



Protein Market Watch

Farming inputs prices

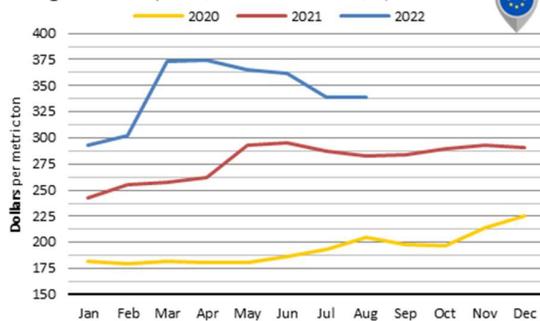
CORN

- Worldwide figures are revised down, by 7 Mt (to 1173 Mt) for production, by 5 Mt (to 1180 Mt) for consumption and by 2 Mt (to 305 Mt) for stocks.
- In Brazil and Argentina, dry conditions are a concern for sowing, which should begin by the end of September.

- Phasing out of Russian gas exports due to war raises the price of energies in the EU. This price level weighs on agricultural and industrial production, auguring a sharp contraction in the demand and a price squeeze situation in the coming months.
- Chinese maize production was increased by 3 Mt (274 Mt) thanks to good summer conditions on the northeast of the country.

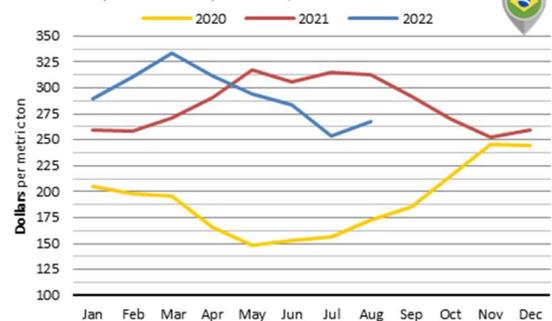
Feed maize

(average market price, EU without UK, \$)



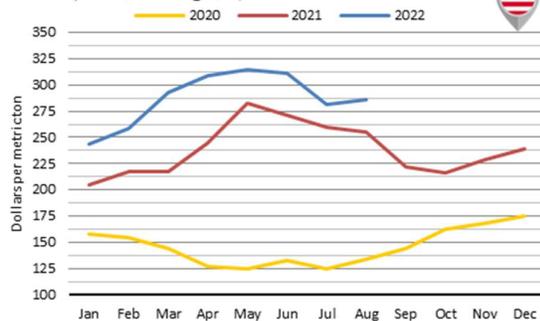
Yellow corn

(wholesale price, Campinas, \$)



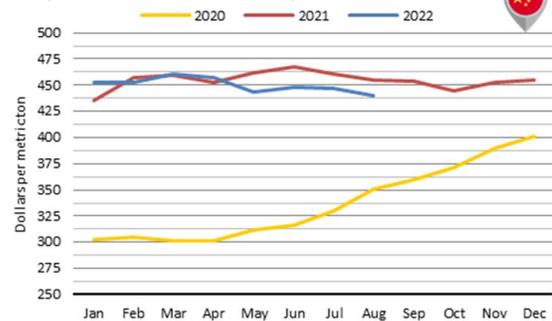
Yellow corn #2

(market price, Chicago, \$)



Corn

(cash price, China mainland, \$)



