



# What's Next in the Global Pork Markets? Update and Outlook

**Brett Stuart**

President, Global AgriTrends

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# Our Business: Global AgriTrends

- Global analysis of agriculture markets, est. 2006; focused on global proteins (beef, pork, poultry)
- Economic and policy, forecasting; market research
- Extensive global network of clients and contacts
- On-the-ground research on 6 continents
- Providing data to a wide variety of global agribusinesses including: multinational processors, agriculture banks, hedge funds, commodity brokers, meat and livestock producers (hogs, cattle, chickens, dairy, grains), trade associations, feed companies, nutrition, pharmaceuticals and others seeking market intel in the global protein space



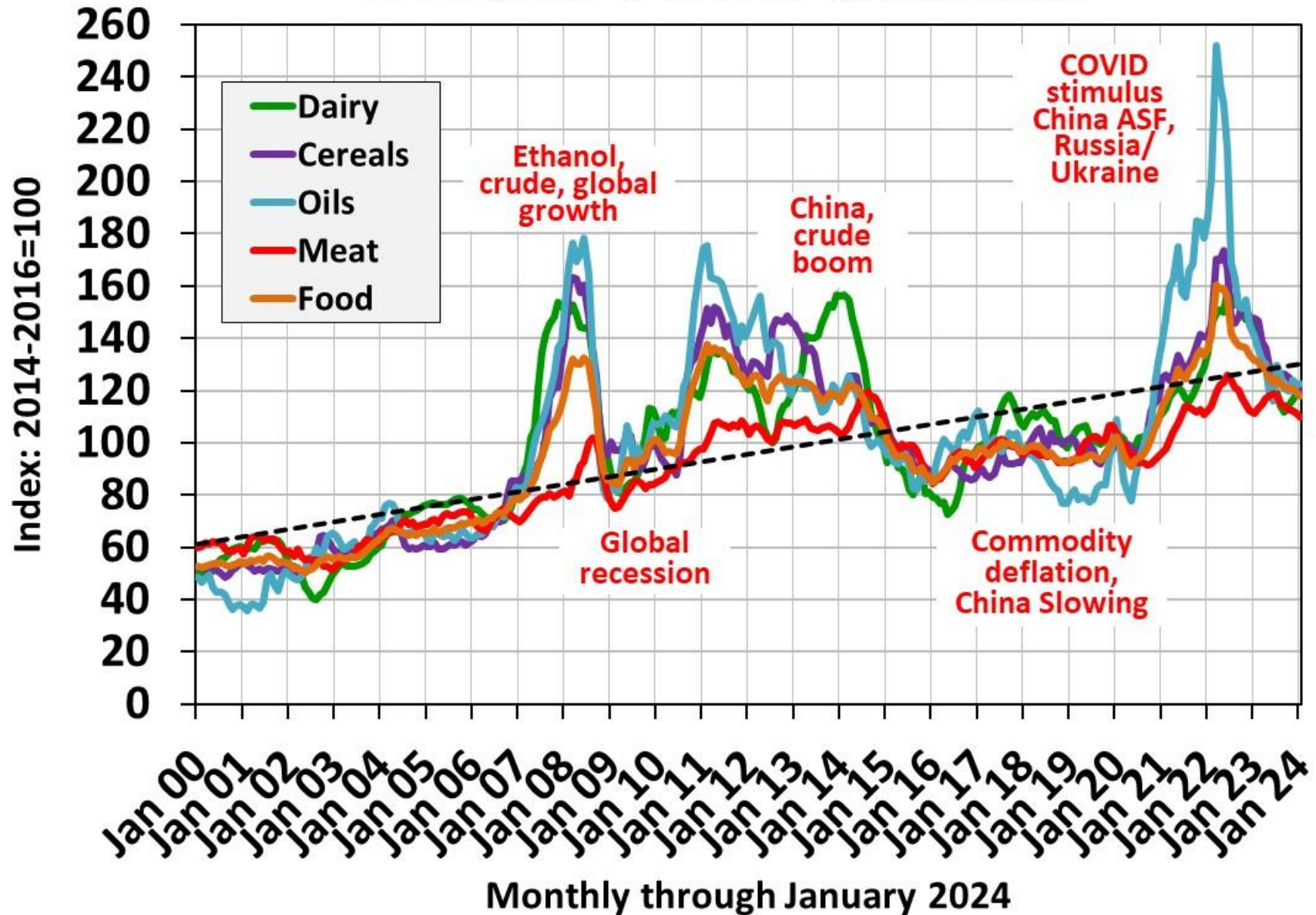
# Global Pork Update

- **The Good,**
  - Global protein (and pork) liquidation
  - North American pork competitiveness
- **The Bad,**
  - Current hog margins
- **The Ugly,**
  - Misguided activism, policies, and lies
- **The Unknown**
  - The future: weather, prices, recession?





# Global Food Indices



The bubble has burst

Inflation rates are slowing

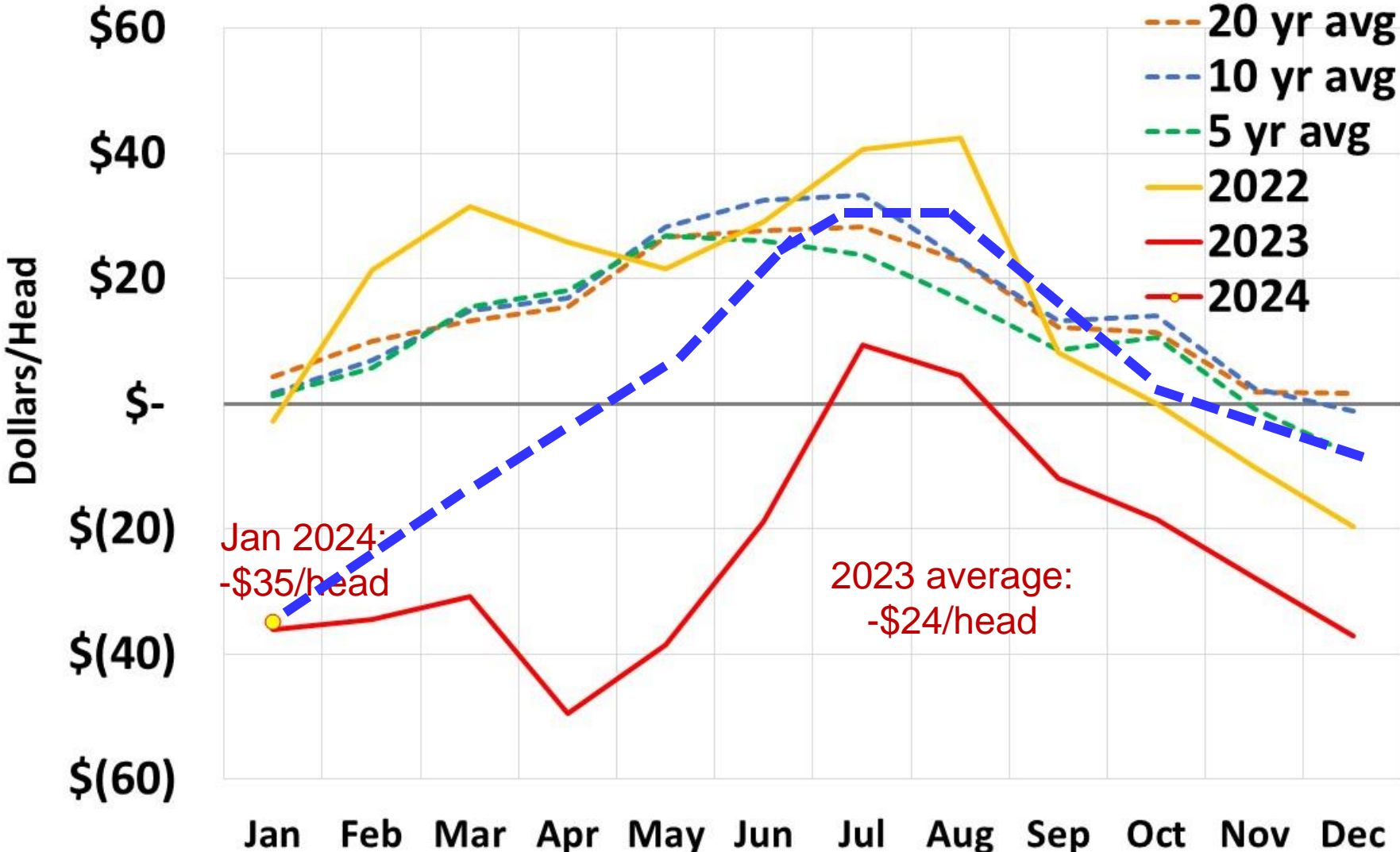
Yet, relative prices are 20%+ above the 2015-2019 averages

# North American Hog Margin Situation

Who to blame?

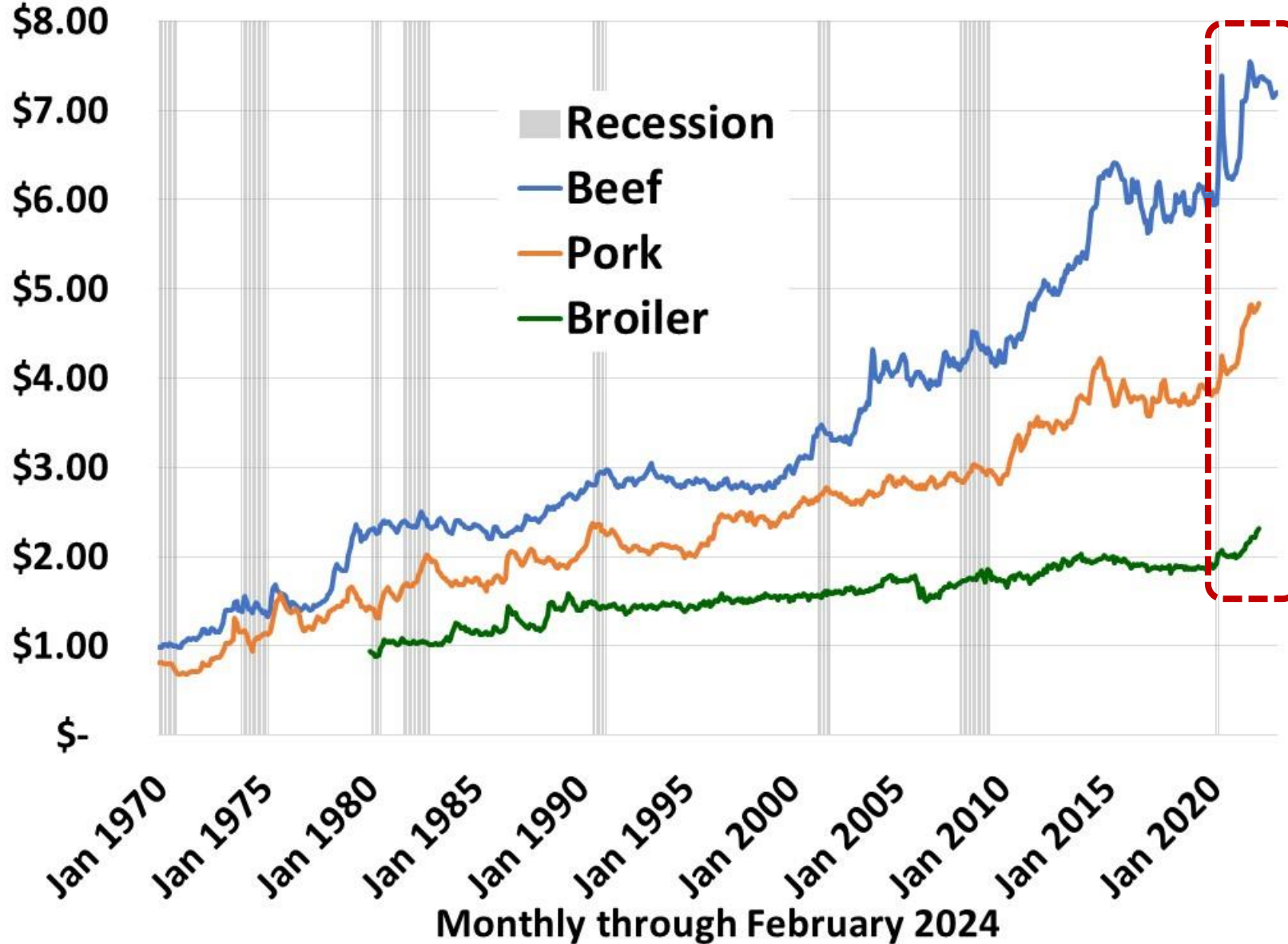
# Seasonal Hog Margins

*farrow to finish*



Source: Iowa State University

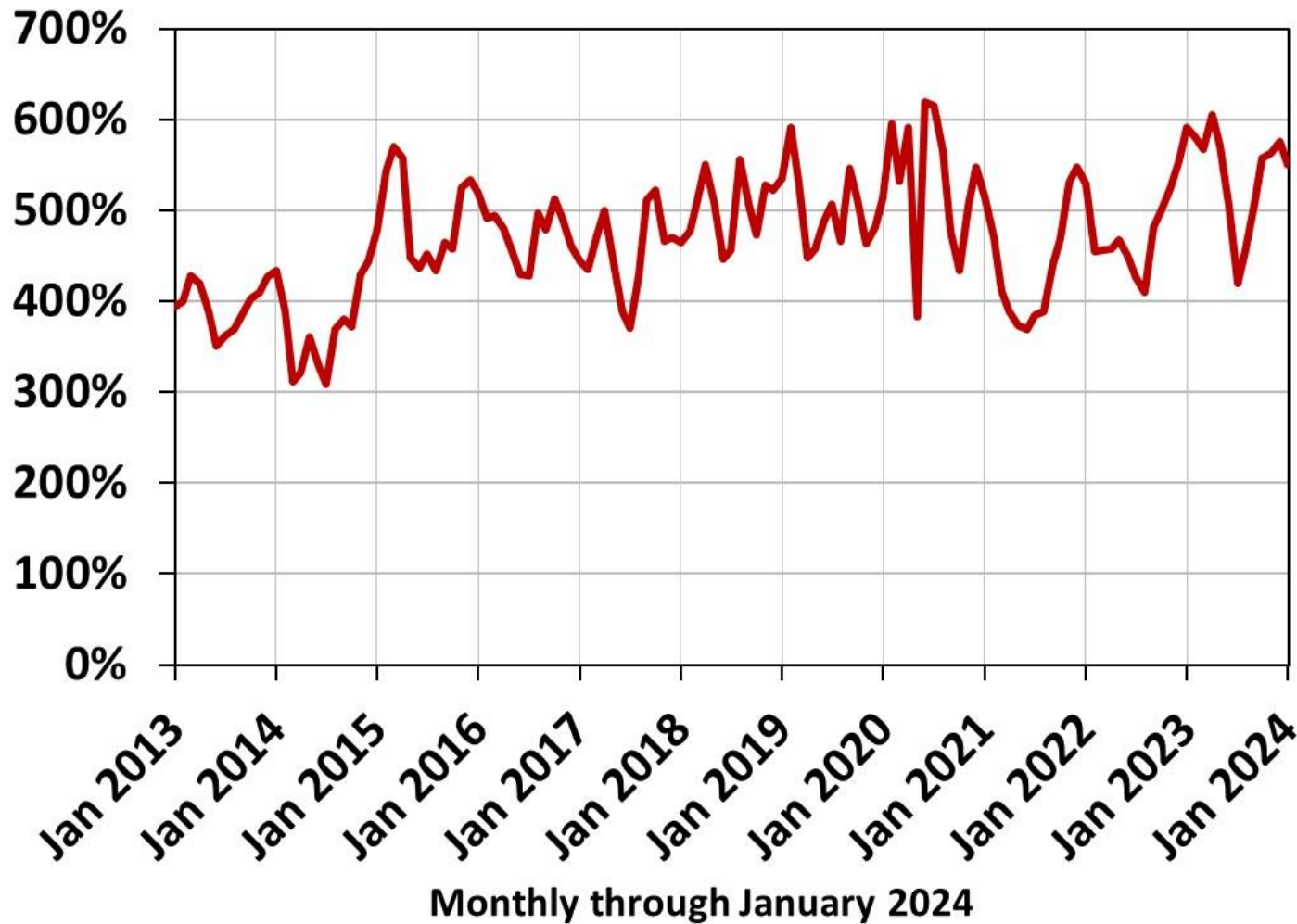
# U.S. Retail Meat Prices



Can't blame consumers...

