

COW/CALF CORNER

The Newsletter

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Beef Markets Getting a Boost from Trade

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Domestic markets have gotten most of the attention in the beef industry the past year and for good reason. International beef trade, while not viewed as a major market weakness, has not been recognized as supporting markets a great deal as well. However, the annual numbers for 2009 and especially the monthly values late in the year suggest that international trade is providing more support for beef markets than may be currently recognized.

Beef exports in 2009 were down less than one percent from 2008, holding much firmer than expected given the global economic recession. By contrast broiler and pork exports were down 2 percent and 12 percent, respectively. Pork exports, in particular were severely impacted by both the recession and the H1N1 flu. More importantly for 2010 is the strength in beef exports late in 2009. Monthly exports were up 27 and 25 percent in November and December compared to year earlier levels. No doubt beefs exports were helped by a weaker dollar late in the year compared to the early part of the year.

Mexico continues to be the major destination for U.S. beef accounting for 30 percent of beef exports. Canada is second with 19 percent of the total and Japan makes up 15 percent in third place. By a slim margin, rapidly growing exports to Vietnam made it the number four export market with an 8 percent share, just ahead of South Korea. Much of the beef shipped to Vietnam is subsequently transshipped to China. Total beef exports were equal to just over 7 percent of total domestic production.

Total beef imports in 2009 were up 3.5 percent over 2008. However, the current level is less than the previous 10 year average. On a monthly basis, beef imports were down 18 percent in November and 31 percent in December compared to the same months in 2008. Major importers include Canada with 31 percent of the total along with Australia (30 percent), New Zealand (20 percent) and Brazil (8 percent). Total beef imports amounted to 10 percent of domestic production.