



REPORT FOR JAN 2021 YTD TRADE

January Exports Start the Year off Strong



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Canadian beef exports in January of 2021 were 36,903 tonnes valued at \$2.69 Million up 9% in volume and up 9.8% in value from January 2020. Federally inspected slaughter numbers were up 15% from January 2020. Western Canadian fed slaughter for the week ending January 23rd totaled 45,500 head, the last time a 45,000+ head fed

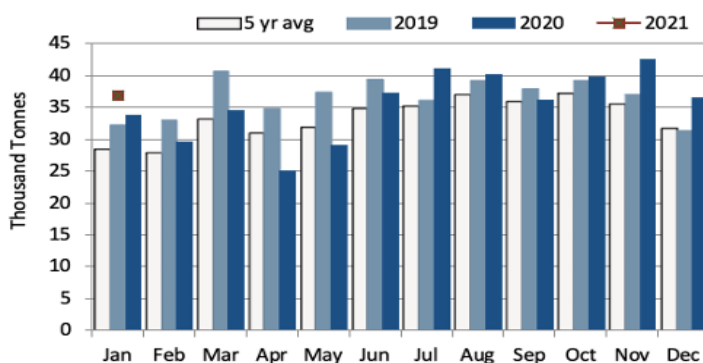
slaughter occurred in January was in 2005. After decreasing exports from November into December, January exports were even with December. January beef exports were also up 29% from the five-year average for January. As the COVID-19 vaccine rollouts started in December and January around the world there is optimism for Canadian beef exports in 2021.

Exports to Mexico

Protein choice is diverse among different economic strata and geographical locations in Mexico. While northern states close the U.S. border favour beef dishes as their typical weekend grilling protein, especially among high income households, central Mexico has a more balanced demand for beef, pork, chicken, and seafood. Southern states are heavily influenced by cultural food habits and local food preferences meaning fish and seafood are often the main choice. Tourist destinations of course bring a strong demand for all types of proteins. One of the main drivers of food choice continues to be price, but high-income consumers even during the economic downturn choose high-quality imported beef from retail distribution channels and specialized butchers versus traditional wet markets. Cuts originating from the beef round are the most common cuts of beef for sale at retail, offered in a variety of smaller portions such as strips, diced beef and minced beef. Many sub primal cuts are further subdivided and the most predominant are Top Rounds, Bottom Rounds, Knuckle, Eye of Round, and Chuck Roll.

The five most common retail cutting styles derived from whole muscle cuts are milanese (thin slice of beef from the Top Sirloin), bistec/carne para asar (steak for roasting or braising), pulpa en trozos (Diced Inside & Outside Rounds), fajitas and tampiqueña (thinly sliced butterfly steak); nonetheless most cuts

Canadian Monthly Beef and Veal Exports



Source: Statistics Canada

from the Rib and Loin are still the favorites for weekend grilling and the most used in the food service segment. Flank and Plate cuts such as the Skirt steaks and the Hanging Tender, are utilized in the most renowned Mexican dish called "Ar-rachera".

According to data from last year, the protein of choice for Mexicans during the pandemic was chicken, with 4.4 million tons consumed, followed by pork, with 2.4 million tons while beef came in third place, with 1.9 million tons consumed.



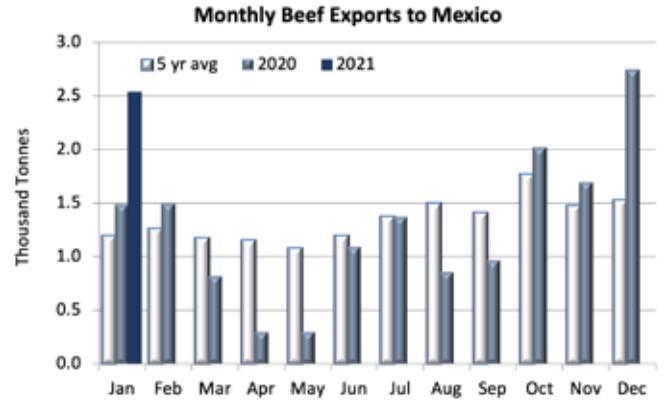
CANADIAN BEEF TRADE



Imported meat classically has a high-quality expectation associated with its price tag; but Canada Beef's target audience associates it with sustainability, health, better cattle genetics, richer beef taste, strict production and grading systems, and superior marbling and juiciness. However, until the past year most Canadian beef was not sold in retail markets, but instead marketed through the food service segment. During the COVID-19 pandemic, all major food service suppliers shifted to business to consumer (B2C) channels and specialised Canadian Beef butcher stores emerged - opening many opportunities for consumers looking for Canadian product.

Mexican beef production has been focused on achieving a quality of beef able to match other top world producers and production has gained market share in both the domestic market and export markets as it is able to position its high-end middle meats across the country at more affordable prices than import cuts. This also follows the establishment of a national grading system to help provide a better beef product equivalent to imports to consumers.

