

MARKET ADVISOR

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2022 Beef Exports Set Records

Last year's market showed highs both on a volume and value basis.

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

The United States is the world's largest exporter of high-quality beef and beef on a value basis. Brazil usually exports a higher annual volume, but it is low-quality beef.

2022 beef exports set a new record high of 3.6 billion pounds (lb.), 3% over 2021.

Annual 2021 U.S. beef exports were also record high at 3.5 billion lb., up 17% from 2020. Exports struggled in 2020 due to the worldwide COVID-19 pandemic. The previous record-high year for exports was 2018 at 3.2 billion lb.

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, and that continued in 2022. Exports to South Korea have been steadily increasing, which has allowed it to share the top spot with Japan.

Record 2022 exports are the result of record-high 2022 beef production at 28.3 billion lb., buoyed by large, drought-induced beef cow and heifer slaughter and strong export demand, especially from China.



Beef export volumes in 2022 to Japan, South Korea and Canada were similar to last year; but exports to China surged about 25% over last year. Exports to Mexico declined about 15%. High beef prices especially affected the Mexican market along with a continued increase in packing capacity there.

The value of U.S. beef exports also exceeded last year's record level. The combined value of beef, variety meats, live cattle, hides and skins, and tallow and grease was almost \$14 billion in 2022. According to the U.S. Meat Export Federation (www.usmef.org), beef and variety meat exports in 2022 added \$450 to the per-head value of fed cattle.

USDA is forecasting beef exports to decline in 2023 to 3.09 billion lb., based on cyclically declining beef production, higher cattle and beef prices, and a strong U.S. dollar value. 2023 beef production is projected to

decrease more than 6% to 26.5 billion lb. (www.usda.gov/oce/commodity/wasde).

USDA projects annual fed-cattle prices to average a record-high \$158.25 per hundredweight (cwt.) in 2023, up from \$144.52 per cwt. in 2022. The previous record-high annual price was \$154.84 per cwt. in 2014.

Beef exports in 2023 could do better than USDA's somewhat conservative current projection. Although, many geopolitical factors are currently causing unprecedented uncertainty and volatility in U.S. and world agricultural and financial markets.

A strong beef export market will need to continue to support fed-cattle prices. Live cattle futures prices trading at \$160 per cwt. in the April 2023 contract and \$165 in the December contract are dependent on continued strong beef exports. 