Rabobank Global Beef Quarterly Q4: Ongoing Tight Supply to Support Prices

Tight supply will support prices in 2016 as demand is expected to remain firm even though supply pressure is easing. China and the US will be the main import markets to watch in 2016—in particular the strength of demand, given high prices. According to Rabobank’s Global Beef Quarterly Q4 2015 report, Australia, Brazil, India and the US will be the main exporters to watch—in particular the supply of cattle and beef, in response to rebuilding pressures at different points in the cycle.

China continues to play a critical role in the global beef market despite a slowing economy. Although the domestic market has been volatile due to the impact of the grey channel, it will continue to offer sustainable opportunities for the rest of the world. According to Angus Gidley-Baird, Senior Animal Protein Analyst at Rabobank: “The introduction of live cattle trade for slaughter or feeding in China provides domestic players the opportunity to offer imports as fresh chilled beef to retail markets, claiming a premium over traditional imports of frozen meat.” It is expected that new provinces and players will join live cattle imports in 2016, although volumes will be restricted by low cattle availability out of Australia.

Highlights from the Global Beef Quarterly Q4 2015 report:

* It is expected that Brazil will access the US fresh beef market in 2016. This not only provides access to the US but will also facilitate entry to other markets.
* The factors that created large amounts of uncertainty and volatility in the US in 2H 2015 are expected to ease in 2016.
* After consecutive years of record production and exports, Australian cattle supplies tightened considerably in October and November.
* In 2016 the first major food & agribusiness company will start sourcing verified sustainable beef, signalling the move beef is making into the consumer trend for sustainably produced food.

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