

MARKET ADVISOR

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2023 U.S. Beef Exports Declined and Face Similar Headwinds in 2024

A look into the new year's market.

U.S. beef exports in 2023 at 3.03 billion pounds (lb.), while at historically high levels, were off the record 3.54 billion lb. set in 2022. Record beef exports in 2022 were buoyed by record-high beef production at 28.4 billion lb., spurred by drought-induced, high beef cow and heifer slaughter (www.usda.gov/oce/commodity/wasde).

2023 beef supplies continued to tighten throughout the year, with beef production falling to 27 billion lb. Cattle slaughter was down 5%. Beef cow slaughter declined 11% as U.S. drought conditions improved, with only 37% of the beef herd in drought areas by the end of the year, compared to 75% last year.

Smaller beef supplies supported cattle and beef prices to record-high levels, which negatively affected beef exports.

The 2023 Choice boxed-beef cutout value was 20% higher than

last year. The cutout is at a historic high level only outdone by the one-week, big spike during the peak of the 2020 COVID-19 market disruption. Fed-steer prices also increased to historically cyclical high levels, averaging a record-high \$175.55 per hundredweight (cwt.), compared to \$144.40 per cwt. in 2022.

The strength of the U.S. dollar, effects of exchange rates, and consumers trading down to lower priced beef cuts and other proteins also negatively affected 2023 beef exports, especially in Southeast Asia. Beef exports to Japan declined 20% in 2023 reflecting the weak yen, higher U.S. beef prices and Japan's tariff on beef imports. Historically, the top U.S. beef export markets were Japan, South Korea, Mexico and Canada. In 2021 China quickly emerged as the third-best market after the U.S.-China Phase One trade agreement became effective in March 2020. Exports to South

there were some bright spots. Mexico, the U.S.'s fourth-best beef export customer, recorded a 14% increase in U.S. beef imports. Demand for cuts from the round, chuck and ribs, as well as variety meats, was strong. Beef exports to Hong Kong, Central America, the European Union and United Kingdom also increased. Even though beef exports declined in 2023, they were still the third-highest ever, only behind 2021 and 2022.

The USDA Economic Research Service (ERS) publishes monthly and annual U.S. livestock and meat trade data by country. That report with historic data back to 1989 is available at www.ers.usda.gov/data-products/livestock-and-meat-international-trade-data.

Similar headwinds to U.S. beef exports that occurred in 2023 are expected for 2024. USDA is forecasting beef exports to decline to 2.85 billion lb. in 2024 compared to 3.03 billion last year.

USDA is predicting 2024 beef production to continue to fall to 25.99 billion lb., and fed-cattle prices to continue increasing cyclically to a record high \$178.25 per cwt.


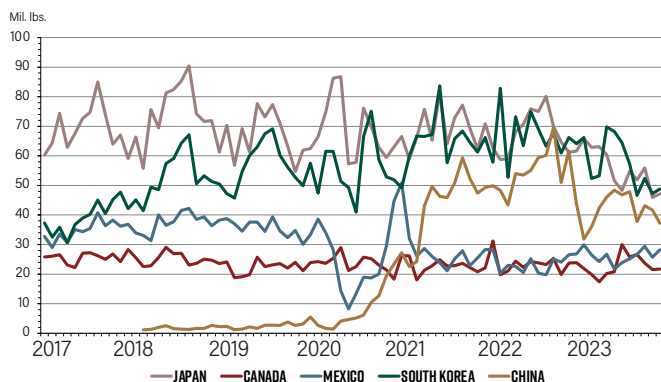
Maintaining a strong export market in spite of headwinds is important. The U.S. Meat Export Federation estimates beef exports contributed \$395.40 per head to fed cattle sold in 2023. (www.usmef.org). 

TABLE 1: U.S. Beef Exports To Major Markets, Carcass Weight, Monthly



Korea have been steadily increasing, which allowed it to pass Japan for the top spot in 2023.

While U.S. beef exports to four of the top five export customers — South Korea, Japan, China and Canada — declined in 2023,