

Russian Bans Won't Slow Runaway Markets

The Rabobank Q3 *Beef Quarterly* reports that global beef supply is in a tightening phase, with most key producing and export regions already experiencing record tight supplies. Further tightening is expected throughout the remainder of 2014 and into 2015. Russian import bans are unlikely to have a large impact on world beef markets, with Brazil's industry likely to be the ban's largest beneficiary. The impact on major exporters, such as Australia and the United States, will be minimal given increased impediments to trade with Russia prior to the current ban.

"There is largely positive news for the global beef industry as strong demand and tight supply are showing no signs of slowing, pushing prices, in some cases record prices, even higher," explains Rabobank analyst Angus Gidley-Baird.

Rabobank offers these regional outlooks:

► **United States:** Volatility continues to characterize the U.S. market as cattle

prices continue to trade at record levels, and consumer appetite remains firm.

► **Brazil:** Brazil exports have benefitted from increased demand from Russia this quarter and will start going to China during the next six months. Strong demand and tight supplies have underpinned record cattle prices.

► **Australia:** Cattle prices responded on the back of some decent rainfall during August, although the dry seasonal conditions remain a concern. Record slaughter continues to drive record exports, with strong international demand helping to support prices.

► **China:** Although total Chinese imports in 2014 are expected to be lower than the record levels witnessed in 2013, demand for the remainder of 2014 is forecast to strengthen.

► **New Zealand:** New Zealand beef returns have remained at record levels, and with a forecast of tight supplies and very strong U.S.

demand, industry outlook for the remainder of 2014 and into 2015 is optimistic.

► **Canada:** The Canadian cattle market has been enjoying the same surge in cattle prices for the year as has been seen in the United States and has aggressively been using all available cattle supplies.

► **Argentina:** Production is expected to increase seasonally with improved weather, but exports continue to remain at historically low levels, despite the encouraging trade developments with the United States and Russia.

► **Mexico:** Production continues to be restrained as cattle availability remains scarce. At the end of the year, Rabobank expects beef production to increase by 0.9%.

► **Indonesia:** Better supply has resulted in softening prices, impacting finishers' profitability. This may cause lot feeders to import fewer cattle in the second half of 2014, despite issuing record permit numbers.

► **European Union:** The market is expected to remain under pressure and at best stabilize, with the seasonal increase in demand unlikely to result in higher prices given the increasing competition with lower pork and poultry prices.



Editor's Note: This article is provided by Rabobank.