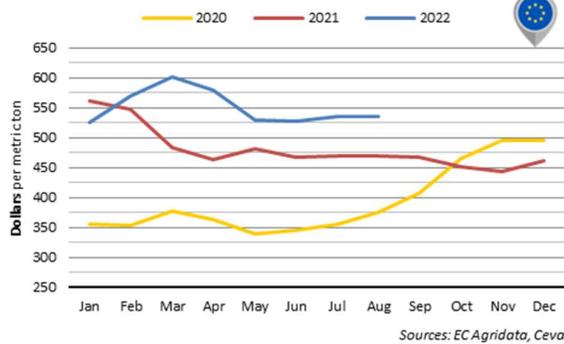
SOYMEAL



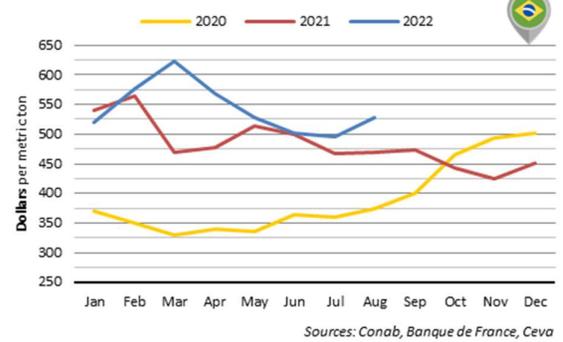
- Hot and dry weather in the Americas that threatened soybean crops. International prices are on an upward trend.
- Use of soybeans is expected to reach a record level in the United States, as consumption in Brazil is expected to increase. The increase in the cost of energy may have an impact on the proportion of crushing.

- World soybean trade is expected to be at most for 3 years. Exports to China are down following a drop in demand.

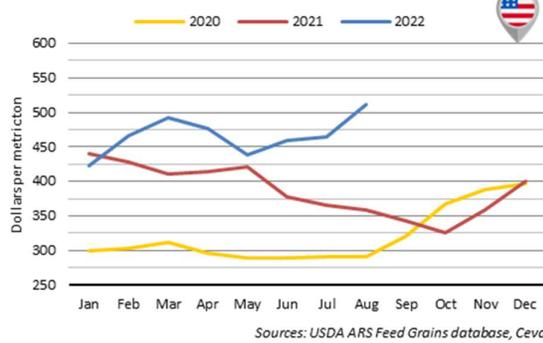
Soybean meal, Brazil origin, high protein
(CIF Rotterdam, \$)



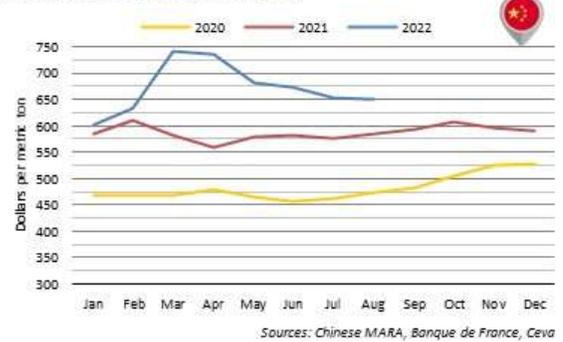
Soybean meal
(wholesale price, Espirito Santo, \$)



Soybean meal, high protein
(wholesale price, Illinois, \$)



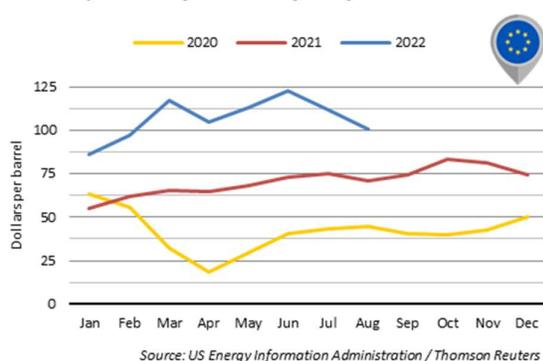
Soybean cake and meal
(cash price, China mainland, \$)



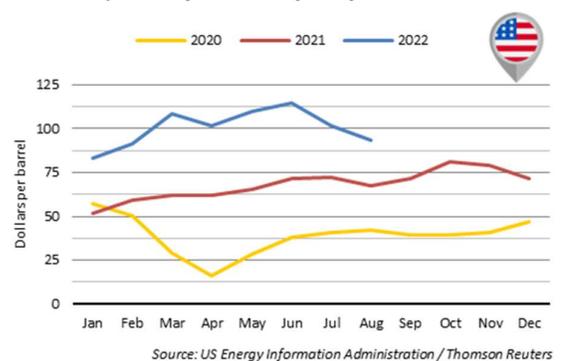
ENERGY



Crude oil, Brent Spot Price (FOB)



Crude oil, WTI Spot Price (FOB)



Farming outputs prices

BROILER CHICKEN



In August, chicken price remains high in Europe due to low supply. Ongoing avian influenza risks and high feed prices are impacting supply worldwide. Strong trade boosts Brazil and USA exports. Market expected to stay undersupplied and profitable. Low spending power leading consumers toward the lowest-priced protein.