# Blame the Retailers?

## Pork Prices: Retail % of Cutout



January at  
550%

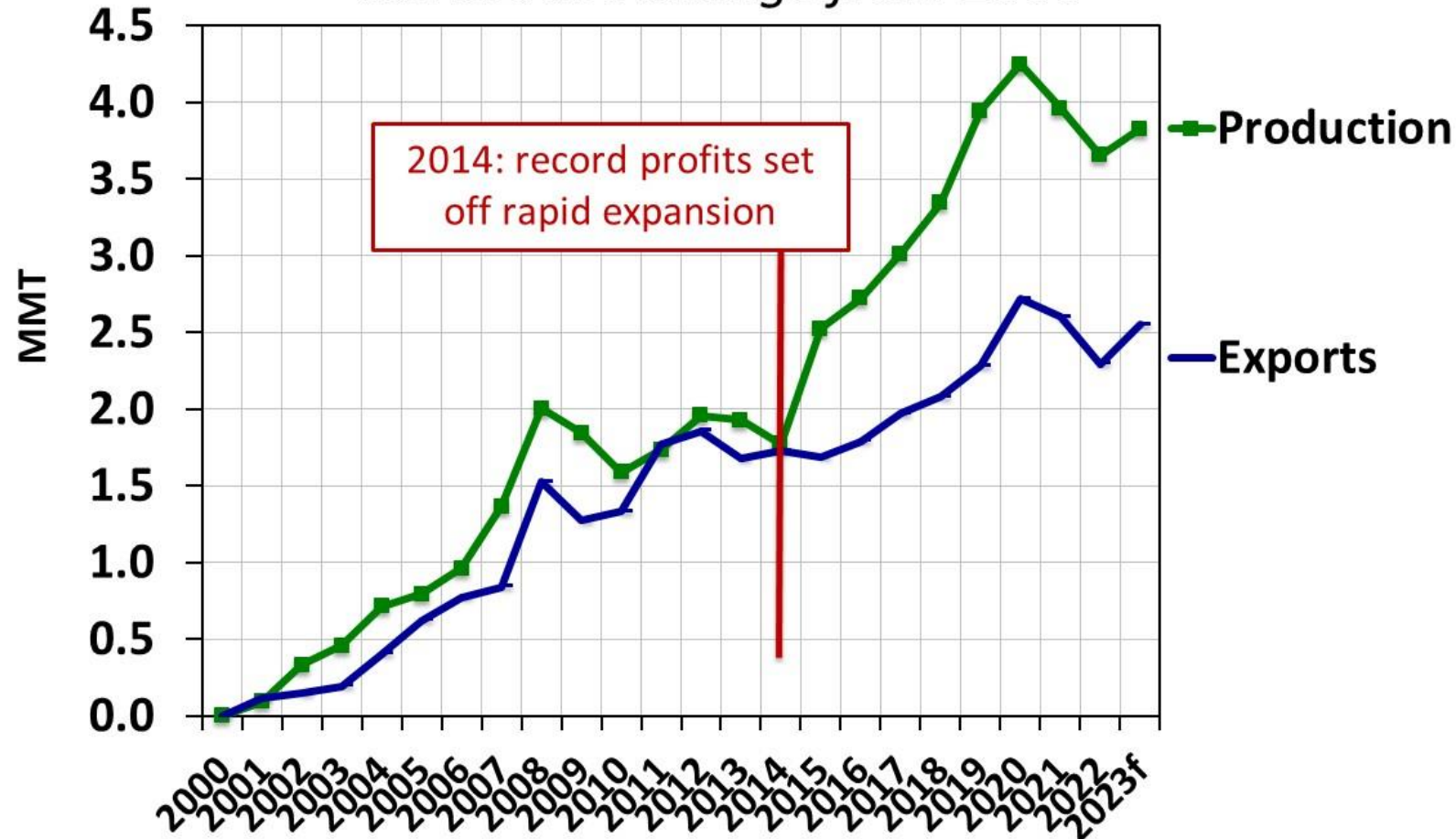
Source: USDA, AgriTrends



# Blame the Producers?

## U.S. Pork

*cumulative change from 2000*



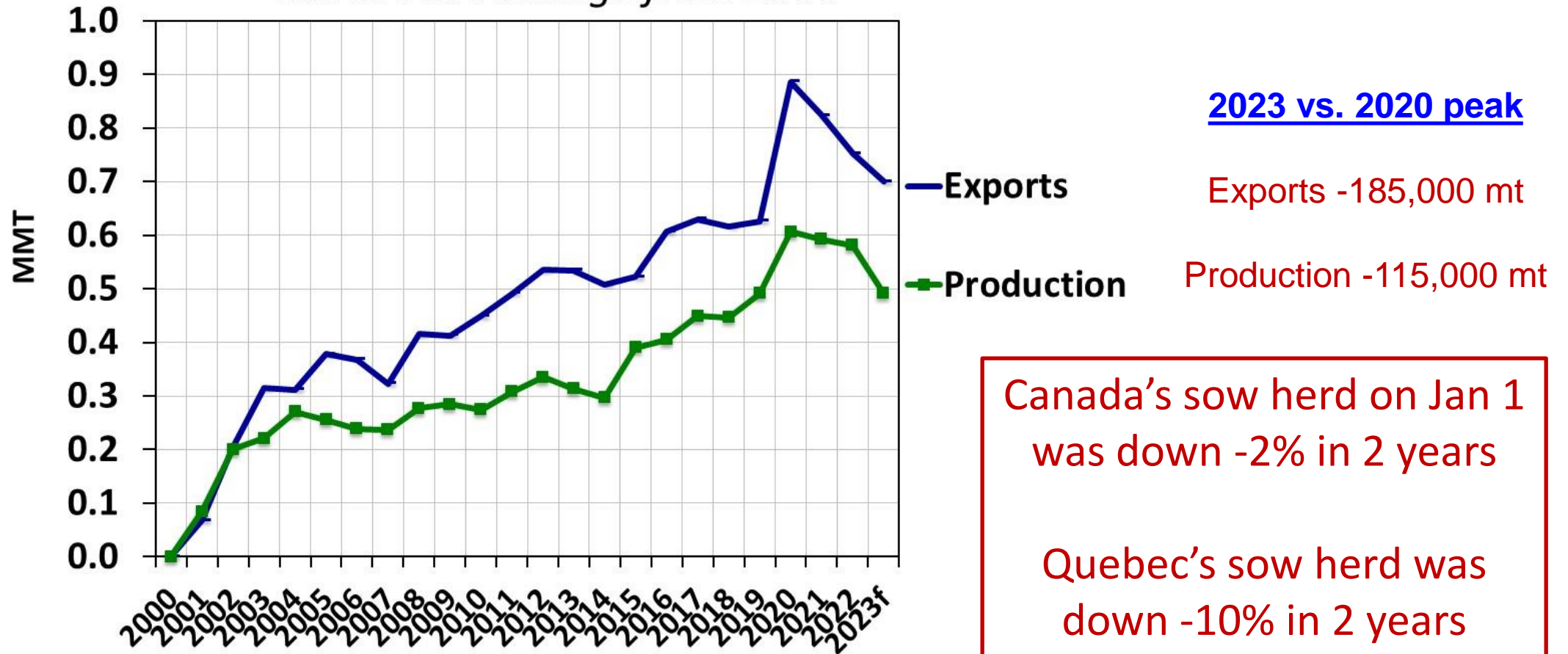
Per capita supplies  
have increased

Source: USDA/FAS

# Blame the Canadians?

## Canada Pork

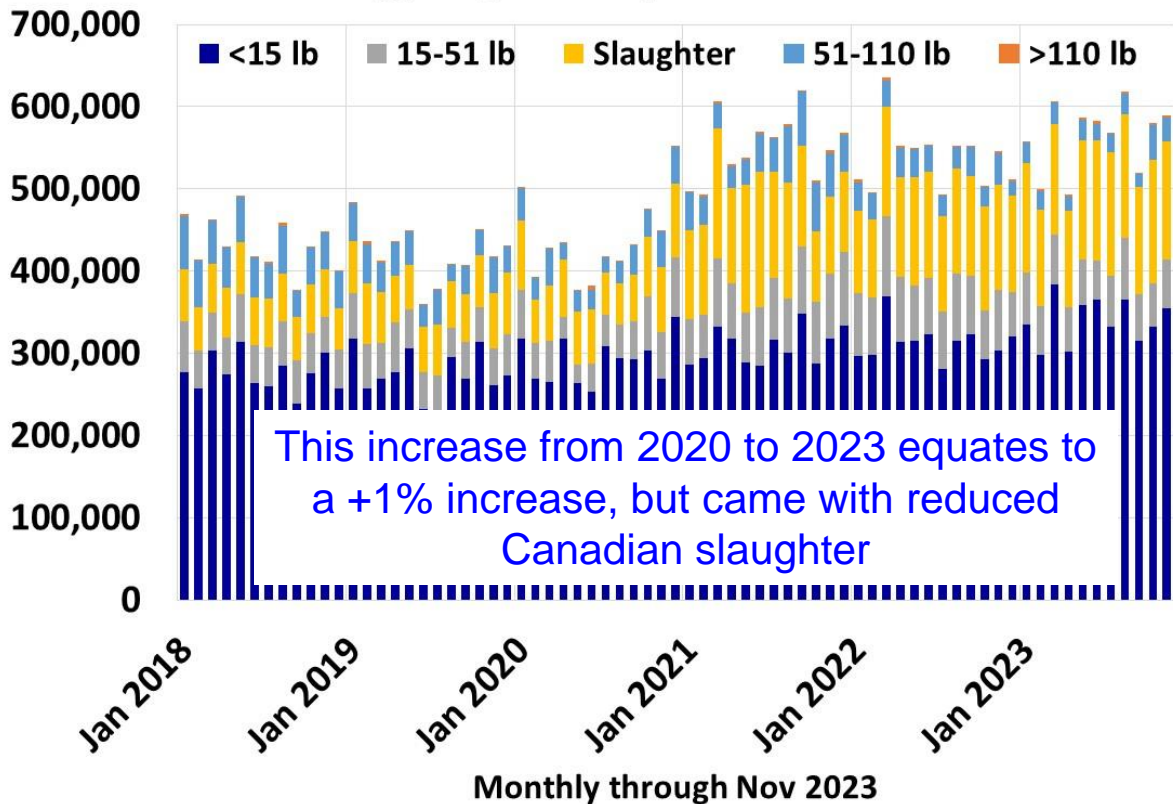
*cumulative change from 2000*



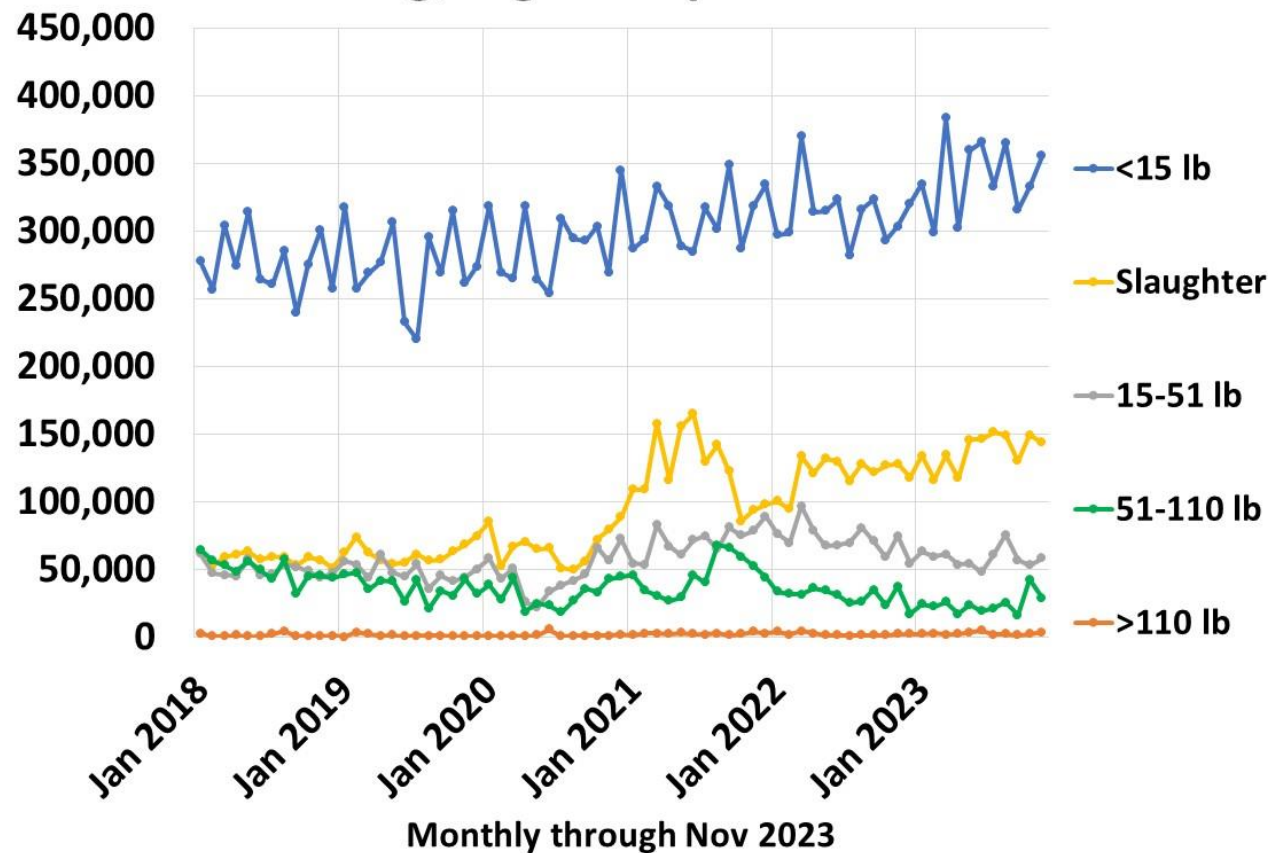
Source: USDA/FAS

# Blame the Canadians?

## U.S. Hog/Piglet Imports from Canada



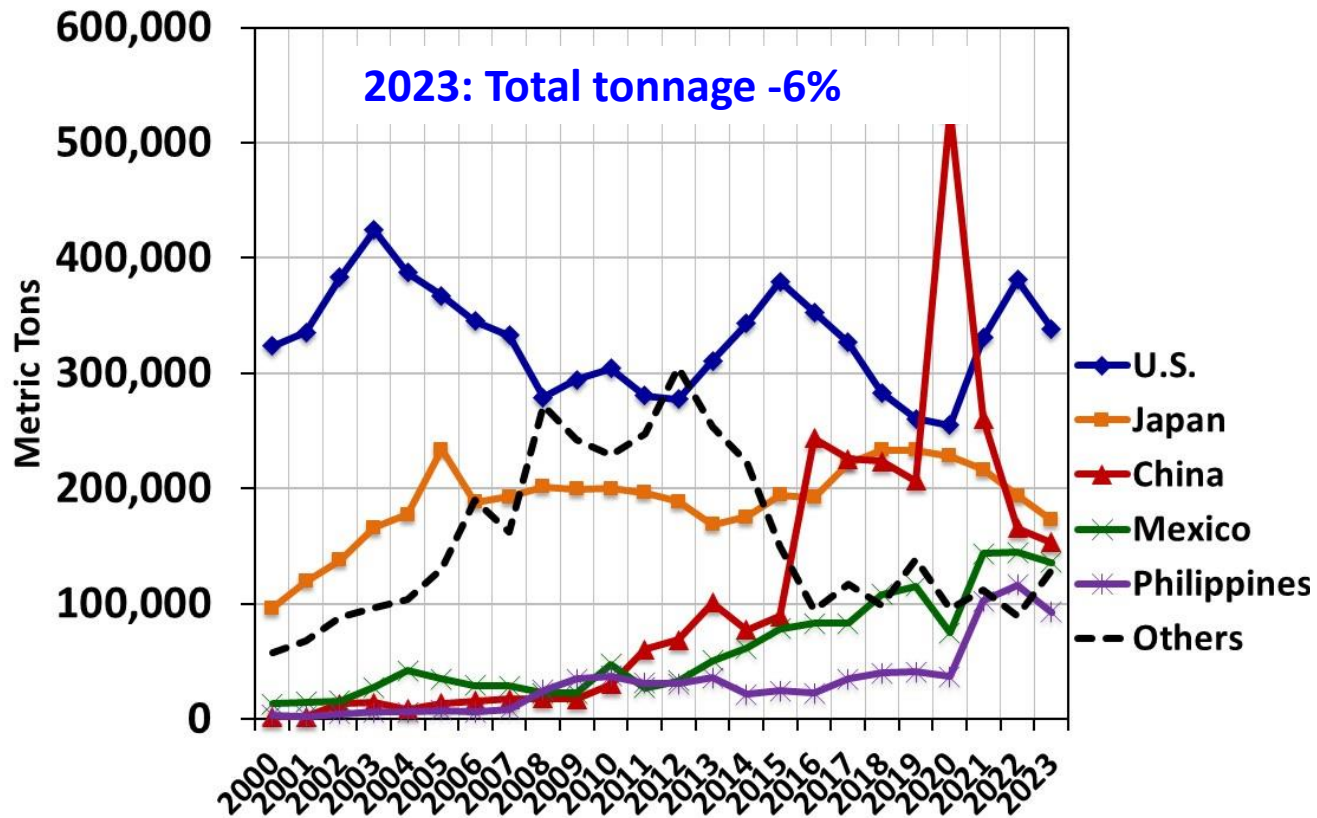
## U.S. Hog/Piglet Imports from Canada



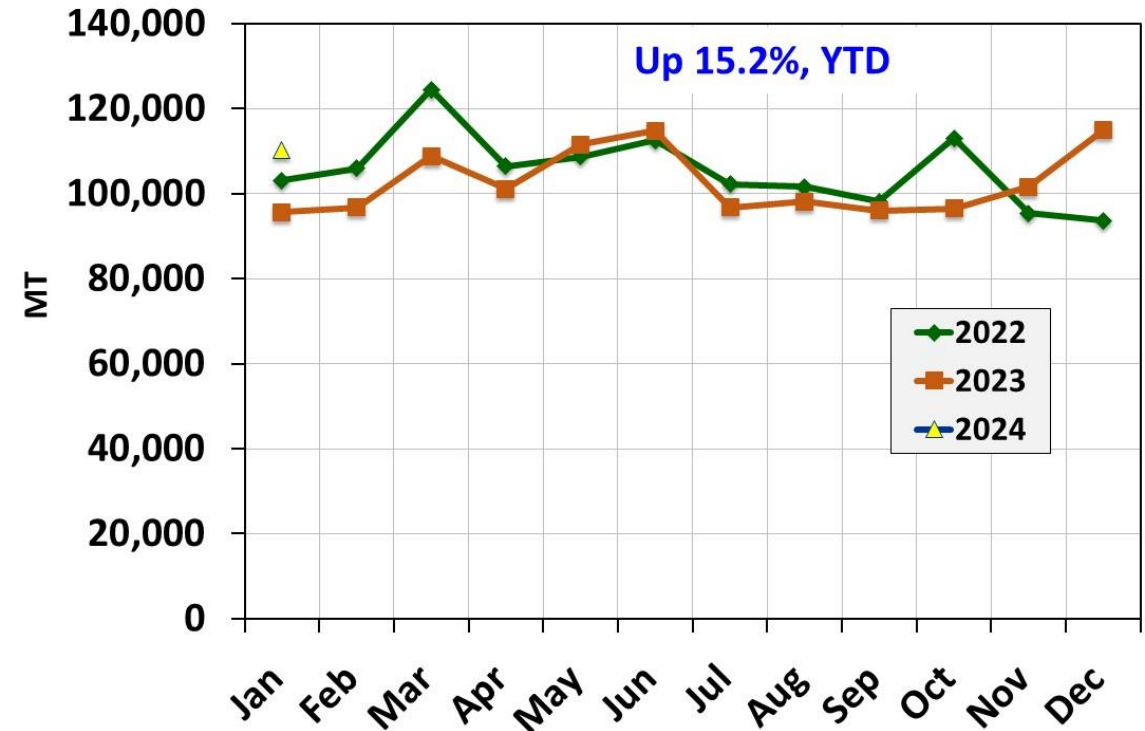
U.S. slaughter averages > 10 million per month...

