 million pieces was March 2014. The high expense of hides back in 2014-2015 appeared at the time to be the final nail in the coffin to shift away from leather. Consumer preferences during this time also waned, favoring more climate-friendly/lighter alternatives for items such as car interiors and shoes. This increase is large for the last five years and is greater than simply a rebound from COVID.

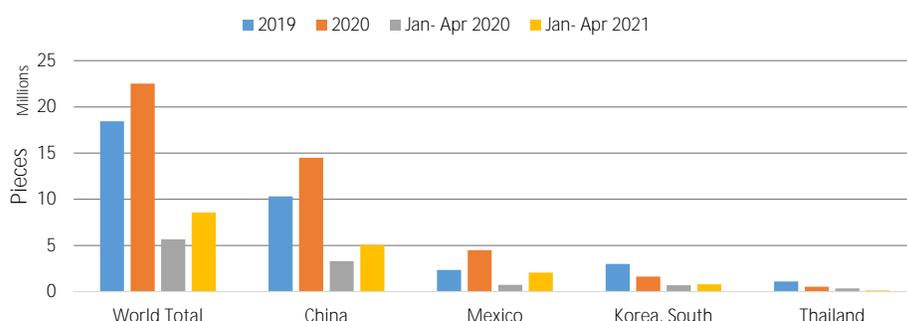
By destination, there was little surprise. China historically has been the largest destination for U.S. whole hides, and they continue to hold the top spot. Last year, China purchased 14.5 million hides, up 40% from 2019

and more than half of total U.S. whole hide exports. This year, China continues to post large gains and volumes. January through April purchases from China are up 53%, representing just under 60% of total U.S. exports. Mexico was the second largest destination for hides in 2020 and that industry appears to be growing. Mexico year to date has purchased 183% more hides. In 2020 Mexico bought about 4.5 million whole hides, versus 2.3 million in 2019. So far Mexico has about 2.1 million hides in 2021.

Parts of cattle hides represent a smaller piece of the export business. Total exports of partial cattle hides were about half a million in 2019 and fell to 135,762 pieces last year. Partial hides have not come back the same way the whole hide market has. January through April of 2021 is down 25% from the prior year. China is also the largest destination for partial hides. Those sales have been surging, up 48% on the year, but other destinations are far behind 2020 levels. Thailand and Vietnam were the second and third largest destinations, and those volumes are off 39% and 12%, respectively. Interestingly, Germany has increased partial hide purchases to 3,697 pieces this year compared to zero last year, which, should it continue, could put them as a top 5 destination in 2021.

Hide values are a large part of the drop value. The lower hide exports during the 2015-2019 time period has made it difficult for hide values to increase as leather processing and manufacturing has largely been overseas. The higher export volumes in late 2020 has helped pull by-product values higher. This export surge offers cautious optimism that the leather industry may be returning to levels not seen in the last 5 years.

U.S. Whole Hide Exports



Compiled by LMIC
Source Data: USDA FAS, GATS



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