Chicken prices hit record high, HPAI remains a big challenge, with unbalanced market, strong demand leading to high inflation and imports. Growth perspectives will be restricted by energy prices this winter, as well as labor issues. Chicken imports increased over the first 7 months of 2022 (+18%), with Brazil becoming the first supplier of EU market (+36%).

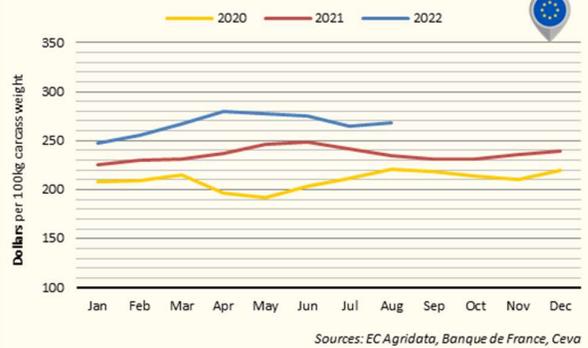
Chicken price fell in August to its lowest monthly average since November, as a result of a moderate market activity and ample supply. Wings in cold storage was at its highest level since 2018. Consumers are spending more on cheaper products. The sanitary situation is stabilizing. Exports show a dynamic growth trend over the first 7 months of 2022 (+5%) with a strong increase of shipments to China (+43%).

Brazil's meat industry keeps facing strong demand for chicken meat for exports, as the war in Ukraine and HPAI impact global food supplies. Domestic market remains weak with stable prices.

The price of chicken in China increases in August, accelerated by inflation. High pork prices leads to high demand on poultry. Chicken production in China fell by 1% in H1. The depreciation of the Yuan curbs imports. Chicken imports drops sharply (-37%) in August with a high impact on Brazilian supplies (-37%). Meanwhile, supplies from Russia increased by 31%

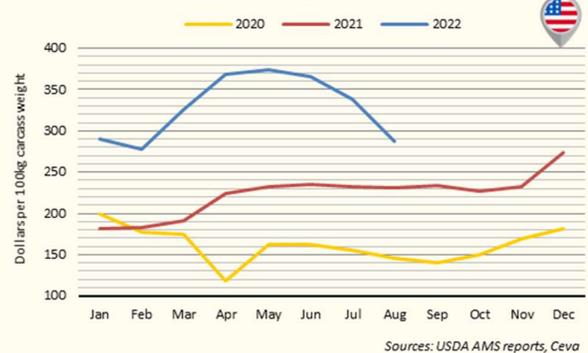
Broiler chicken

(average market price, EU without UK, \$)



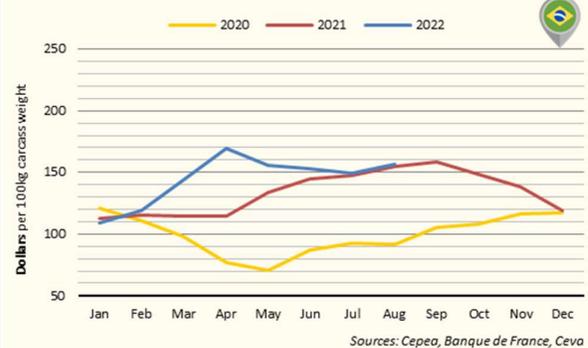
Whole broiler

(wholesale price, national weighted average, \$)



