

Global Market Landscape

CattleFax analyst provides market overview and trends to watch in coming years.

by *Kindra Gordon*, field editor

The global potential for U.S. beef is very good," said CattleFax general manager Duane Lenz as the final speaker at the 24th semi-annual Range Beef Cow Symposium in Loveland, Colo., in November. Lenz provided an overview of the international aspects of the beef industry and what trends can be anticipated during the next few years.

Regarding U.S. beef exports, Lenz explained that levels have increased to 2.5 billion pounds (lb.). While this is comparable to export levels that existed prior to the American bovine spongiform encephalopathy (BSE) incident in 2003, for 2015 the export pace has slowed and will likely be down 10%-12% from the previous year.

Lenz attributed the lower exports in the near term to two factors — an increase in the U.S. Dollar Index and slowing economies around the world. He pointed out that particularly China is experiencing a recession.

For the long-term export outlook, Lenz is bullish. He noted that the global middle class is beginning a major wave of growth and is projected to expand from 2 billion people in 2012 to 4.9 billion by 2030. Lenz emphasized that as the middle class grows, its constituents



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► Duane Lenz explained that export values have helped bolster U.S. cattle prices during the last 20 years. Catch Angus Media's interview with Duane Lenz on the *The Angus Report* at <http://bit.ly/1ZnCy0P>.

have more income to spend on protein, including beef.

Lenz explained that export values have helped bolster U.S. cattle prices during the last 20 years. If export growth and demand continue, export and offal values could be worth \$500 per head by 2020.

As global economies improve and the middle-class population expands, exports will grow again, Lenz said. "Global opportunities [for beef] are great. We are talking billions, not millions."

Domestic outlook

Here in the United States, Lenz noted that the cow herd has entered an expansion phase that will increase beef supplies during the next two to three years. He says Brazil and India are the only other countries actively expanding beef production.

Regarding cattle prices, Lenz acknowledged 2016 will likely see a "significant" drop in prices. He reports CattleFax anticipates prices \$4-\$5 lower per hundredweight.

"We're not going back to 2008-2009 prices on calves," he said, "but producers will have to settle for less."

For 2015, Lenz acknowledged that U.S. beef imports have increased and will likely end up 25% higher than the previous year. However, he explained, this trend is an anomaly for the year because Australia has been in a drought and had more beef going to market. As the country's moisture improves and cattle are retained, Lenz says imports will taper off.

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Editor's Note: *Kindra Gordon is a cattlemaster and freelance writer from Whitewood, S.D. This summary is part of the Angus Journal's online coverage of the 2015 Range Beef Cow Symposium hosted Nov. 17-19, 2015, in Loveland, Colo. For additional coverage, or to listen to this presentation, visit the Newsroom at www.rangebeefcow.com. The Angus Journal's coverage of the event is made possible through collaboration with the event committee and sponsorship of LiveAuctions.tv.*

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