# Canada Pork Exports

## Canadian Pork Exports



## Canada Pork Exports



“Others” growth: +118% to Taiwan, +160% to Colombia, +618% to Malaysia,

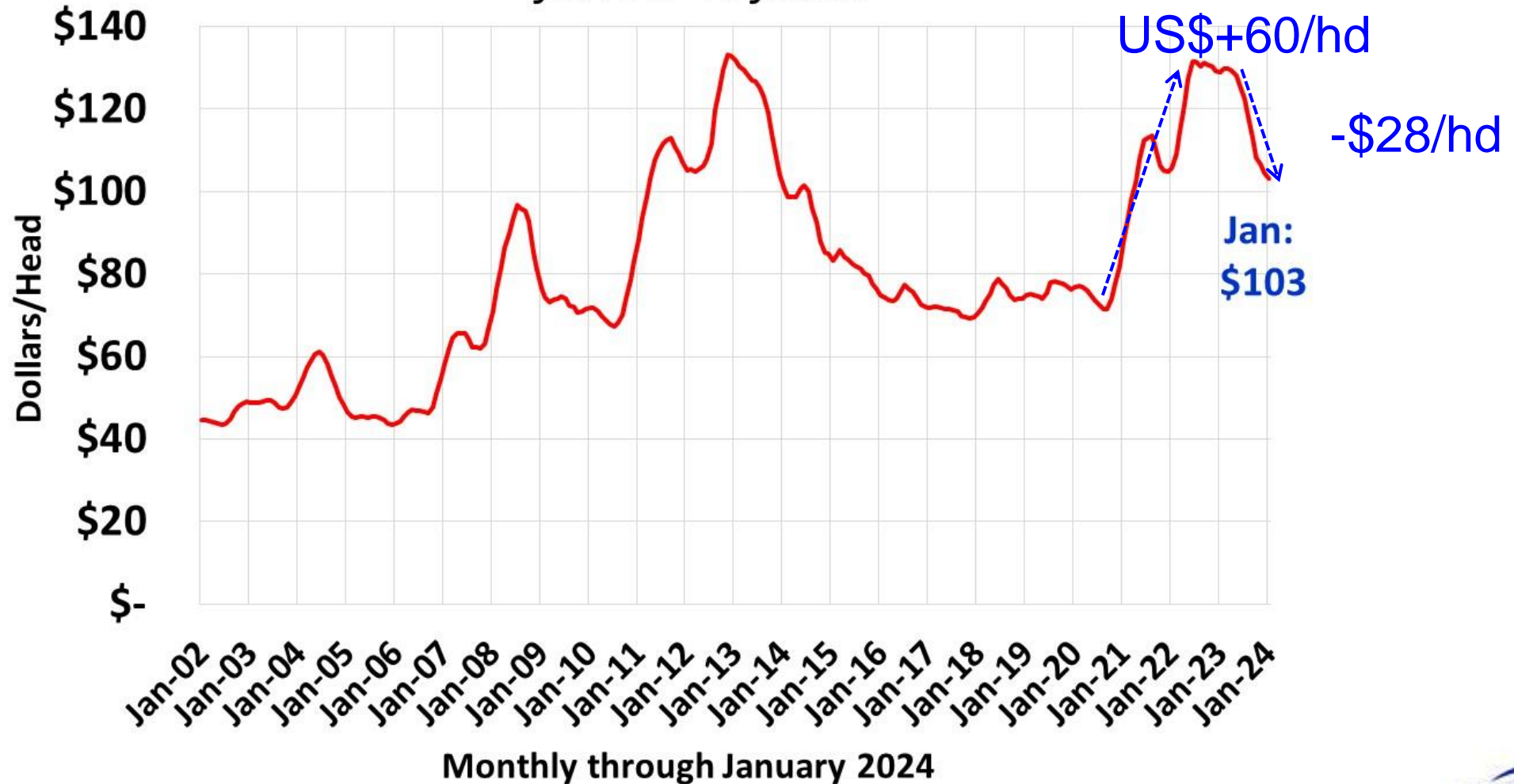
Source: TDM, AgriTrends



# Blame the FEED COSTS...

## Feed Cost per Head

*farrow to finish*

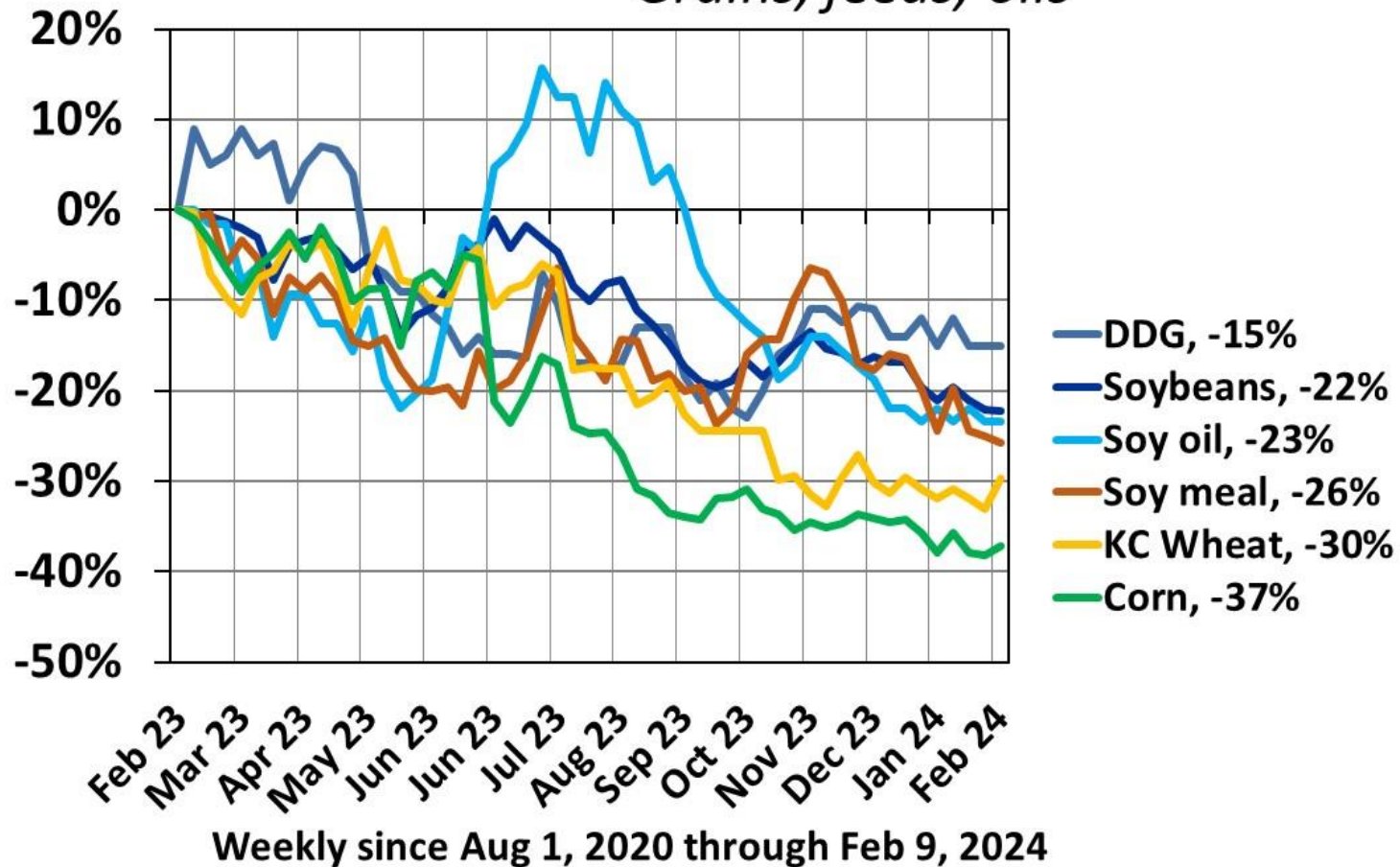


Source: Iowa State University

# Cheaper Feed Prices for 2024

## 1 Year Price Moves

*Grains, feeds, oils*

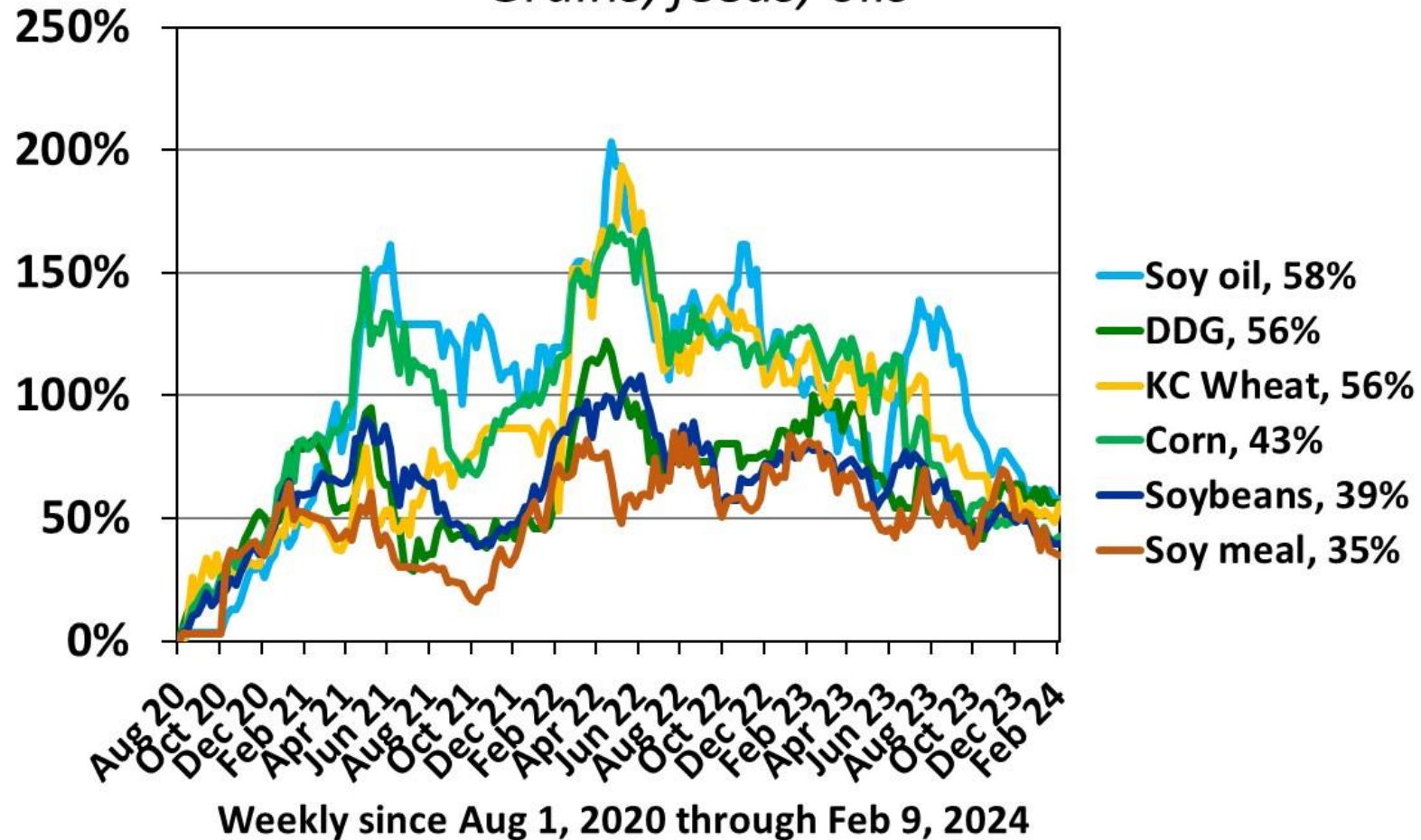


Source: USDA

# But Not THAT Cheap (vs. 2020)

## Price Moves

*Grains, feeds, oils*



Source: USDA



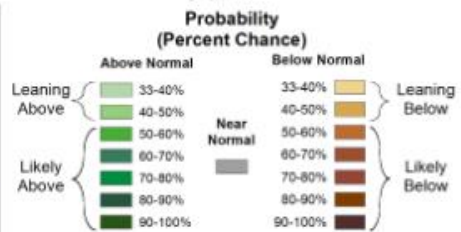
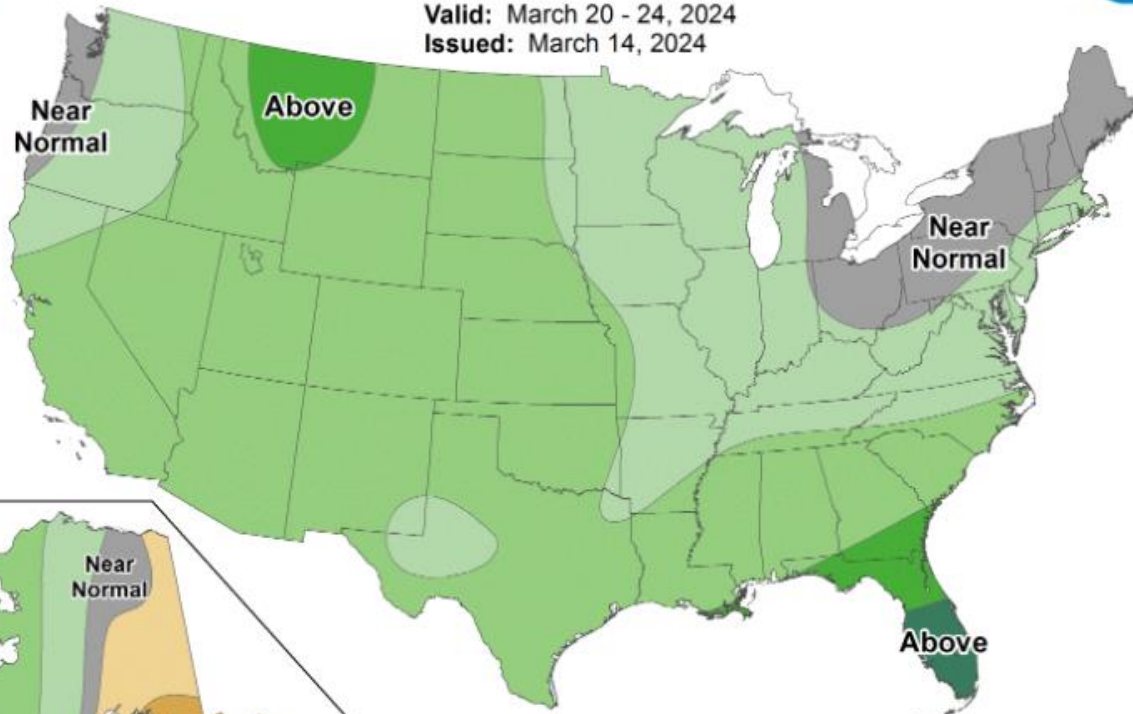
# Precip Forecasts

## Dr. Art Douglas

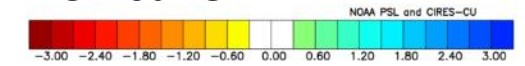
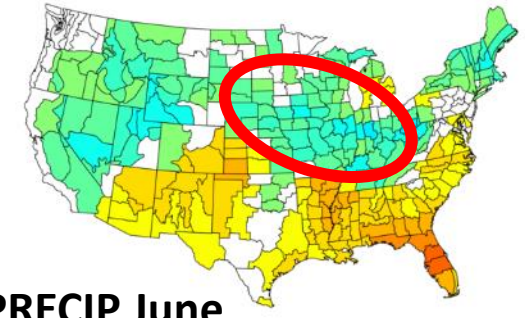
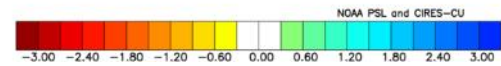
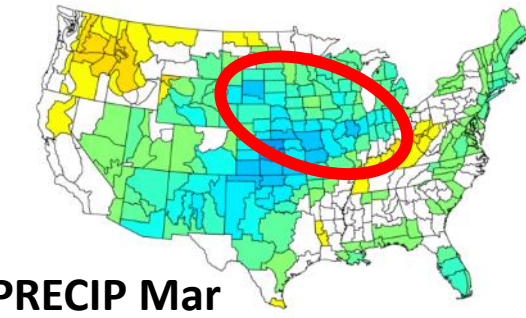


### 6-10 Day Precipitation Outlook

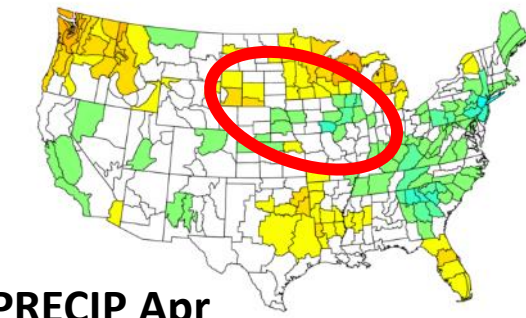
Valid: March 20 - 24, 2024  
 Issued: March 14, 2024



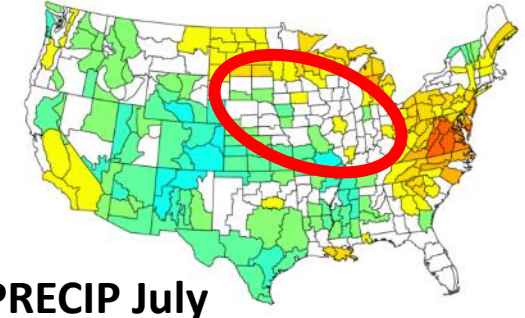
NOAA/NCEI Climate Division Composite Standardized Precipitation Anomalies  
 Mar 1973, 1998, 1998, 2007, 2010  
 Versus 1991-2020 Longterm Average



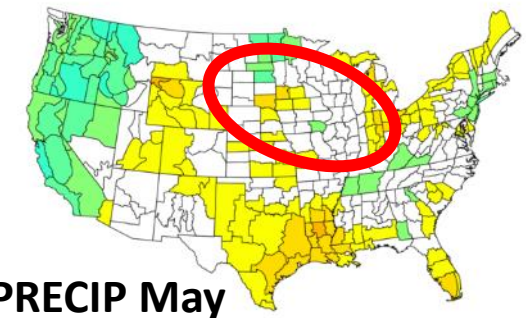
NOAA/NCEI Climate Division Composite Standardized Precipitation Anomalies  
 Apr 1973, 1998, 1998, 2007, 2010  
 Versus 1991-2020 Longterm Average



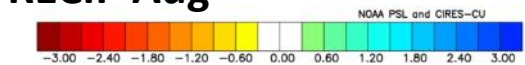
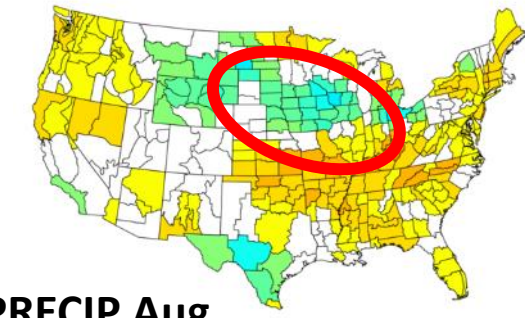
NOAA/NCEI Climate Division Composite Standardized Precipitation Anomalies  
 Jul 1998, 1998, 2007, 2010  
 Versus 1991-2020 Longterm Average



NOAA/NCEI Climate Division Composite Standardized Precipitation Anomalies  
 May 1973, 1998, 1998, 2007, 2010  
 Versus 1991-2020 Longterm Average



NOAA/NCEI Climate Division Composite Standardized Precipitation Anomalies  
 Aug 1998, 1998, 2007, 2010  
 Versus 1991-2020 Longterm Average

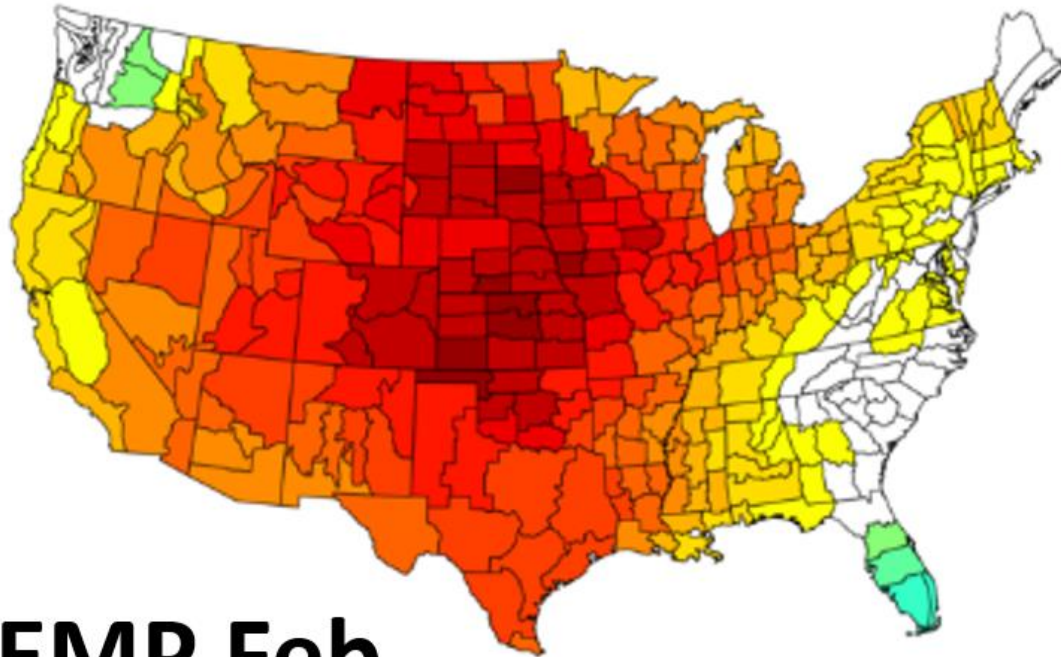




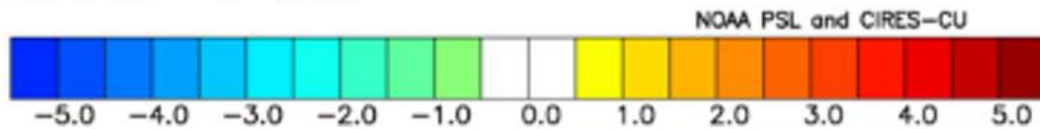
# Dr. Art Douglas's December Forecast:

## Art's forecast back in December

NOAA/NCEI Climate Division Composite Temperature Anomalies (F)  
Feb 1969,1995,1995,2016,2017,2017  
Versus 1991–2020 Longterm Average

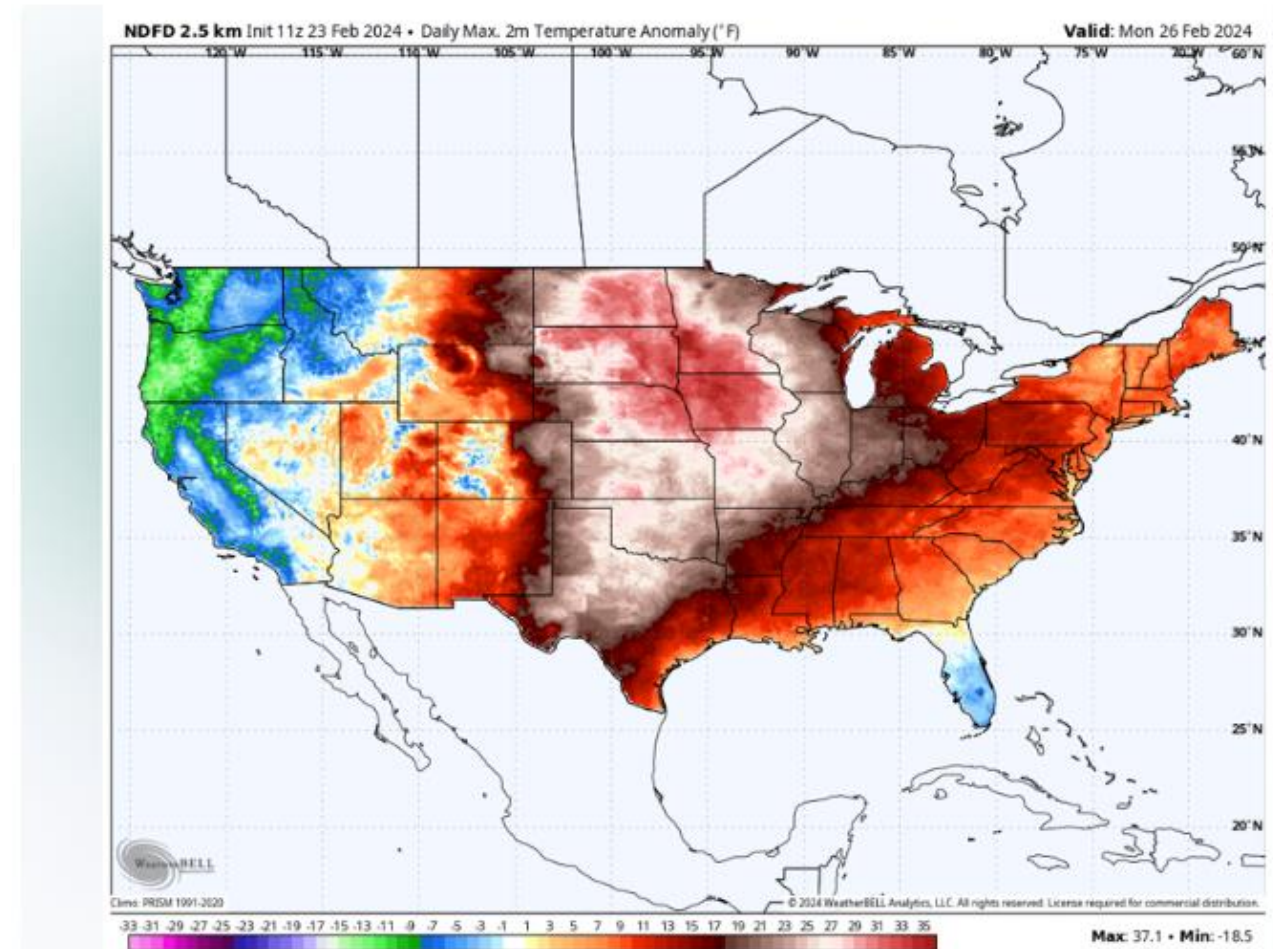


TEMP Feb



February to end with record-smashing warmth in Midwest, Eastern U.

