

CANADIAN BEEF TRADE



MONTHLY BEEF IMPORTS MOVE CLOSER TO NORMAL IN OCTOBER



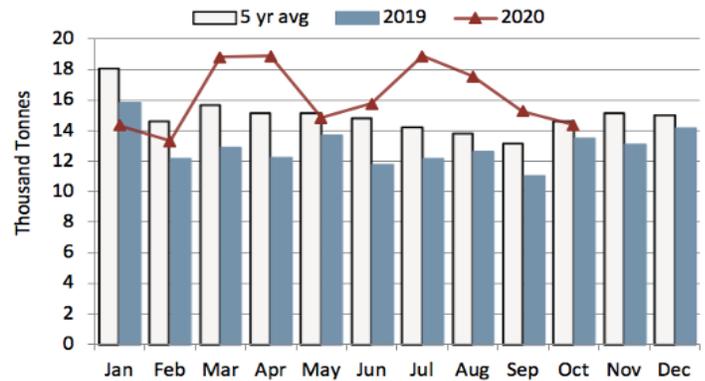
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Canada's monthly beef imports made a peak in July and have been declining since, to finally match up with five-year average in October, for the first time in five months. This year has seen higher beef imports as the domestic processing shortage caused higher than normal imports in March and April. Canada's domestic beef production from January through December 5th is down 3% compared to 2019. However, the spike in July through September could be influenced by strong prices in North America compared to other international markets. Retail demand continues to be strong as dining and food services are still seeing restrictions and COVID-19 numbers are growing again into the winter months seeing a possible second lockdown emerge further threatening the economy.

Total beef imports are up 27.5% from January to October at 162,000 tonnes valued at \$1.3 billion. Annual volumes are expected to be the largest since 2015. Increases have come from the U.S. (+11%), the EU (+218%), New Zealand (+42%), Uruguay (+78%), and Mexico (+46%). Shifts in suppliers has resulted in substantial changes in the market share of where Canadian beef imports come from. The EU, Uruguay, New Zealand and Mexico have all gained market share; while the US and Australia lost market share.

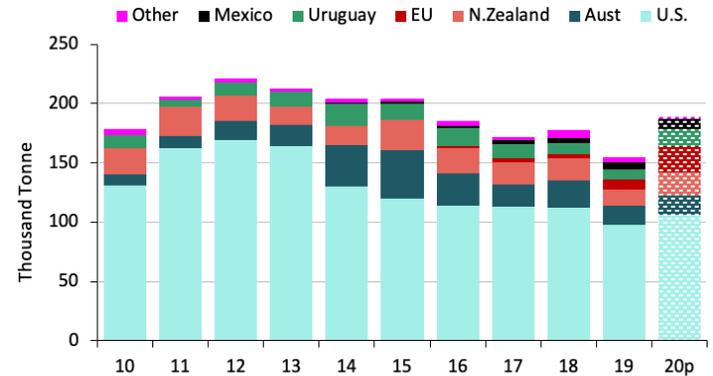
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Canadian Monthly Beef and Veal Imports



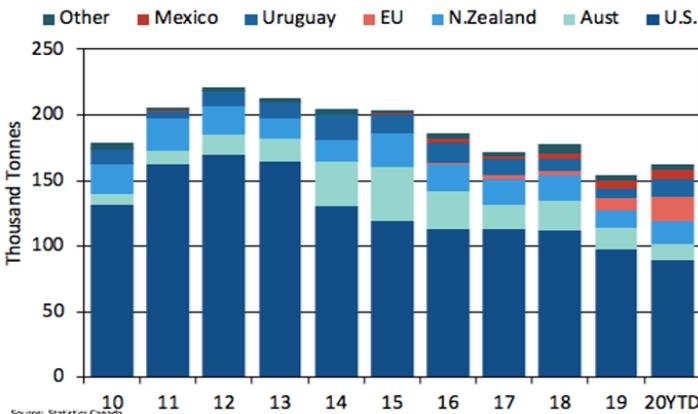
Source: Statistics Canada

Canadian Beef Imports



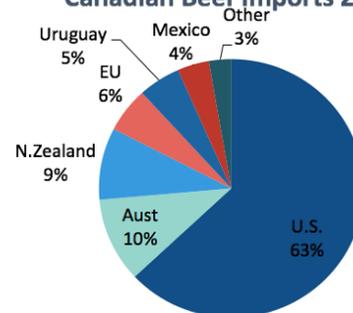
Source: Statistics Canada, CanFax

Canadian Beef Imports



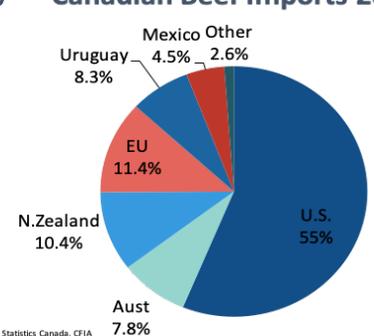
Source: Statistics Canada

Canadian Beef Imports 2019



Source: Statistics Canada, CFA

Canadian Beef Imports 2020



Source: Statistics Canada, CFA



International Suppliers

The US processing plants are running at full capacity and show no signs of beef shortages. Larger volumes were due to high imports from January through April; but slowed after that and came in below 2019 and five-year average numbers in the month of October.