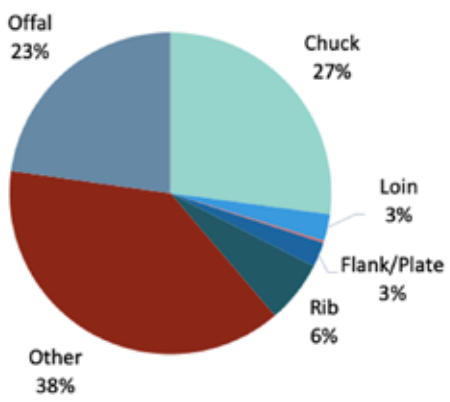
Seasonality is a large driver of Mexican beef demand. Consumers typically choose to stock up on their summer cuts by the end of March. Even though seasonal demand has fluctuated during Covid it is predicted that it will continue to follow season trends. Flat meat cut prices are expected to go up and availability down until the peak around May 5th. Other beef cuts such as Briskets are in high demand for St. Patrick's Day north of the border, therefore supplies tighten in the Mexican market as both U.S and Canada supplying their domestic demand. Skirt steaks or Arracheras, are mostly purchased on a monthly basis since they are further processed and sold fresh, therefore prices are more stable throughout the year.



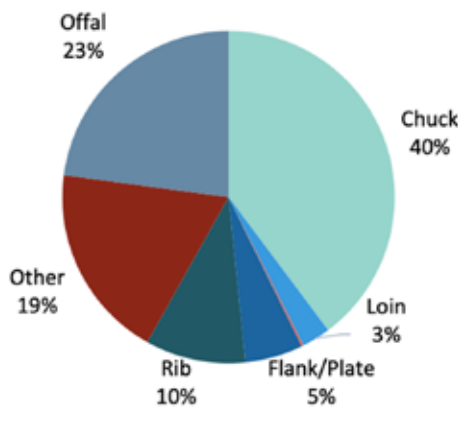
For Tenders, Strips and other cuts for summer grilling, there are two seasonal peaks with shipments for January and September.

Canadian beef exports to Mexico in 2020 were down 9% in volume and 16.7% in value at 15,155 tonnes and \$106 million. It could have been influenced by the Mexican Meat Council informing the Mexican industry that there was enough domestic resources and logistical capacity to maintain the supply of meat products in the face of the COVID-19 pandemic. Beef consumption dropped with beef sales falling as much as 37% due to an increase in cautious spending behaviour as a result of economic uncertainty. Even though there was a decrease in main primal cuts exported to Mexico, there was a large increase in demand for chuck. Price is a large driver in the demand for the chuck primal. Canadian chuck exports to Mexico increased 81% in 2020 due to the shortage of supply from U.S. sources, which had directed supplies to the Asian markets. Canadian beef exports to Mexico in January 2021 of 2,539 tonne valued at \$17 million were up 70% in volume and up 18% in value from January 2020.

Canadian Beef Export Volumes to Mexico by Product Type 2021 ytd



Canadian Beef Export Volumes to Mexico by Product Type 2020

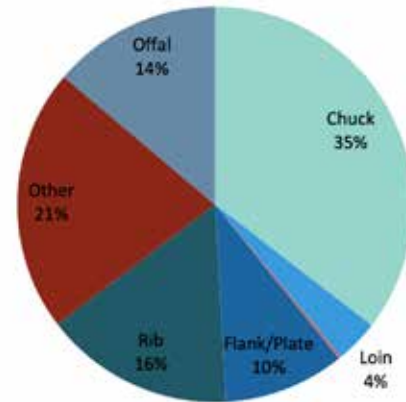




January 2021 Exports to Mexico by Primal

- **Other** cuts at 976 tonnes valued at \$6.6 million were up 148% in volume and up 70% in value from the same period in 2019. Other cuts represent 38% of total exports to Mexico.
- **Chuck** cuts of 687 tonnes valued at \$4.2 million were up 189% in volume and up 174% in value from the same period in 2019. Chuck cuts represent 27% of total exports to Mexico.
- **Offal** cuts of 578 tonnes valued at \$2.25 million were up 194% in volume and up 64% in value from the same period in 2019. Offal cuts represent 23% of total exports to Mexico.
- **Rib** cuts at 158 tonnes valued at \$2.6 million were down 65% in volume and down 45% in value from the same period in 2019. Rib cuts represent 6% of total exports to Mexico.
- **Loin** cuts at 68 tonnes valued at \$ 609,506 were up 194 % in volume and up 166% in value from the same period in 2019. Loin cuts represent 3% of total exports to Mexico.
- **Plate/flank** cuts at 63 tonnes valued at \$713, 047 were down 66% in volume and down 73% in value from the same period in 2019. Plate/flank cuts represent 3% of total exports to Mexico.
- **Brisket** cuts at 5 tonnes valued at \$34,496 were up 100% in volume and up 100 % in value from the same period in 2019. Brisket cuts represent 0.2% of total exports to Mexico.
- There were zero tonnes of hip exported to Mexico in January 2021.

Canadian Beef Export Values to Mexico by Product Type 2020



Canadian Beef Export Values to Mexico by Product Type 2021 ytd