Story by Ian Livingston • 1d



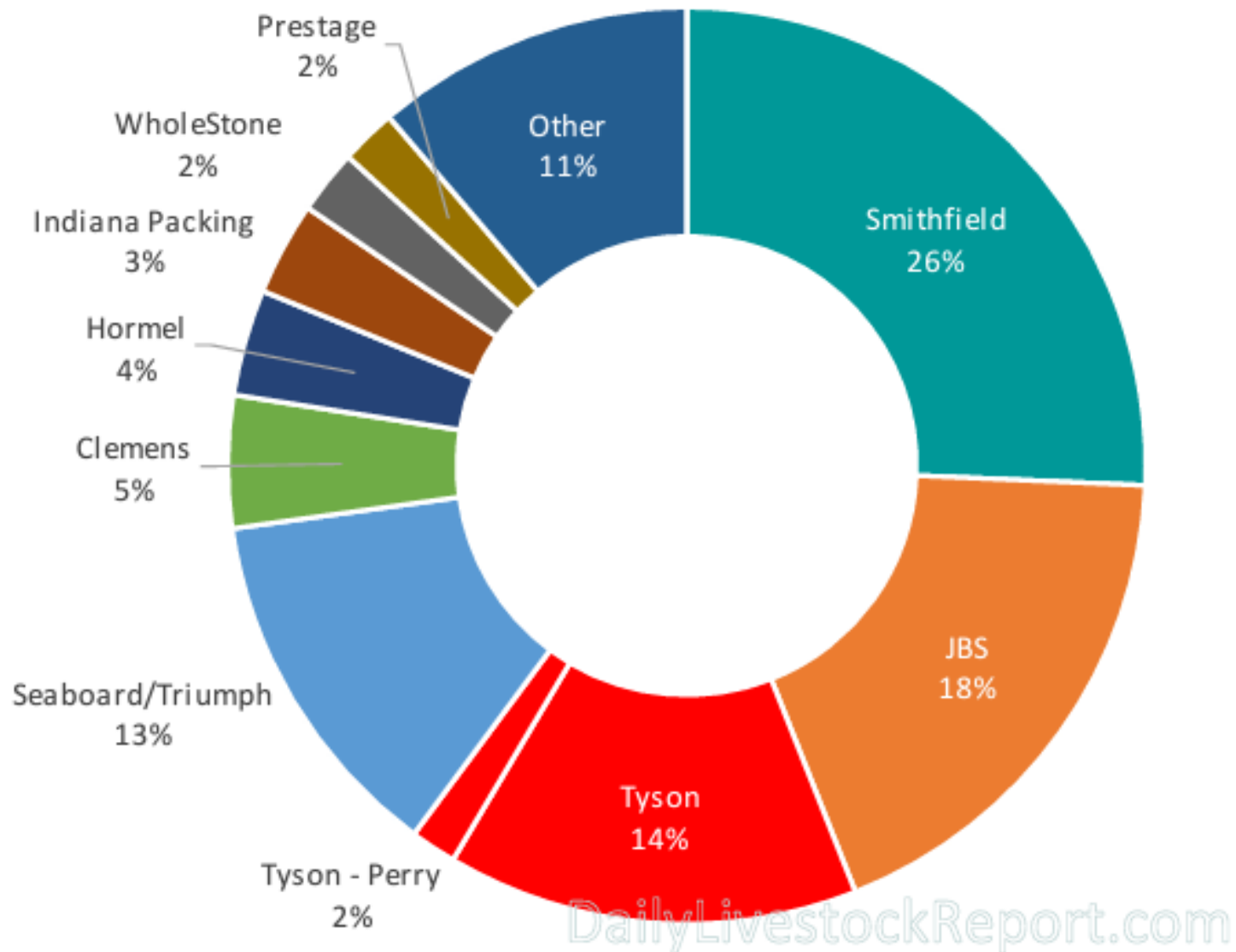
# U.S. (& Canada) Hogs: Optimism?

- Weights are edging lower (contra-seasonally)
- 40# weaners in the mid \$80s
  - (\$40s not long ago)
- Pork exports shifting higher
  - Up 15% in Dec, up 6% in Jan
  - Mexico remains strong
  - EU pullback from key markets
- YTD sow slaughter is up 5%
- Cash hog prices are up 70% since Jan 1
- New LH Futures highs (\$105 for June)

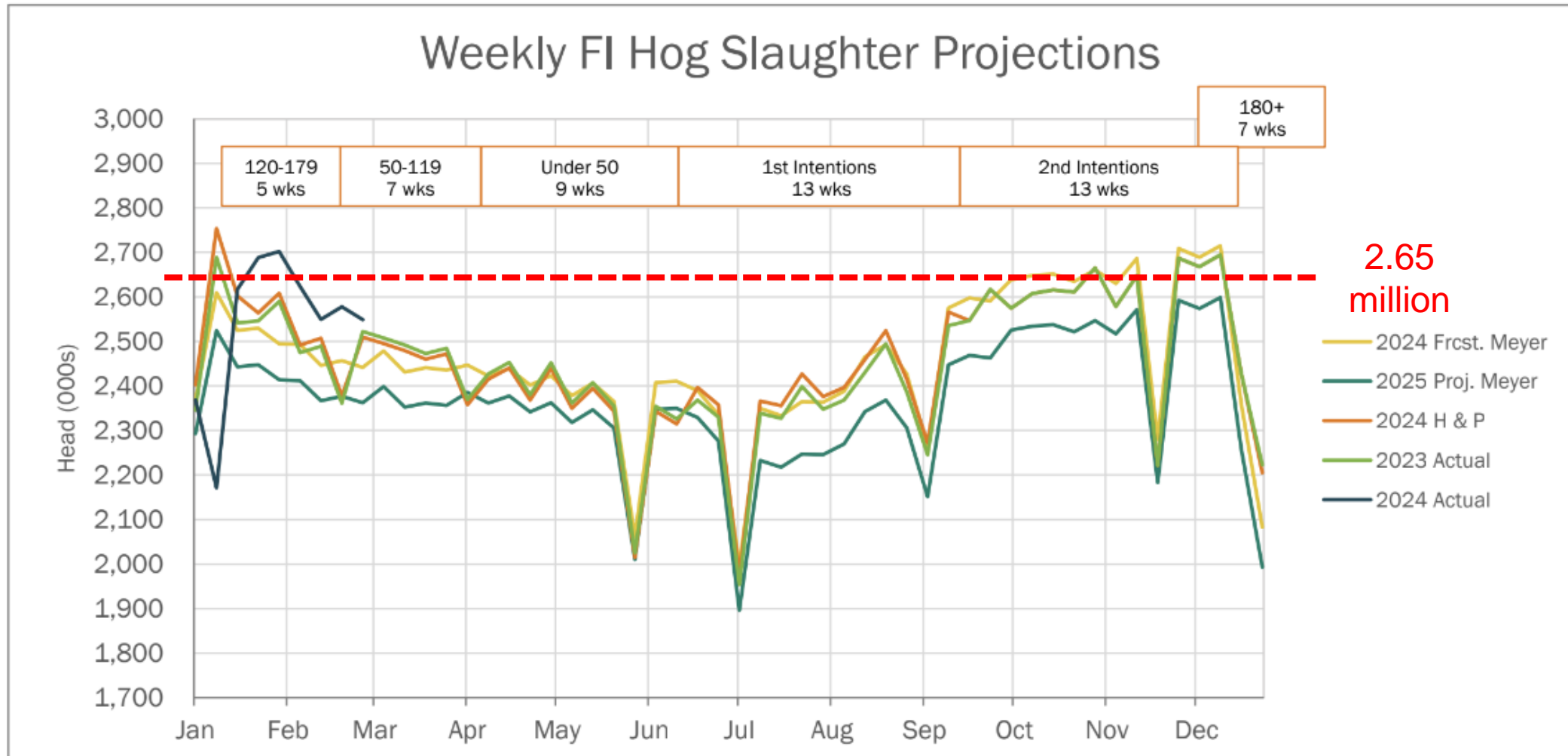


# Estimated Share of Hog Daily Slaughter Capacity

Data source: Steve Meyer in National Hog Farmer. Calculations by Steiner Consulting



# Dr. Steve Meyer Hog Slaughter and Projections



Sources: USDA; Dr. Steve Meyer, PFPAG

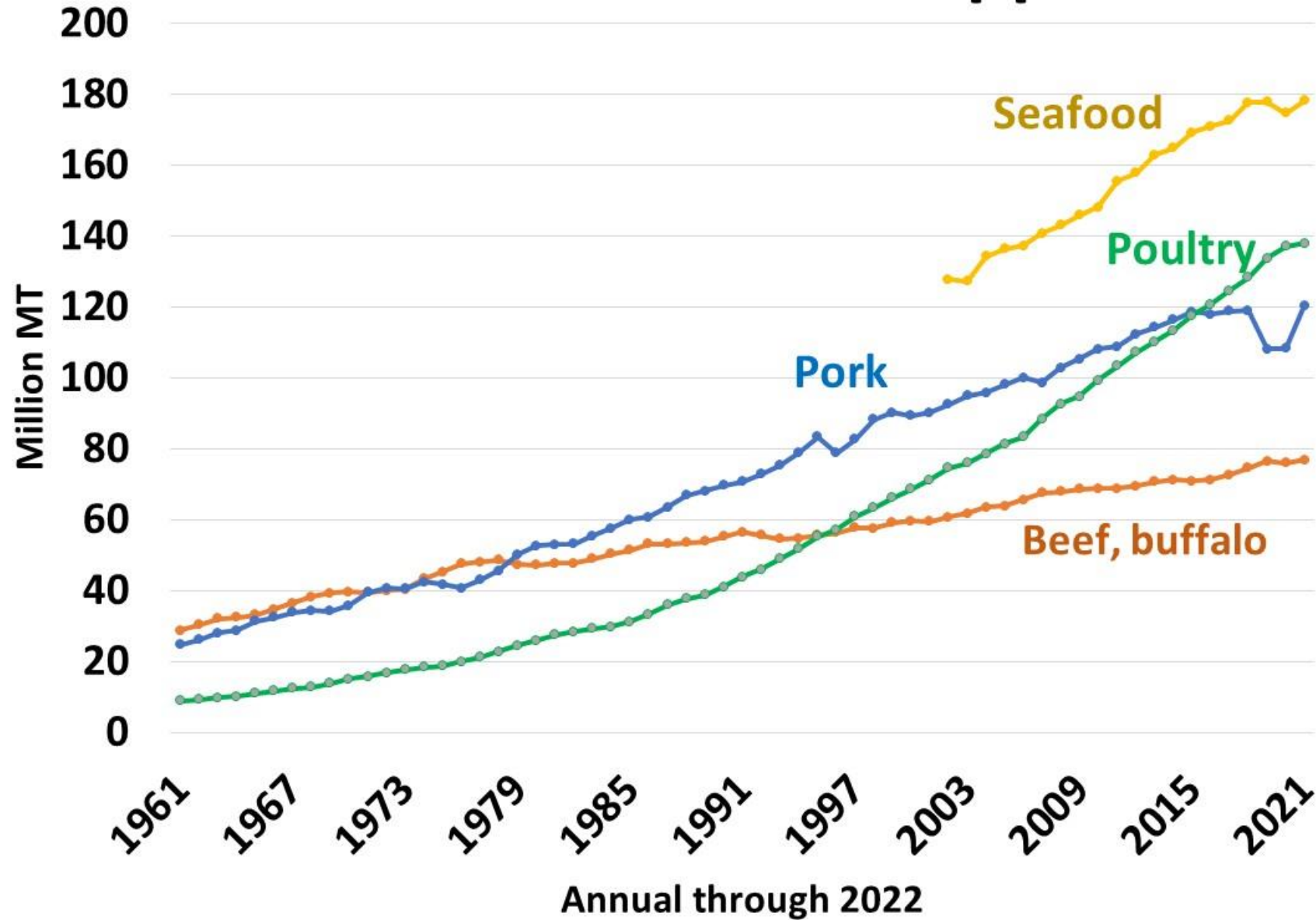


# Global Hogs and Pigs

# Global Protein: Liquidation in Sync

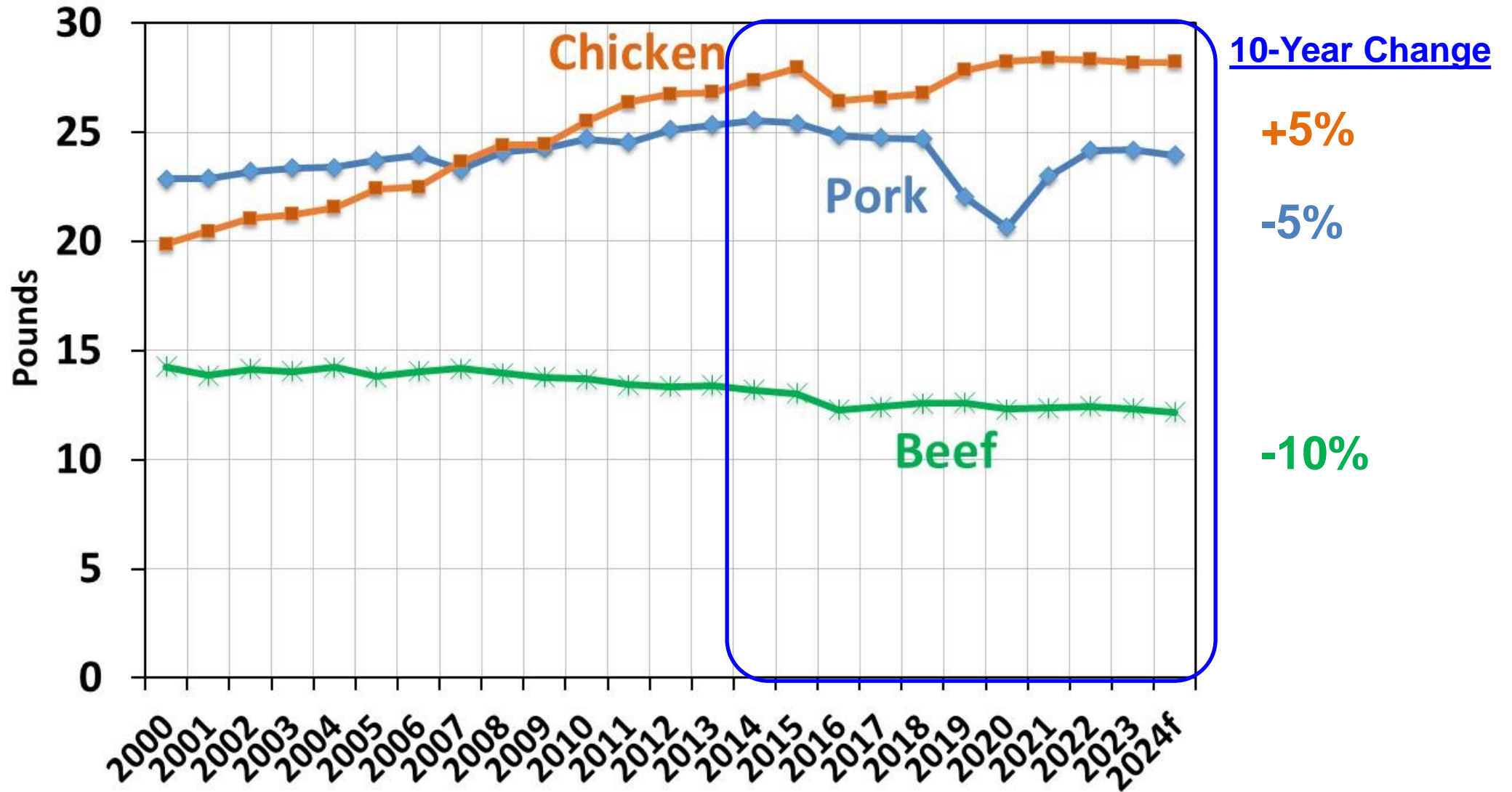
- **Australian cattle and sheep**: liquidation in progress to 2023-2024
  - rebuild to 2026-2027
- **U.S. cattle**: nearly 3 years of drought trimmed the herd by -10%
  - Expansion has yet to begin, but will tighten supplies further
- **U.S. hogs**: financial losses 12 of the past 14 months
  - Sow slaughter continues higher
- **U.S. chicken**: Processor losses accruing 11 of last 16 months
- **Brazilian cattle**: Slaughter to decline -11% by 2026
- **China hogs**: Disease issues, weak demand, oversupply
  - 23 of the past 30 months have seen producer losses
- **EU Hogs**: Significant liquidation due to rising costs, policies
  - A further 10% decline by 2030 according to EU projections

# Global Protein Supplies



Where is global demand headed?