Imports from **New Zealand** continue to be high over 2019 gaining 1.4% market share of Canada's total beef imports. Smaller Australian beef production has resulted in some switching to New Zealand lean manufacturing beef.

Imports from **Australia** were drastically below historic numbers as October imports from Australia were half of what they were in 2019. Imports from Australia have shown to be highly inconsistent over 2020.

The **EU-27's** imports to Canada were 218% higher than 2019 as they continue to take advantage of strong prices outside of Europe. While expected to be a temporary trend in the middle months of 2020, the EU is still feeling affects of stay-at-home suggestions as the food service industry demand struggles creating excess supply.

Exports by Primal Category to Taiwan

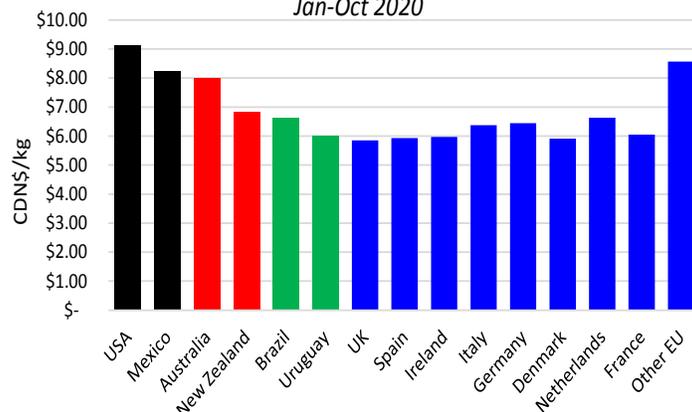
YTD imports from **Uruguay** continue to be higher than 2019 with the help of large imports in the early months of the year. Uruguay has felt impacts from the EU's decline in demand for beef as beef prices drop in Uruguay since the country exports roughly 80% of its production. Decreased exports to the EU could be influencing increased volumes to Canada as the unit price is relatively low compared to other importing countries. Even though imports have dropped from the radically high numbers seen in March and July, they are still above five-year average.

Despite imports from **Mexico** being up, the market share is steady with 2019. The combination of increasing beef production and slaughter in Mexico as well as the decreasing value of the peso after peaking in April has encouraged beef imports from Mexico.



Average Beef Import Price

Jan-Oct 2020



Individual Country Imports (January-October)

- Imports from the **U.S.** at 89,575 tonnes valued at \$816 million were up 11% in volume and up 15% in value as the unit price increased 3.3% to \$9.12/kg in January-October 2020. The U.S. represents 55% of total beef import volumes YTD, compared to 63% in 2019.
- Imports from the **EU-27** at 18,512 tonnes valued at \$113 million were up 218% in volume and up 260% in value as the average price increased 13.1% to \$6.13/kg in January-October 2020. The EU represents 11.4% of total beef import volumes YTD, compared to 5.7% in 2019.
- Imports from **New Zealand** at 16,812 tonnes valued at \$114 million were up 42% in volume and up 55% in value as the unit price increased 9.1% to \$6.83/kg in January-October 2020. New Zealand represents 10.4% of total beef import volumes YTD, compared to 9% in 2019.
- Imports from **Uruguay** at 13,489 tonnes valued at \$81 million were up 77% in volume and up 98% in value as the average price increased 11% to \$6.01/kg in January-October 2020. Uruguay represents 8.3% of total beef import volumes YTD, compared to 5.2% in 2019.
- Imports from **Australia** at 12,614 tonnes valued at \$100 million were down 3.5% in volume and up 20.4% in value as the unit price increased 25% to \$7.98/kg in January-October 2020. Australia represents 7.8% of total beef import volumes YTD, compared to 10.6% in 2019.
- Imports from **Mexico** at 7,234 tonnes valued at \$59 million were up 46% in volume and 39% in value as the average price decreased 4.9% to \$8.24/kg in January-October 2020. Mexico represents 4.5% of total beef import volumes YTD, compared to 3.9% in 2019.