



REPORT FOR FEB 2022 YTD TRADE

February Exports Following Season Trends

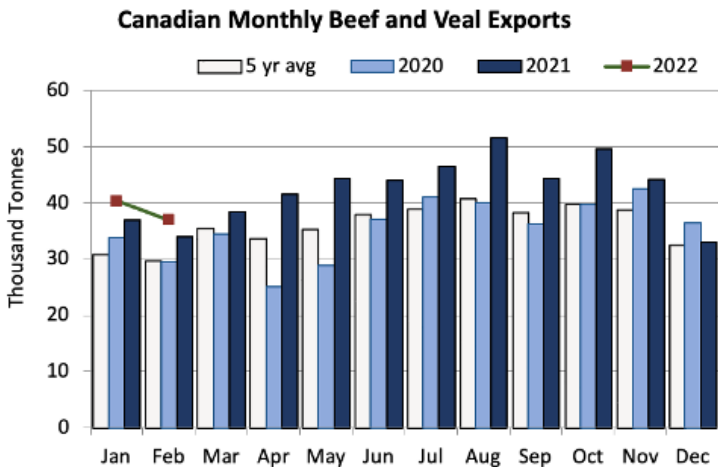


Brooklyn Braun
Intern Market Analyst

Canadian beef exports in the month of February were 37,019 tonnes valued at \$368 million, up 9% in volume and up 48% in value from February 2021. Exports to China continue to be suspended and February exports are down from January, but monthly exports are still above 2021 and the three-month trend is consistent with the previous year. February federally inspected slaughter was up 4% year over year to 253,725 head, also up 3.6% from January. Canadian cattle inventories on January 1st were down 0.5% from last year and is the lowest it has been in 33 years.

Year-to-date beef exports of 77,375 tonnes valued at \$735 million were up 9% in volume and up 42% in value from last year. YTD beef export volumes are up to the U.S. (13%), Japan (25%), Southeast Asia (excl. Taiwan) (11%), Taiwan (183%), the EU27 (92%), South Korea (43%), MENA (22%), and Mexico (6%), but declined to Hong Kong and Macau (-56%), and mainland China (-95%).

cause importers to consider looking to other sources. With the temporary import ban on Canadian beef by China, South Korea and the Philippines, Canada had an increased supply available to the Mexican market. The Canadian beef industry has continued to work closely with Mexican importers to provide increased supply, competitive price, and strong support with marketing programs, enabling the marketplace to better know the strict Canadian beef production process and high-quality grading equivalences and differences. Beef demand continues to be strong in Mexico and amid the 2020/2021 pandemic recessions and despite the 7.7% increase in the animal protein price index as well as a GDP growth of less than 5%, it is expected that Mexicans will continue to consume more meat, increasing their beef consumption by 2.7% during 2022.



Source: Statistics Canada

Exports to Mexico

Beef exports YTD to Mexico are up 6.2% in volume and up 40% in value and currently hold 5.8% of Canada's total export volumes. The increase comes from several factors. Logistical challenges and tight supplies in the U.S. are expected to cause volumes into Mexico to decline by 4% due to higher prices and

Source: Statistics Canada and AAFC



The five most common retail cutting styles derived from whole muscle cuts are milanesa (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 from the Rib and Loin are still the favorites for weekend grilling and the most used in the foodservice 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".



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Loin and **Brisket** are primals that have seen strong increases in volume, by over 230%. While the pandemic caused a 20% decrease in the Mexican restaurant sector, some tourism destinations have recovered by 100% and 75-85% in densely populated cities. The demand for loin stems from the foodservice industry and while brisket may not hold a high percentage of exports it is increasing in popularity. Brisket is making its way into more restaurants as its high flavor profile provides consumers with a new eating experience and allows the versatility of the cut to be used for multiple menu choices, while being an affordable option. **Ribs** also continue to be a popular cut in the food service sector and as this sector recovers it has boosted demand for this high-value muscle cut. Supply and spot prices have become more aggressive, allowing for the availability of these cuts at much more competitive prices. Seasonal purchases of rib cuts also influenced the recent export volumes.

growth in the HRI sector of main tourism destinations. In addition, the northern part of the Mexican territory consumes more beef as part of its regional culture. These northern states have contributed to a faster economic recovery from the economic downturn and are returning to their beef consumption habits.

In 2021, three countries represented most of Mexico's beef imports: The U.S. continued to be the largest beef supplier in Mexico with a 71.8% market share, followed by Nicaragua with 15% and Canada with a 12% share. Small volumes from Australia, Chile, Japan, New Zealand and Panama accounted for the remaining 1.2%. Specific imported cuts with beef quality grades ranging from AA/Select to Prime, supply the domestic market niche of higher-income households through the Retail and Foodservice sectors. From June 2021 to June 2022, the Ministry of the Economy approved a zero-tariff import quota for non-free trade agreement countries. The country allowed access to 7,000 tons of fresh, chilled and frozen beef from several countries to stabilize market beef and pork prices. Despite the opening of the quotas, there was no major participation from new market players and prices continued to be set by the international market, not by the supply at the domestic level.

Exports to Mexico

- **Offal** at 1,491 tonnes valued at \$7.6 million were up 26% in volume and up 66% in value. Offal represented 33% of total volume to Mexico.
- **Chuck** at 1,193 tonnes valued at \$9.1 million were down 3% in volume and up 16.5% in value from the same period in 2021. Chuck represented 27% of total volume.
- **Ribs** at 791 tonnes valued at \$11.8 million were up 171% in volume and up 122% in value from the same period in 2021. Rib represent 18% of total volume.
- **Loin** at 380 tonnes valued at \$5.4 million were up 231% in volume and up 443% in value. Loin represent 9% of total volume.
- **Other** items at 352 tonnes valued at \$5 million were down 72% in volume and 45% in value from the same period in 2021. Other represented 8% of the total volume.
- **Hip** at 224 tonnes valued at \$1.6 million were up as there were no hip exports in 2021. Hip represented 5% of total volume.
- **Brisket** at 18 tonnes valued at \$336 thousand were up 256% in volume and up 874% in value. Brisket represented less than 1% of total volume.
- There were zero **flank/plate** exports to Mexico.



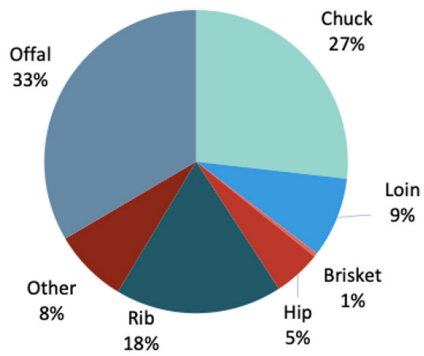
Retail distribution channels represent 19.5% of overall beef sales in Mexico. According to official data from the INEGI, the increased inflation and beef prices are driving the purchase of lower-cost beef cuts, such as end meats and ground beef. However, Mexico's eased restrictions regarding COVID-19 has kept stimulating demand from domestic and international travelers. This has strongly driven beef consumption recovery and



CANADIAN BEEF TRADE



Canadian Beef Export Volumes to Mexico by Product Type 2022 ytd



Canadian Beef Export Values to Mexico by Product Type 2022 ytd