# Global Production: Per Capita

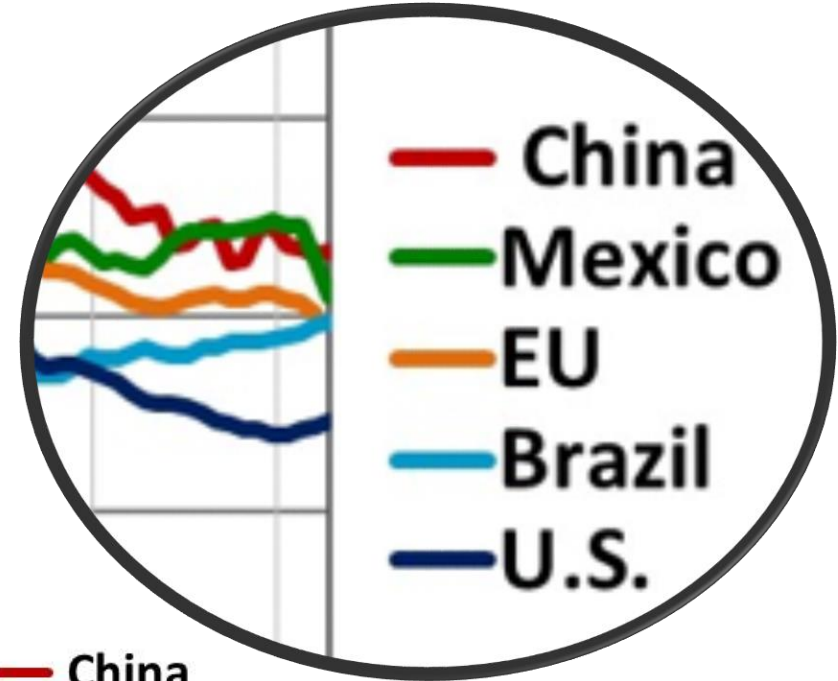
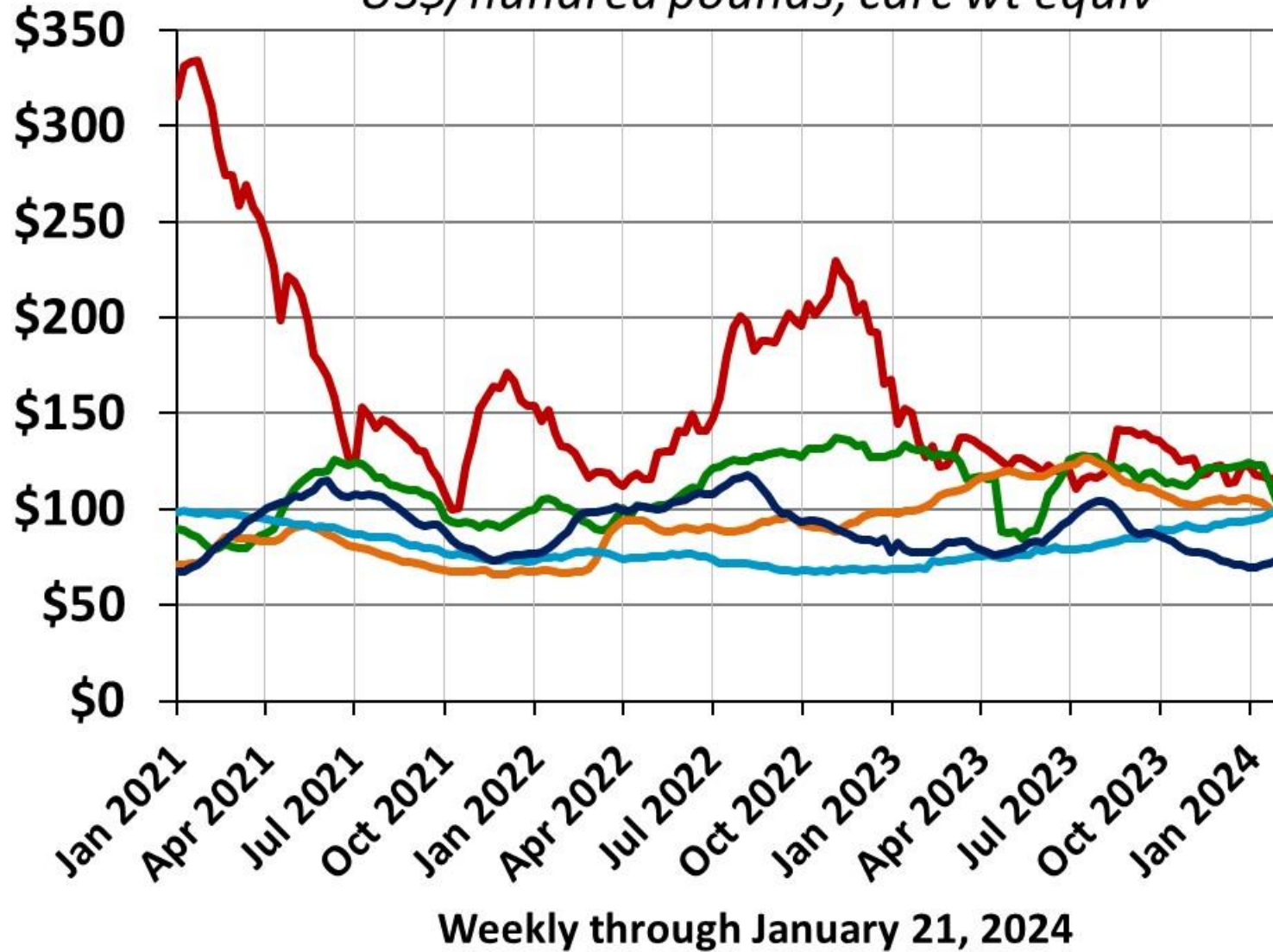


Source: USDA/FAS



# Global Hog Prices

US\$/hundred pounds, carc wt equiv



- China
- Mexico
- EU
- Brazil
- U.S.



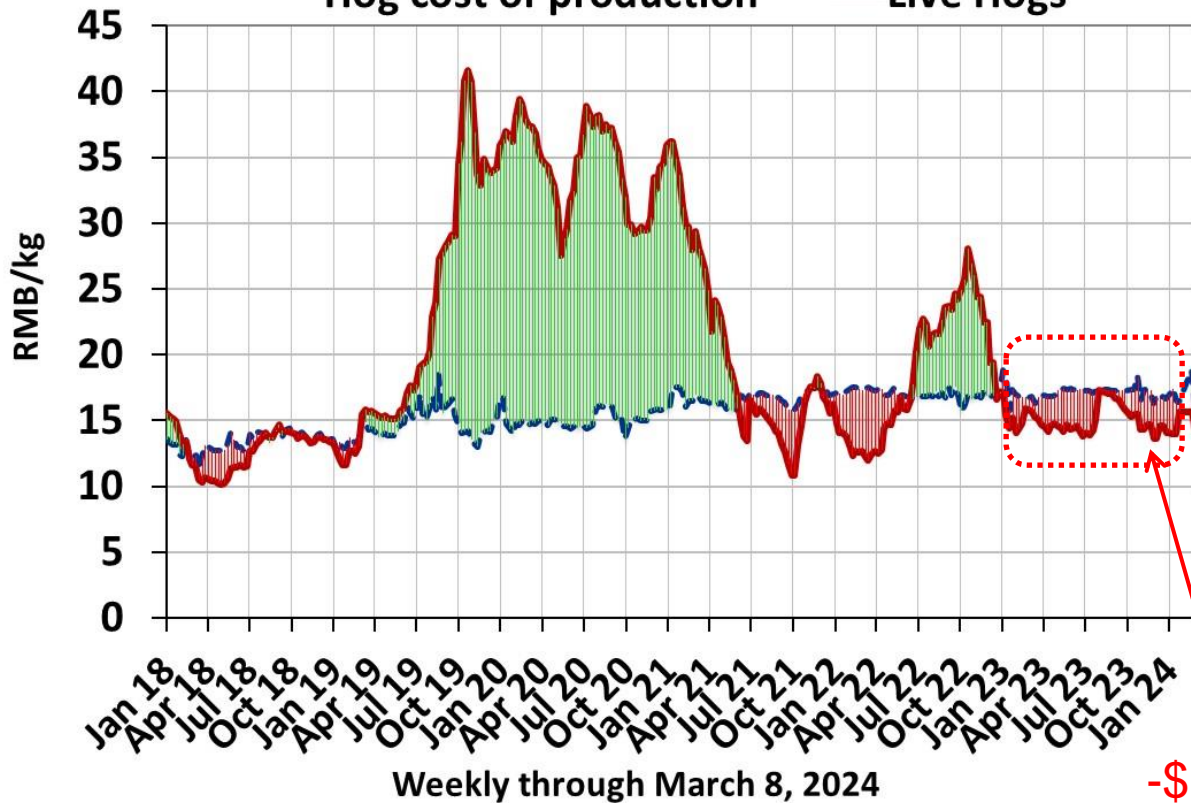
**China**

57% of world's swine  
18% of world's population  
10% of world's arable land

# China Hog Market Slips Further

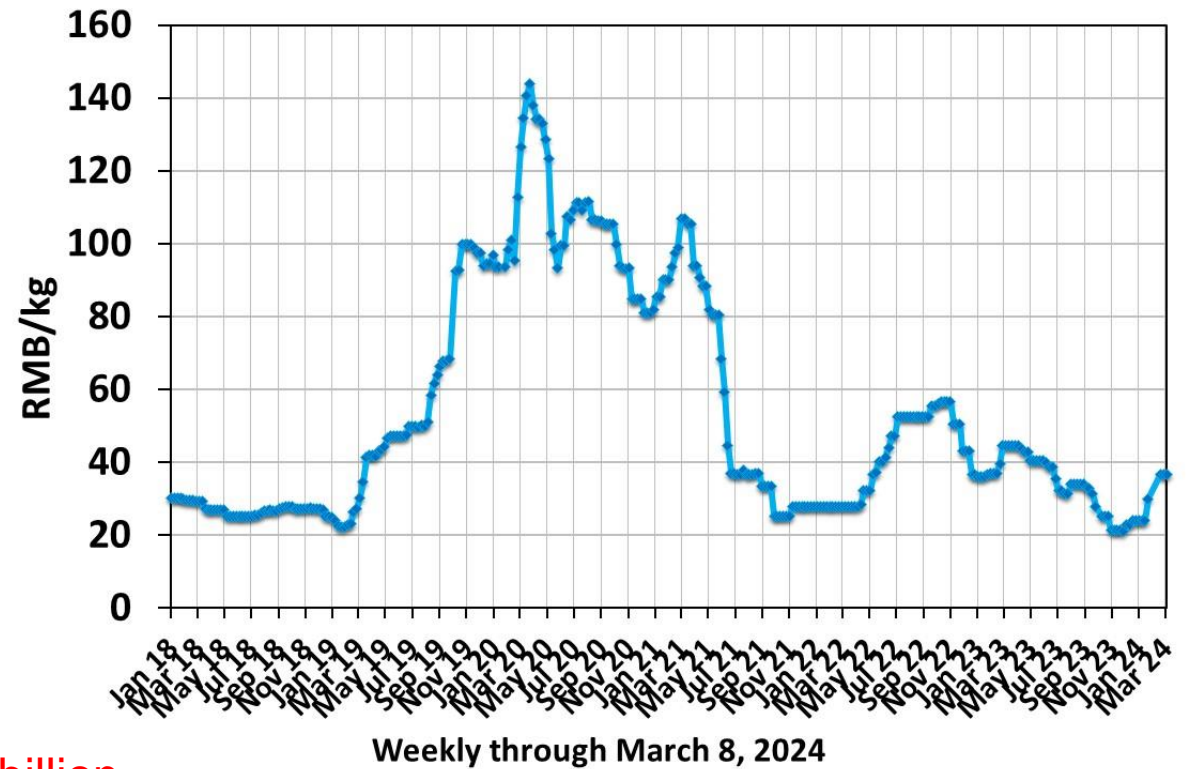
## China Hog Price and Breakeven

--- Hog cost of production    — Live Hogs



-\$13 billion  
US

## China Piglet Prices



Source: JCI, AgriTrends

## US Extends Lead Over China in Race for World's Biggest Economy

- US ends 2023 with a bang while China struggles with a bust
- Ex-IMF official calls it 'a striking turn of fortunes'



China's attempts to lift confidence in economy fall flat

### Property Bust

China, by contrast, is struggling under the weight of a years-long real estate bust and its worst streak of deflation in some 25 years. Exports – once a critical pillar of growth – declined in 2023, joblessness among young people has soared and local governments are saddled with too much debt.

## China's \$6 Trillion Stock Wipeout Exposes Deeper Problems for Xi

It's a public reminder that confidence in the Chinese economy is at its lowest ebb in decades.



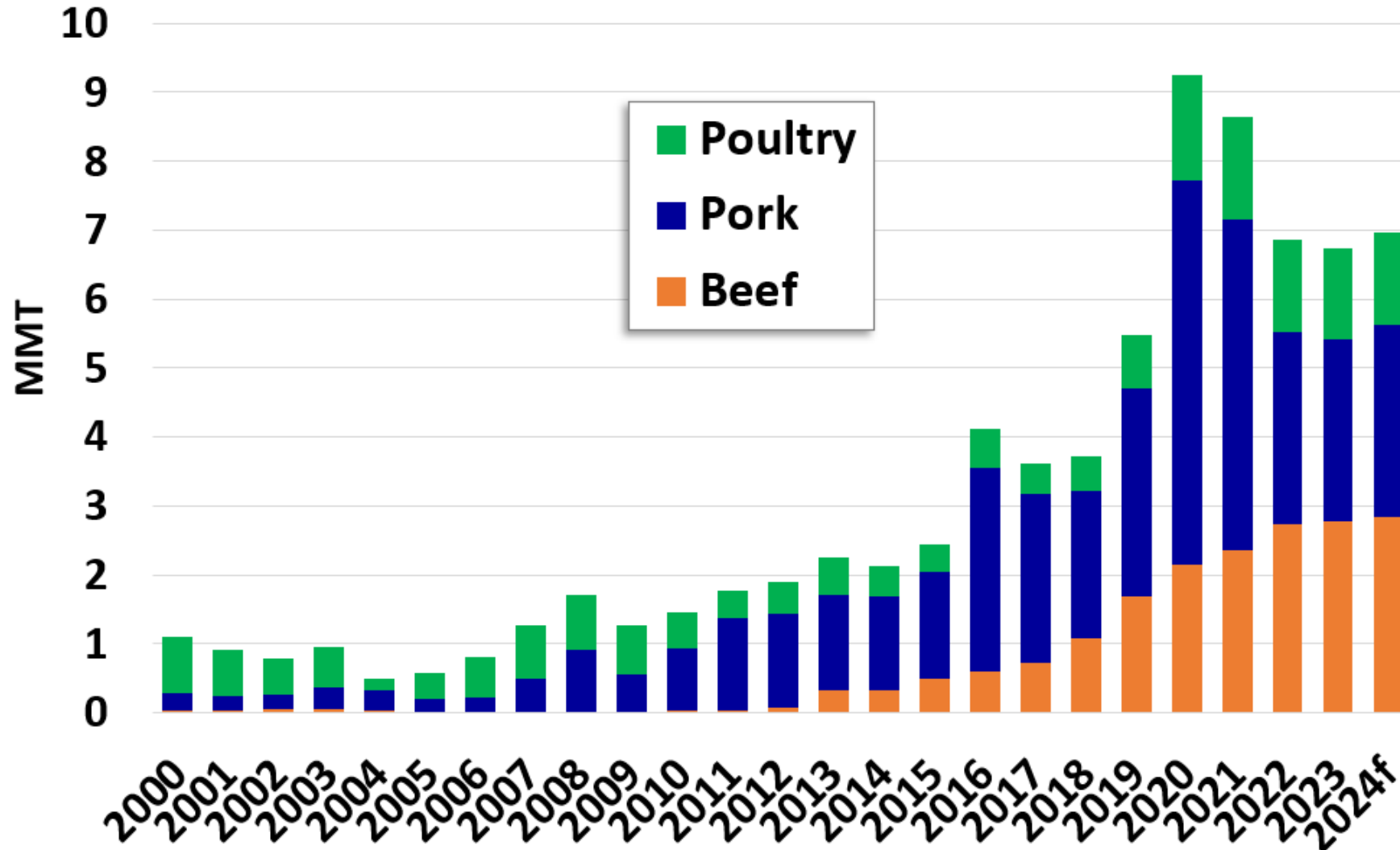
# China's Hog and Pork Dilemma

- **Poor demand** from a weakening economy
- **Over production** based on easy credit to the big guys
- **Financial losses: 25 of 29 months**
  - How long can the easy credit last?
- Heavy emphasis on the mega-farmers
  - But 70% (ish) are mid/small farmers
  - Lacking the same government benefits
- **BIG guys lack desire to liquidate**
  - Heavy asset bases, waiting for the market to turn
- **Extended losses into 2024....**



# China Meat & Poultry Imports

*million metric tons*

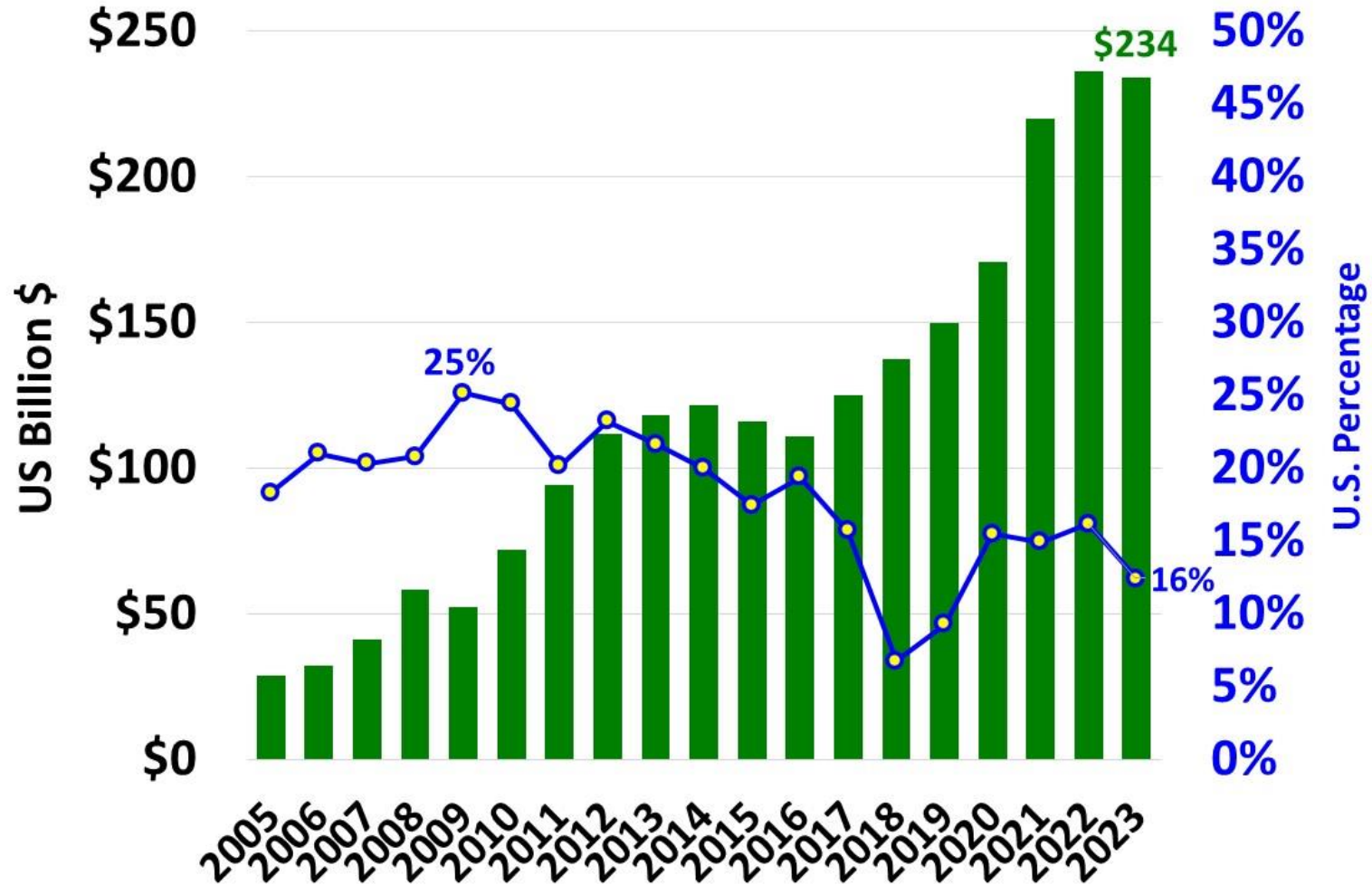


The “poor” economic growth in 2023 did little to overall import demand

Any 2024 growth will come in the 2<sup>nd</sup> half of the year

# The Future of U.S. Ag Exports to China

## China Agriculture Imports



China's agriculture imports suggest strong growth to continue

But they are aggressively seeking to diversify from the U.S.

