

MARKET ADVISOR

by Tim Petry, North Dakota State University Extension Service

Beef Exports Off Record Highs

Market update for cattle producers.

U.S. beef exports, while at historically high levels, are off the record pace set in 2022. A number of headwinds are affecting beef exports. Record beef exports in 2022 were buoyed by record-high beef production at 28.3 billion pounds (lb.), spurred by drought-induced, high beef cow and heifer slaughter.

This year's beef supplies have continued to tighten as beef production declined 5% in the first half of the year. Fed cattle slaughter was down 2.5%. Beef cow slaughter was down 11% as U.S. drought conditions improved, with 40% of the beef herd in drought areas compared to 75% last October. USDA predicts 2023 beef production to decline 4% to 27 billion lb., and decline again in 2024 to 25.2 billion lb.

Smaller beef supplies are supporting cattle and beef prices to record-high levels, which negatively affects beef exports.

The 2023 Choice boxed beef cutout value has been steadily increasing and averaging 15-20% higher than last year. The cutout is at a historic high level, only outdone by the temporary big spike during the peak of the 2020 COVID-19 market disruption.



Since it takes several months to compile the trade data, the latest numbers are available through June 2023. Beef exports so far in 2023 are down 11% from last year's pace.

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

Beef exports to Japan have declined 16% this year, reflecting the weak yen value, higher U.S. beef prices, and Japan's tariff on beef imports.

Fourth-place Mexico is the only major beef export market to buy more U.S. beef in 2023, with a 12.5% increase in purchases.

Maintaining a strong export market in spite of headwinds is important. The U.S. Meat Export Federation (USMEF) estimates beef exports have contributed \$391.66 per head to fed cattle sold this year (www.usmef.org). ^A

Fed steer prices have also been increasing record-high levels. USDA is predicting fed steers to average a record-high \$178.50 per hundredweight (cwt.) in 2023 and \$185.50 per cwt. in 2024.

The strength of the U.S. dollar and effects of exchange rates are also influencing beef exports.

These factors have caused USDA to reduce expected 2023 beef exports to 3.2 billion lb. compared to last year's record-high 3.5 billion lb. (www.usda.gov/oce/commodity/wasde). If realized, the 2023 exports would still be the third-highest ever, only behind 2021 and 2022.

USDA's 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.