Source: USDA, Statista, AgriTrends



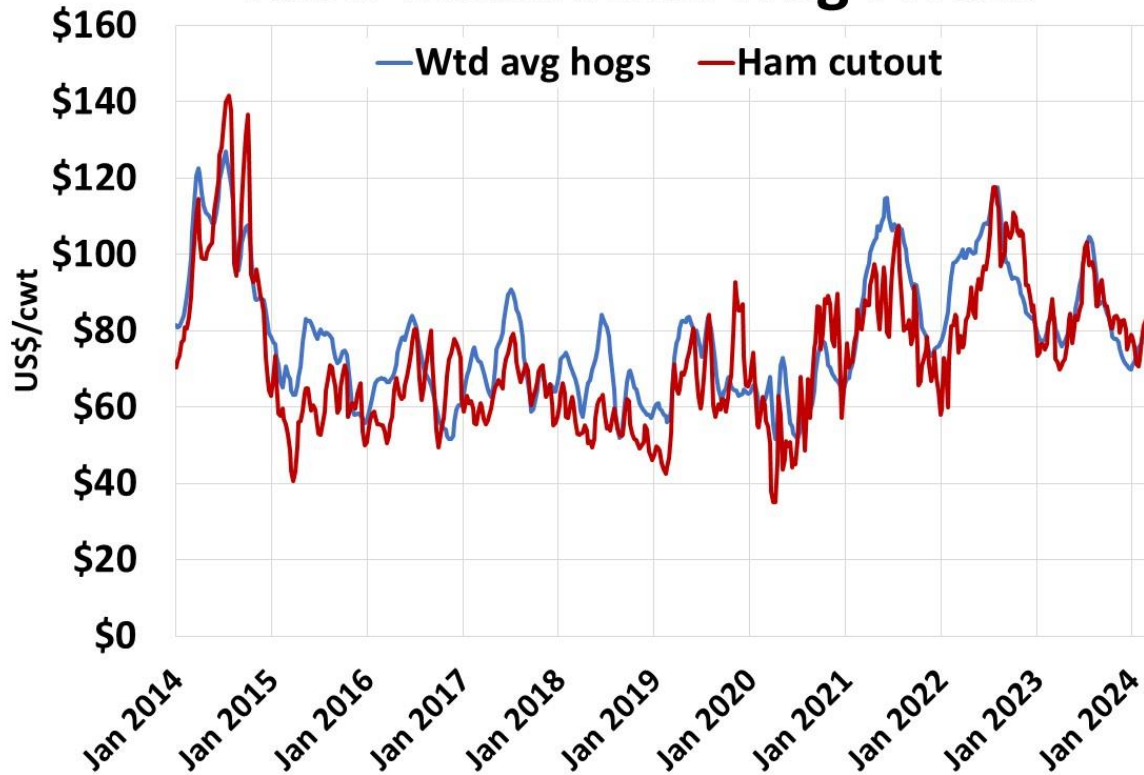
**Mexico**

127 million  
Now buying 10% of U.S.  
pork production  
Main cut: bone in hams



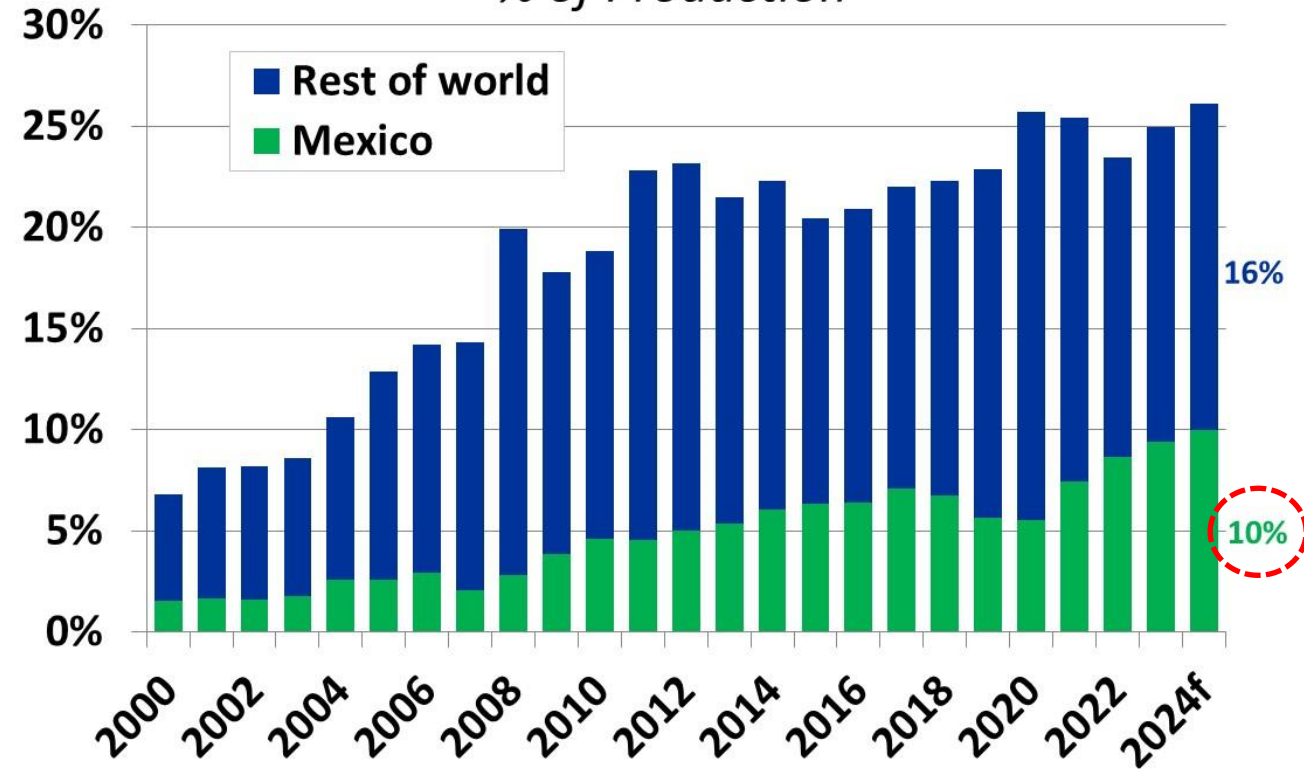
# Why Does Mexico Matter?

## Ham Cutout and Hog Prices



## U.S. Pork Exports

*% of Production*



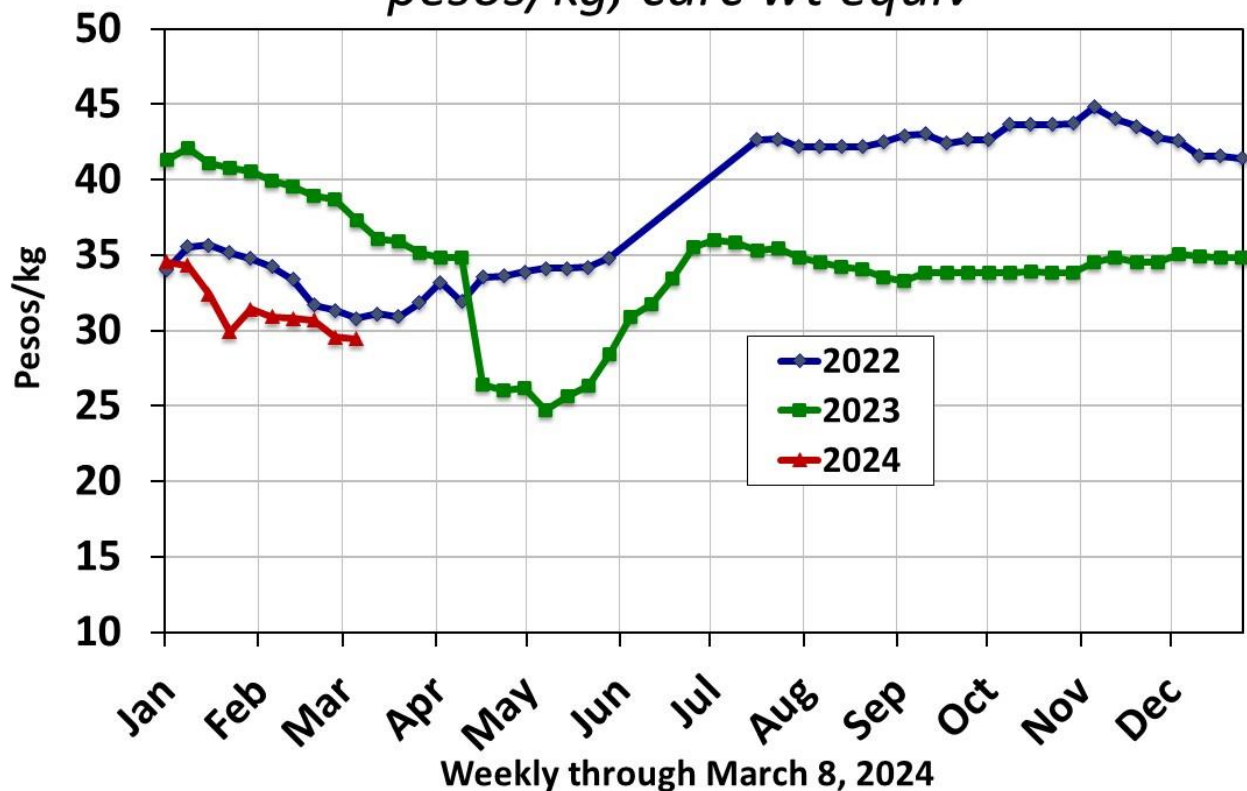
Source: USDA, AgriTrends forecasts



# Do Declining Mexican Hog Prices Matter?

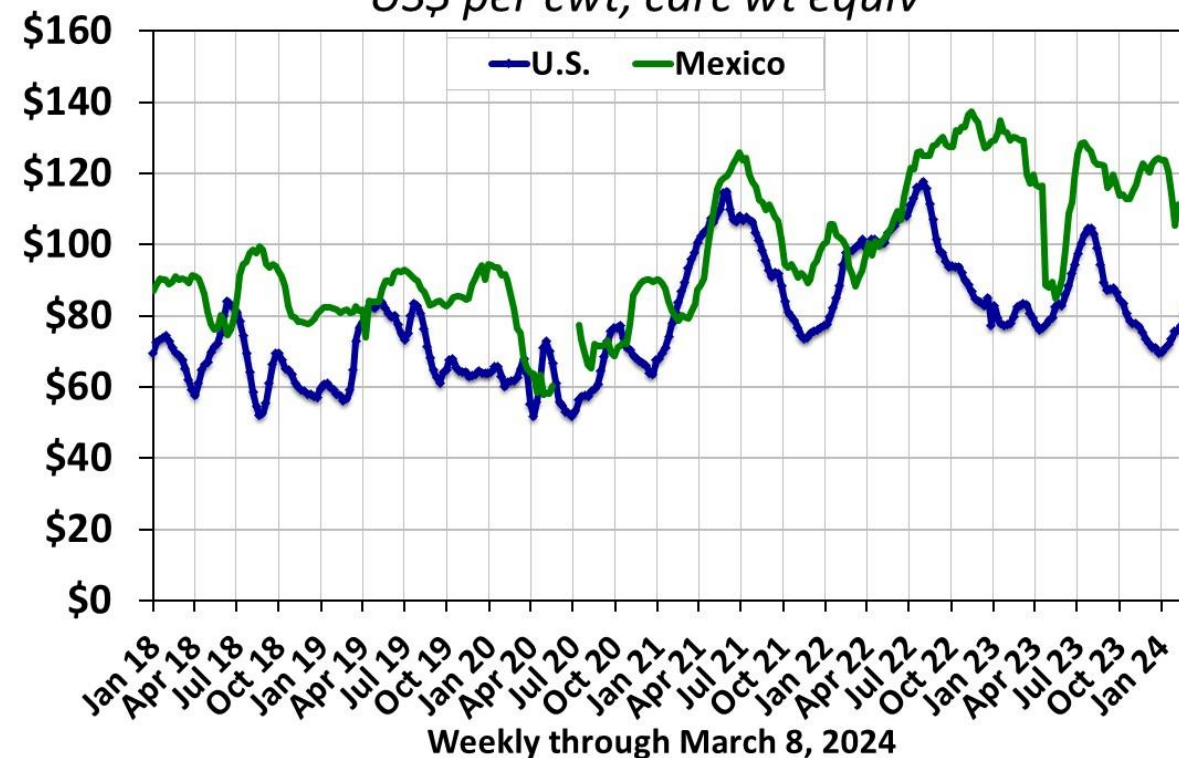
## Mexican Hog Prices

*pesos/kg, carc wt equiv*



## Hog Prices

*US\$ per cwt, carc wt equiv*

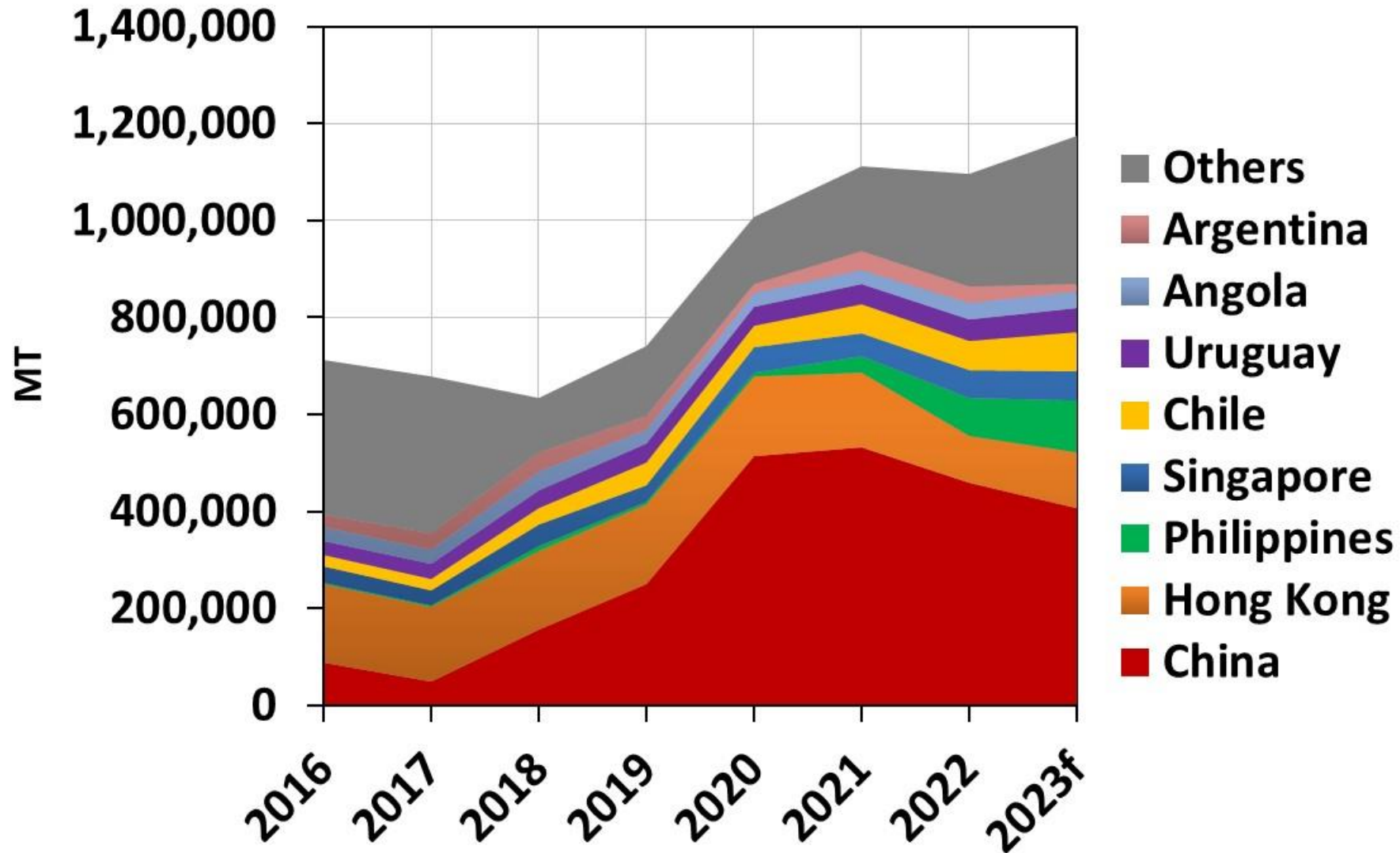




**Brazil**

- #1 soybean producer and exporter
- #2 corn exporter
- 4% of the global swine herd

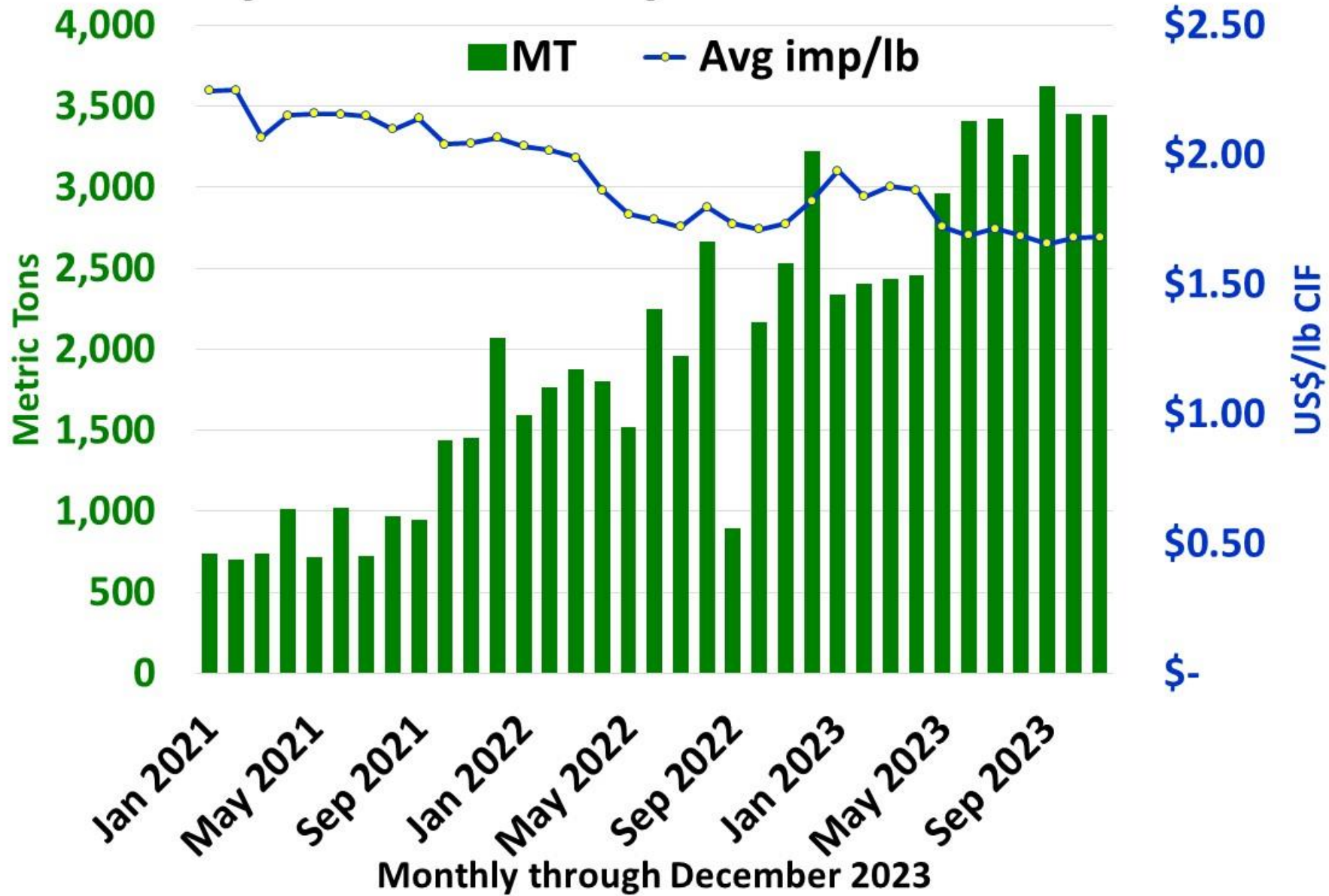
# Brazil Pork Exports



Brazil shipped  
28,157 mt  
(Jan-Nov 2023)  
to Mexico

Source: TDM, AgriTrends forecasts

# Japan Pork Imports from Brazil



Source: TDM, AgriTrends



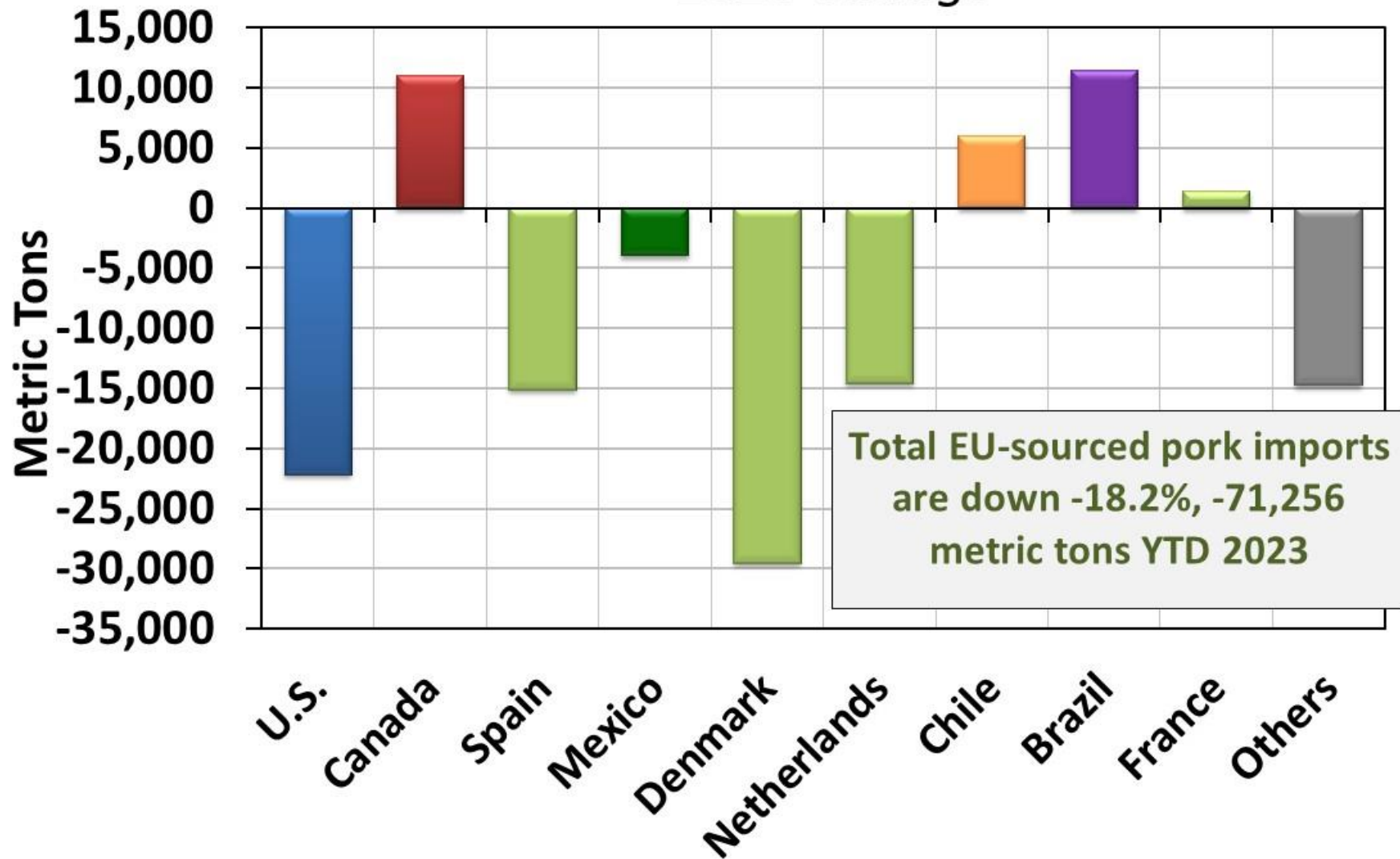


**Japan**

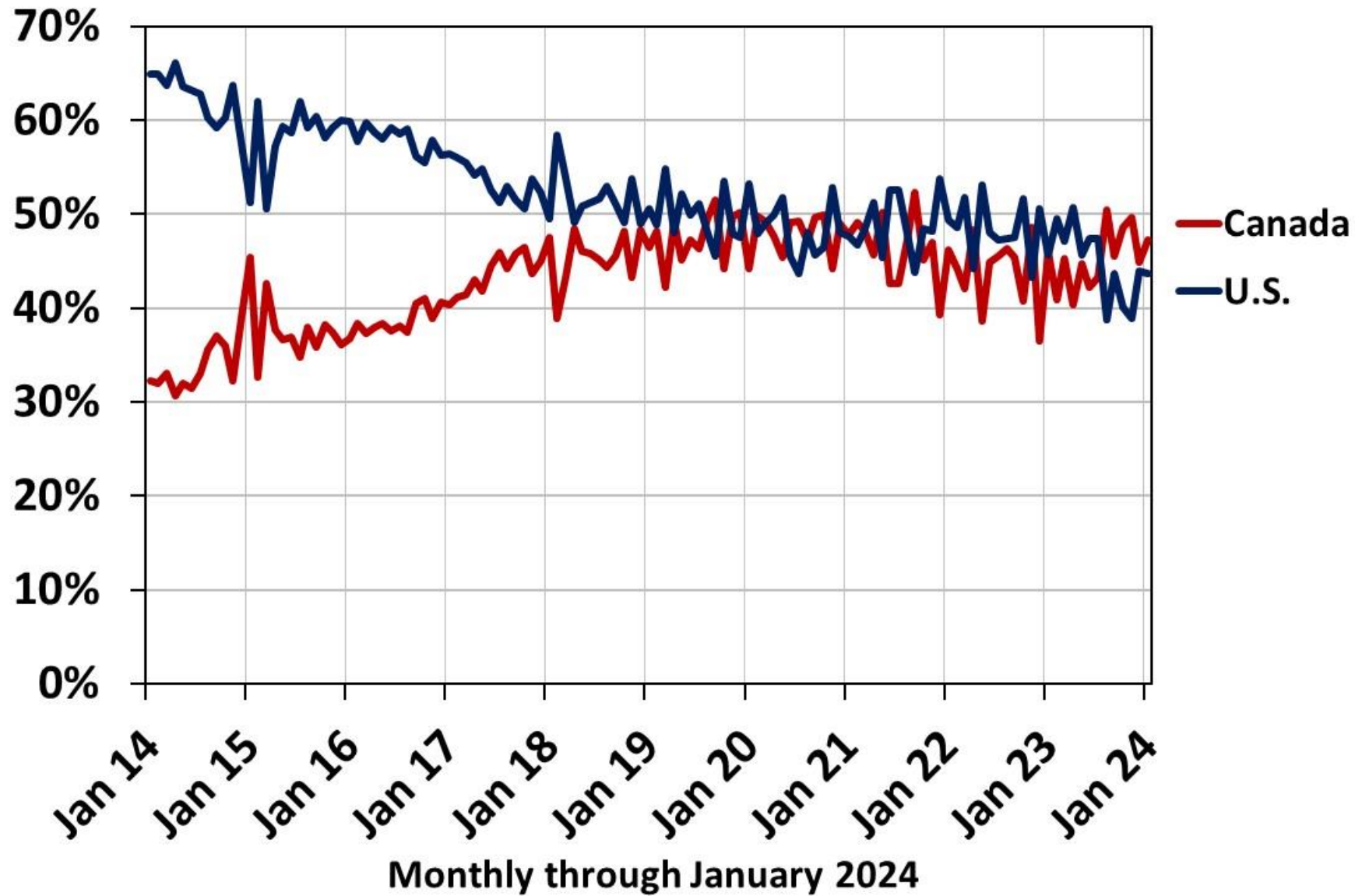
123 million  
#4 global  
economy  
#2 meat/poultry  
importer

# Japan Pork Imports

2023 Change

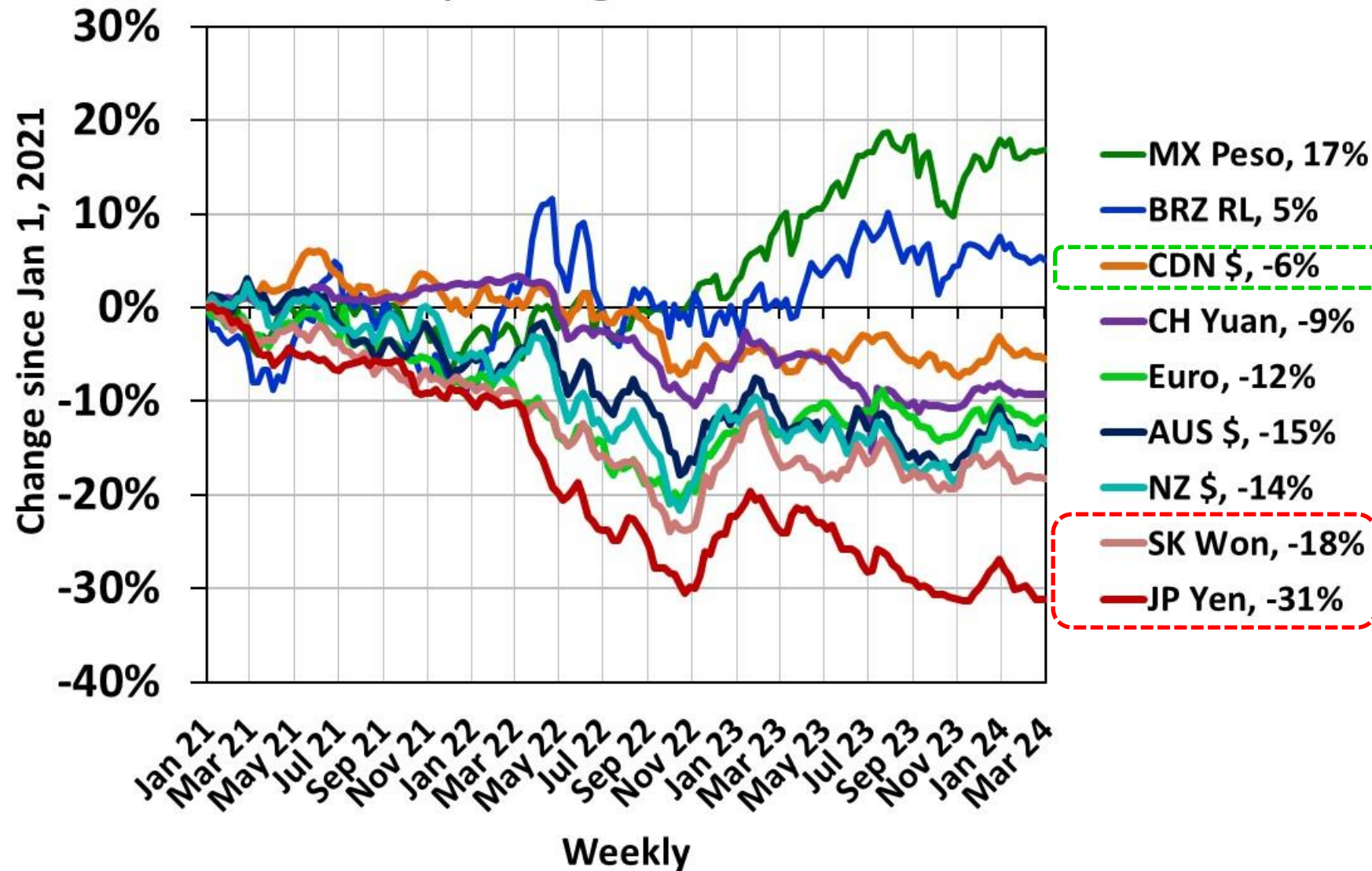


# Japan Chilled Pork Imports



# Changes vs. the US Dollar

-- weekly through March 1, 2024 --

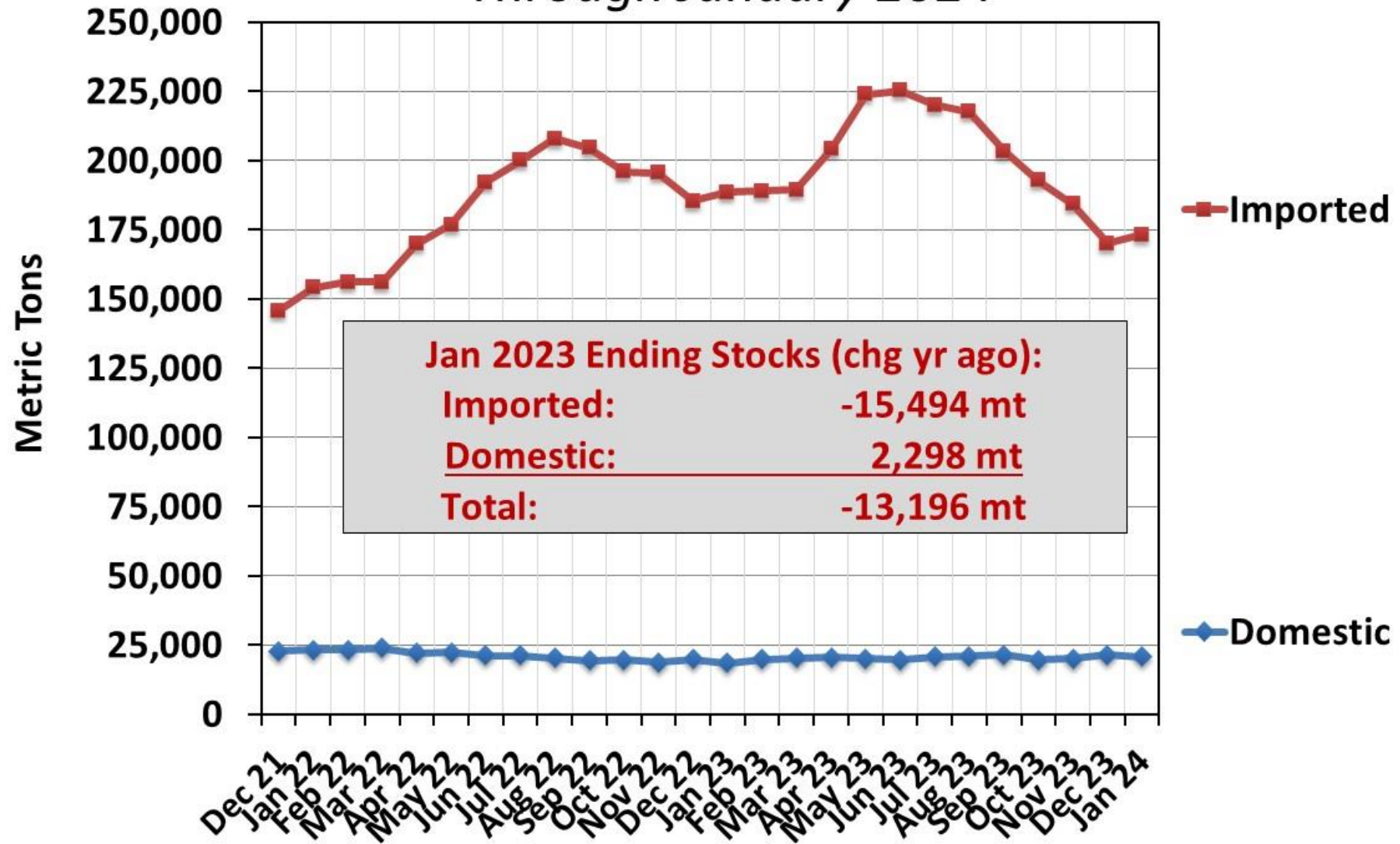


Most concerning here for U.S. meat and poultry exporters has been the fall in key Asian (importer) currencies



# Japanese Pork Ending Stocks

*Through January 2024*



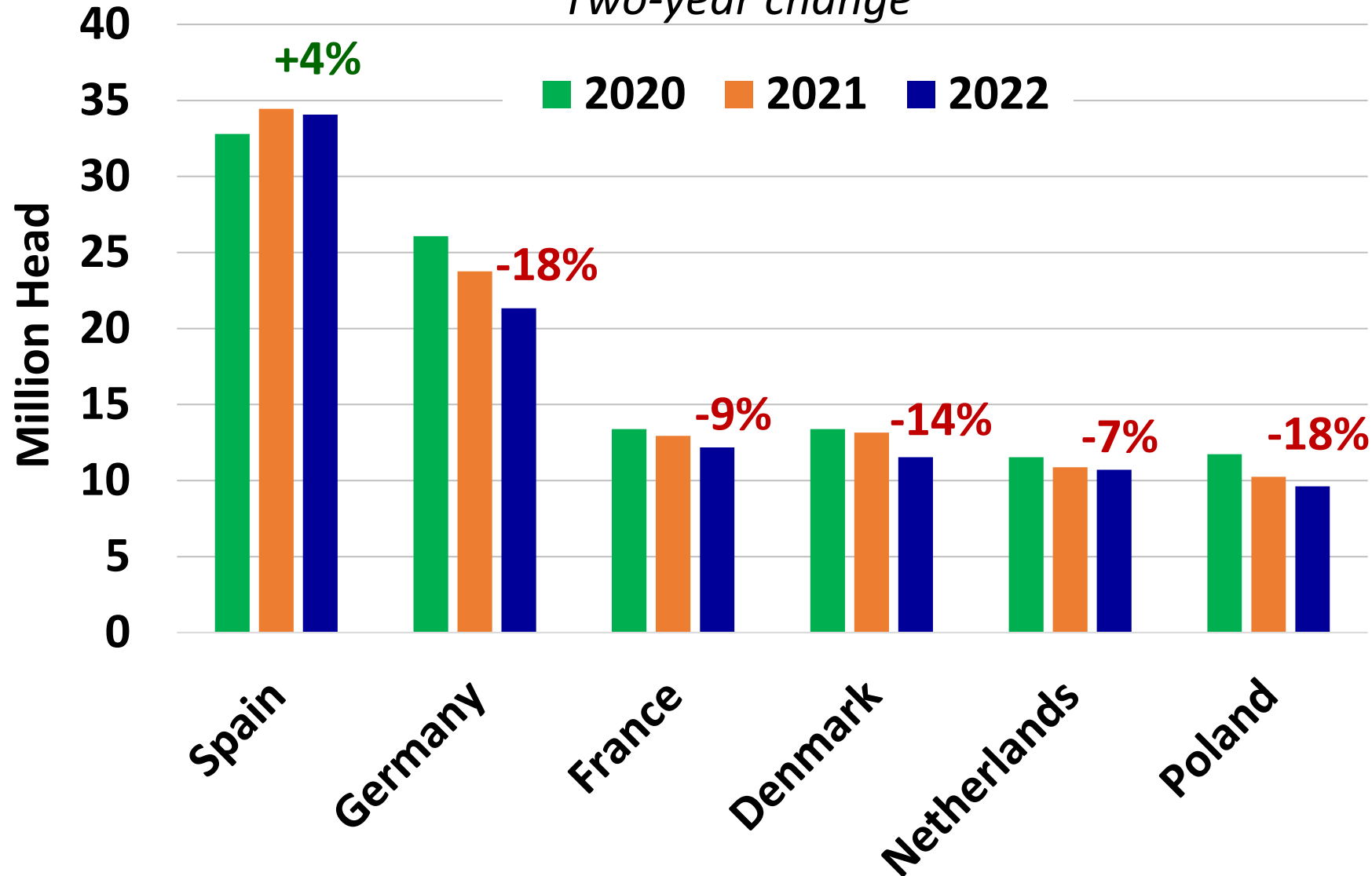


*Europe*

18% of world swine herd (#2)  
Herd down -9% in 3 years  
Exports 10% of pork production

# Key EU Swine Inventories

Two-year change

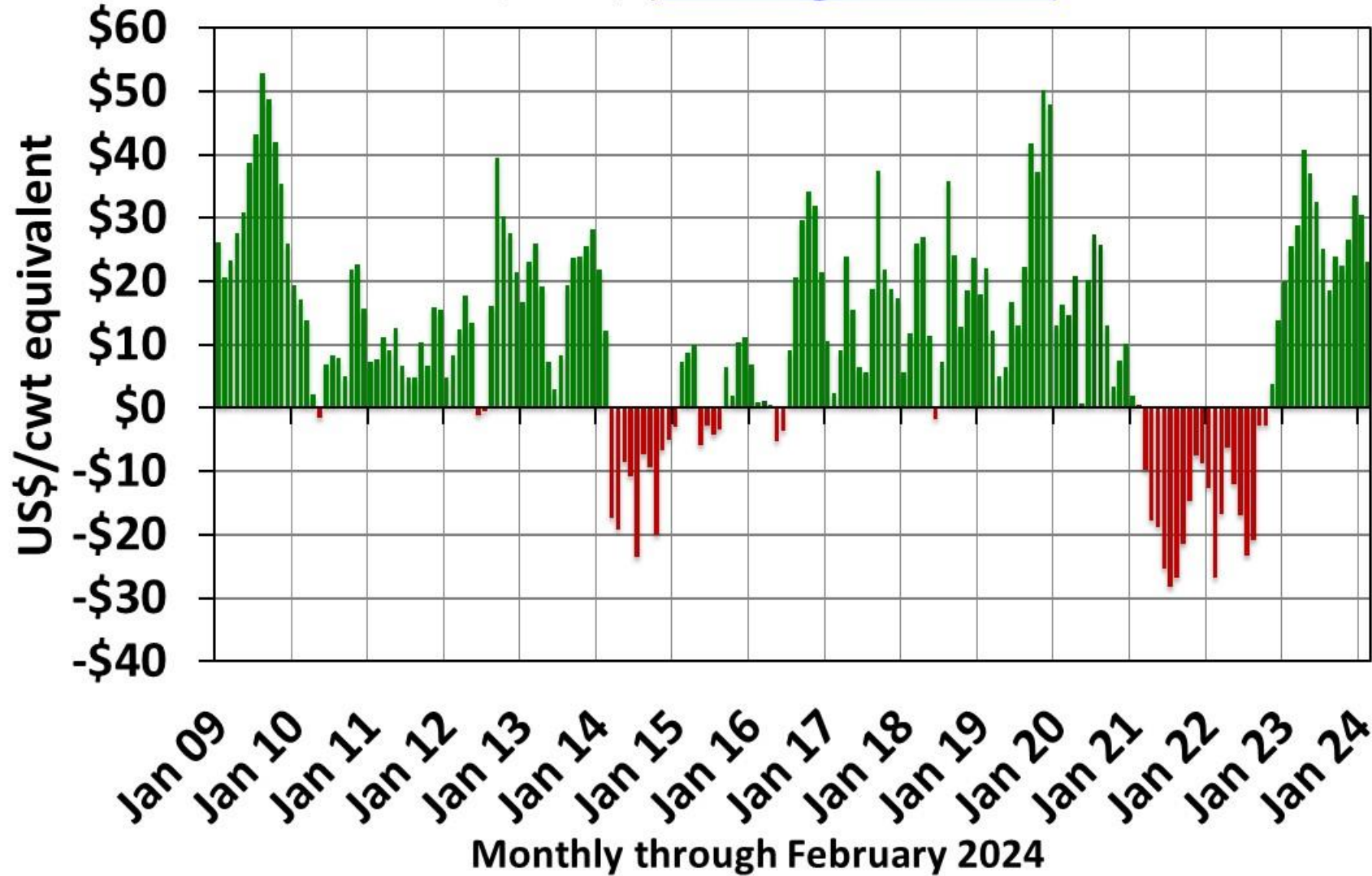


2024 estimates show the EU swineherd down -9% in 3 years

And the EU sow herd is also down -9% the past two years

# EU less U.S. Hog Prices

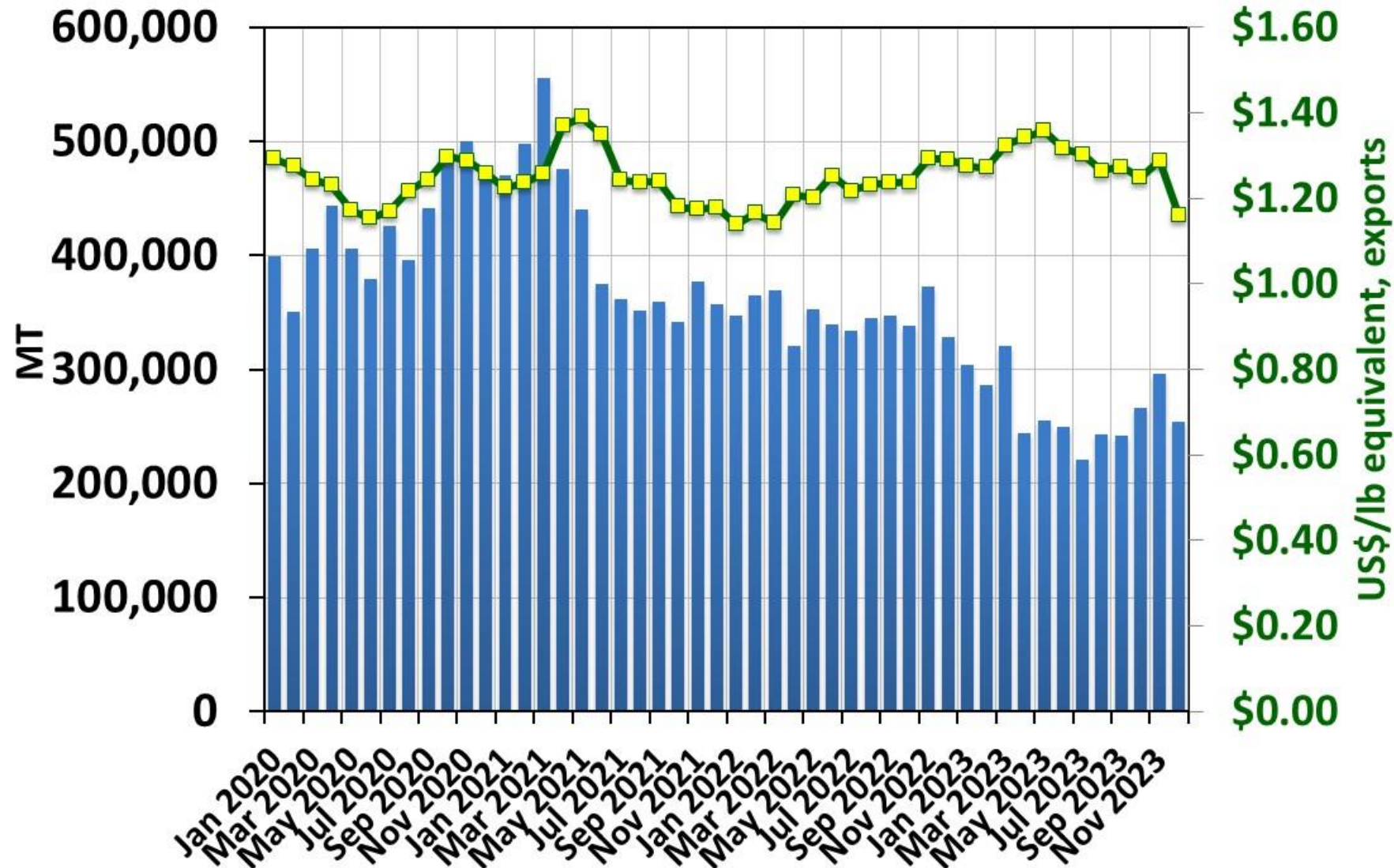
US\$/cwt, (US hog, carc wt)



Source: AHDB, USDA

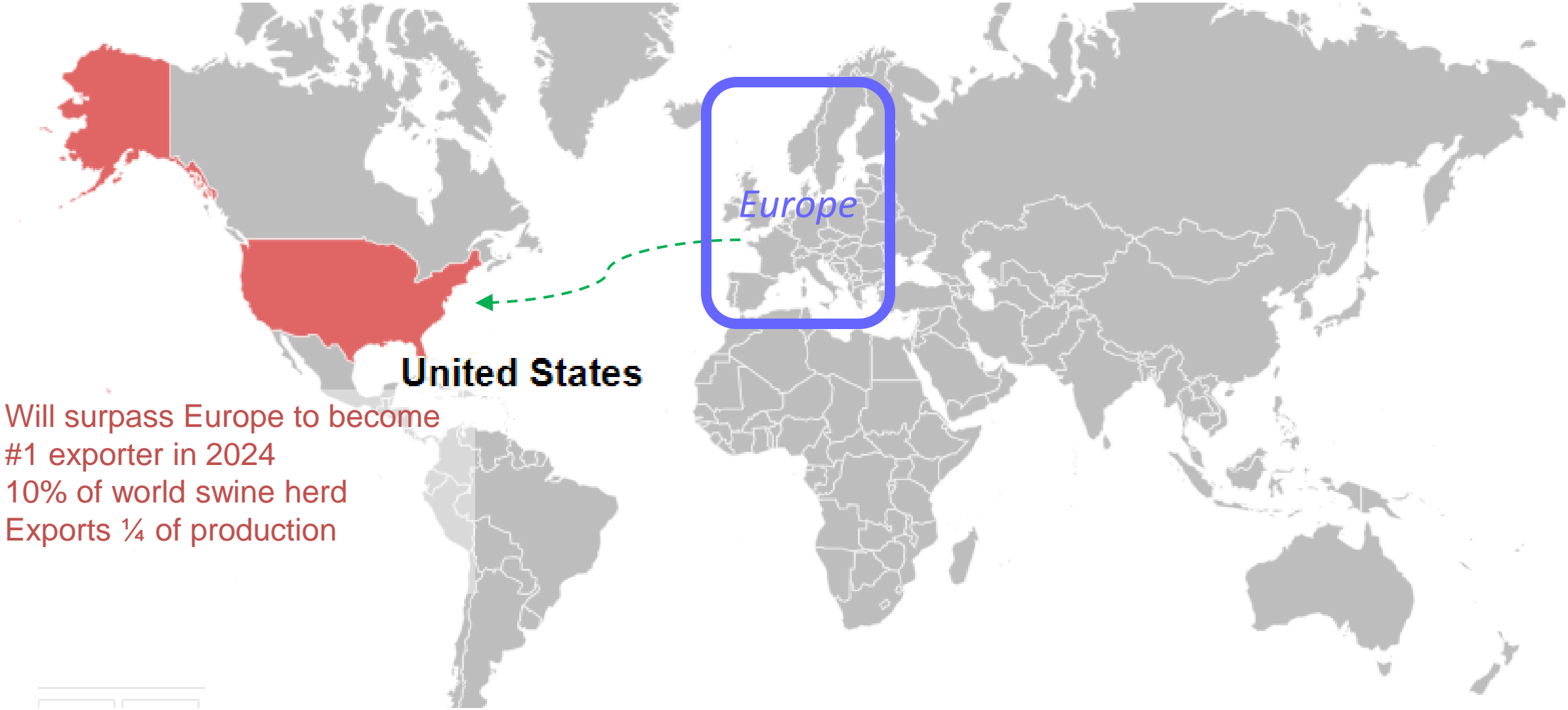


# EU-28 Pork Exports



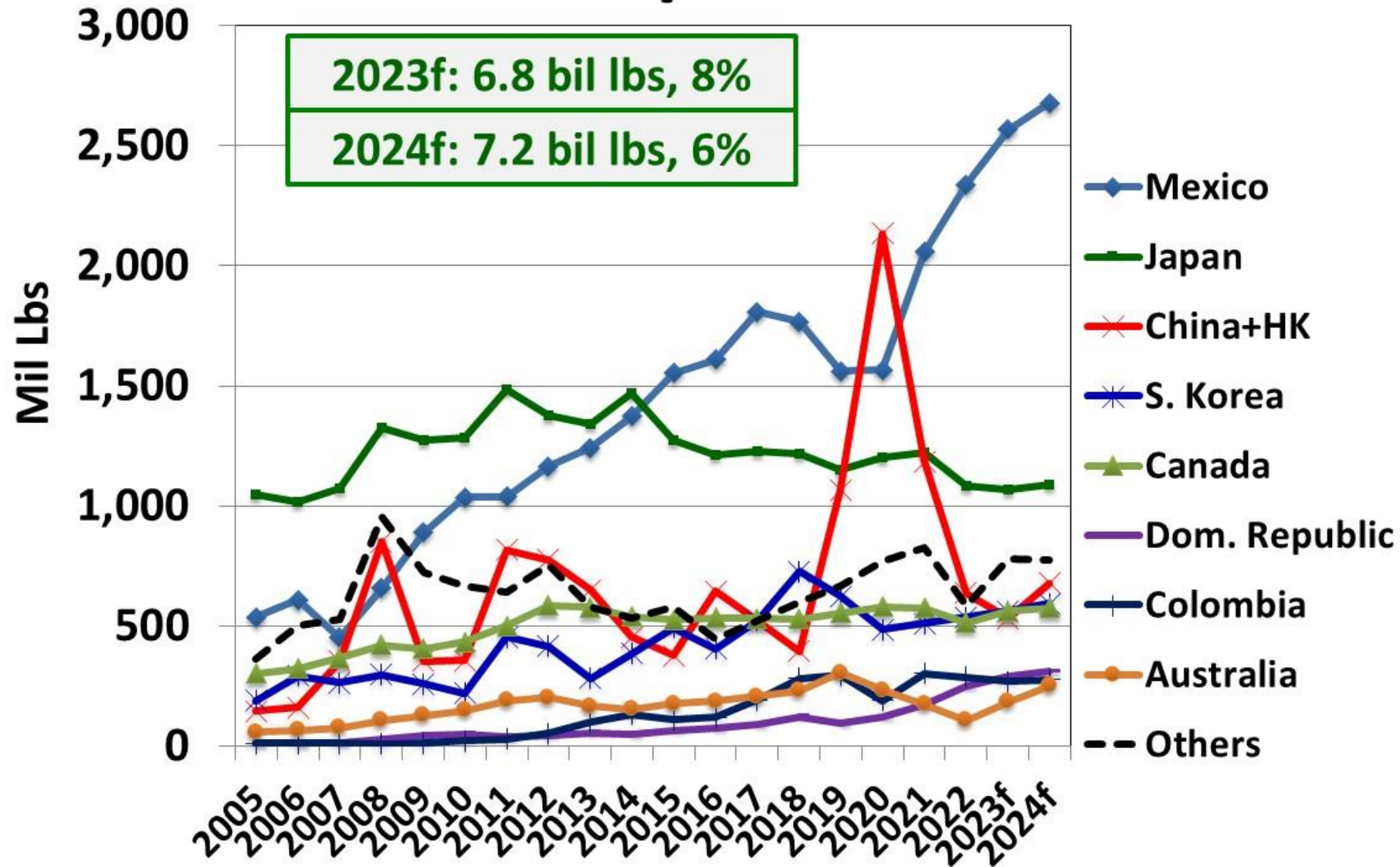
EU exports are now down more than half from the 2021 peak

Pork exports from the EU were down -24% in 2023



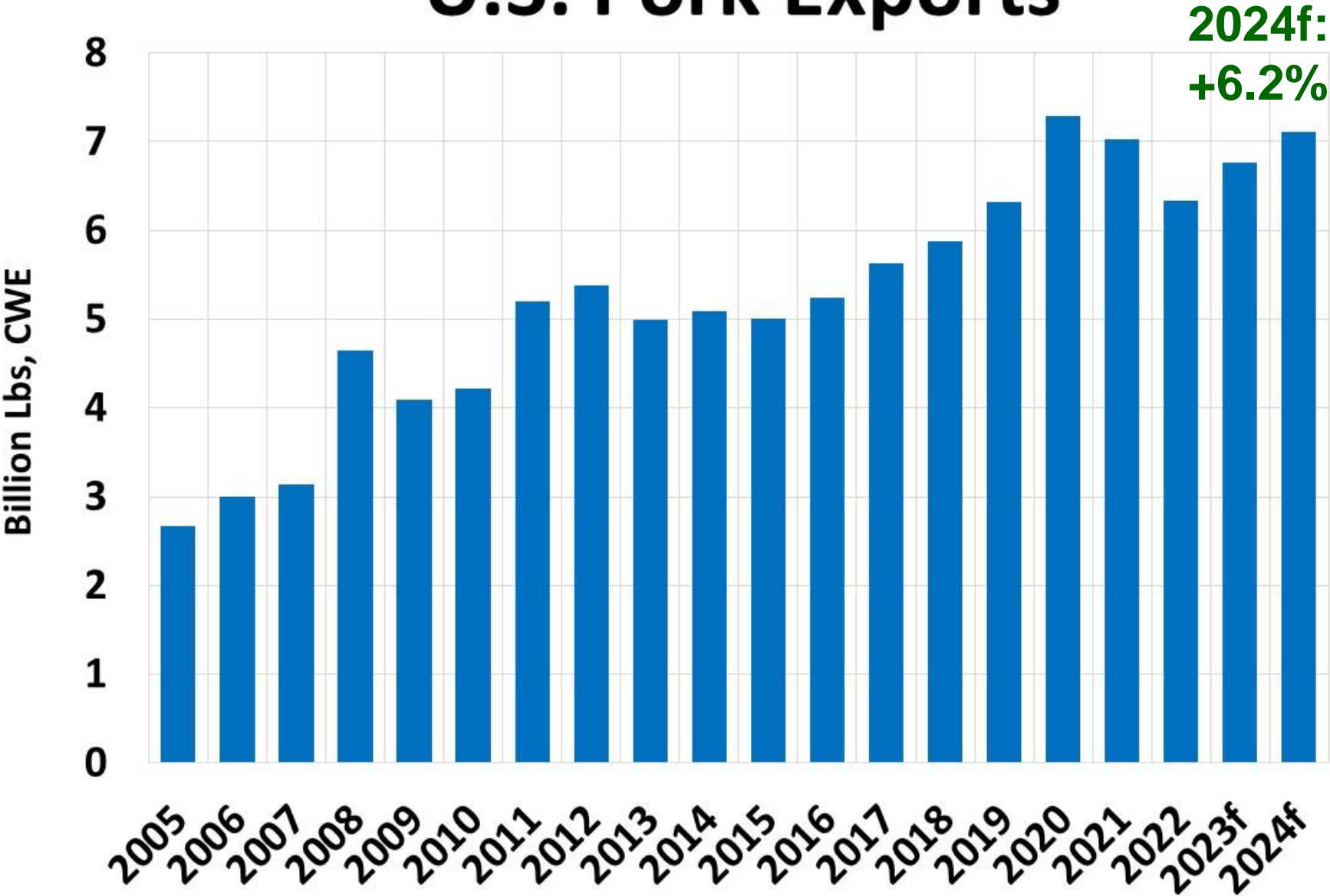
Will surpass Europe to become  
#1 exporter in 2024  
10% of world swine herd  
Exports 1/4 of production

# U.S. Pork Export Forecasts



Source: USDA/FAS

# U.S. Pork Exports



Source: USDA/FAS



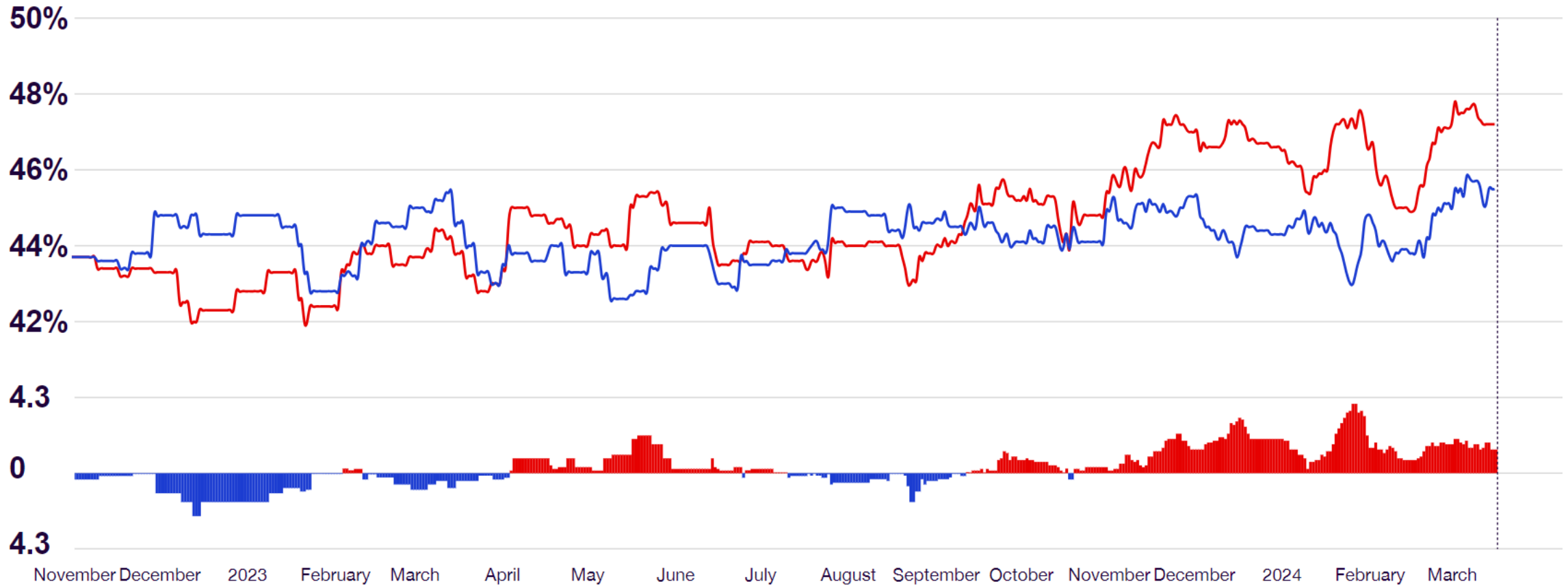
# Other Stuff...

- Prop 12 – market is now supplied (at higher costs)
- Climate policies
  - Livestock policies being questioned in Europe and NZ
- “Product of the USA” label approved
  - Voluntary MCOOL
  - It will be complicated and expensive to use
- U.S. election and trade policy

# General Election: Trump vs. Biden

47.2 Trump +1.7 45.5 Biden

Tie /



# Final Thoughts: 2024

- North American margin outlook improving, feed costs declining
  - Key factors: sow slaughter and exports
- U.S. consumption to decline: as much as 2 lbs/capita next 10 years
- Global pork (and protein) supplies are tightening
  - In sync with each other for various reasons globally
  - EU liquidation is SIGNIFICANT and STRUCTURAL
  - Weather and margins are the key drivers
- Higher prices and profits out there... in the future
  - For those who can endure the present
- Threats and opportunities abound
  - Global pork demand, China, climate policies...



# Thank You

**Brett Stuart**

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[www.agritrends.com](http://www.agritrends.com)

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