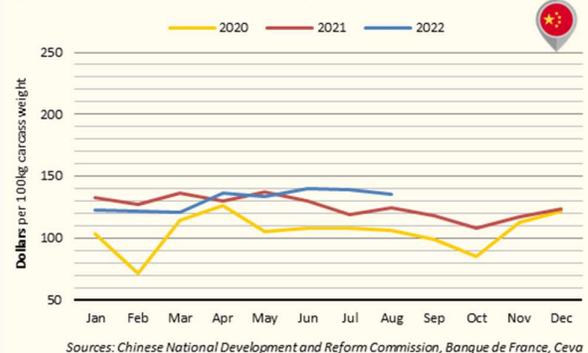
Whole chicken

(chilled, wholesale price, Sao Paulo state, \$)

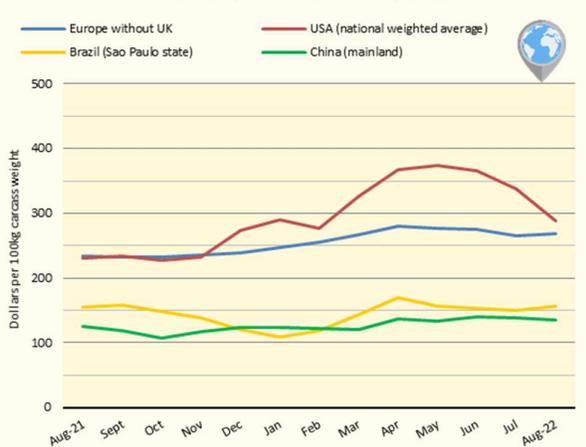


Broiler chicken

(cash price, China mainland, \$)



Broiler chicken market prices: zone comparison



NB: all broiler prices include the cost of delivery to the slaughterhouse, and the cost of slaughter
Sources: EC Agridata, USDA AMS reports, Cepea, Chinese Natl Dev & Reform Commission, Banque de France, Ceva

PORK MEAT



The rise in pork prices, which accelerated in July, continued in August at an equally strong pace, mainly in Europe.



European prices reached historical highs, stimulated by the decrease in supply and the hot weather. The symbolic threshold of 2€/kg was crossed in France on the “Marché du Porc Breton” mid-August. The hot weather conditions should intensify the drop in supply expected in the coming months, as they may have degraded the reproductive performance of sows. Moreover, some European exporters have also shown renewed interest in Asian demand. China granted approvals to 3 slaughterhouses this summer (in Spain and the Netherlands). Prices should remain then high until the end of the year.



US farmgate prices consolidated in August. Supply is shrinking, due to a reduction in herds and lower productivity performance. The USDA’s Economic Research Service has recently published its pork production forecasts for the end of 2022: it is expected to remain stable in Q3 compared to last year, and should decrease by 2% YOY in Q4. This situation should lead to an increase in pork prices through the end of the year, compared to 2021.

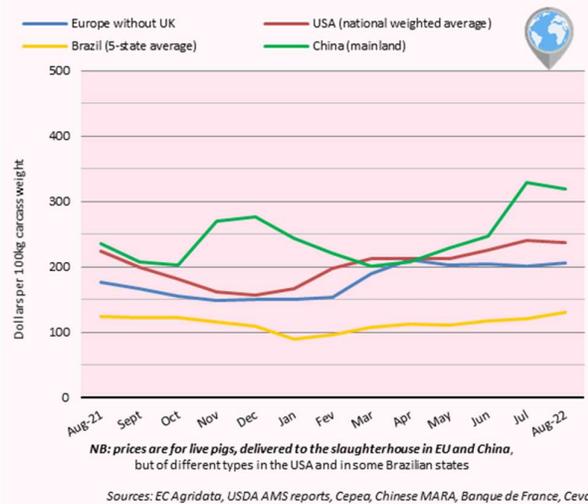


After a sharp upward push at the beginning of August, pork prices began to decline in the middle of the month. This situation is affecting independent breeders while crop commodity prices remain high. Exporters reported good demand from Asia, giving an optimistic outlook for the Brazilian pork market in the coming months.



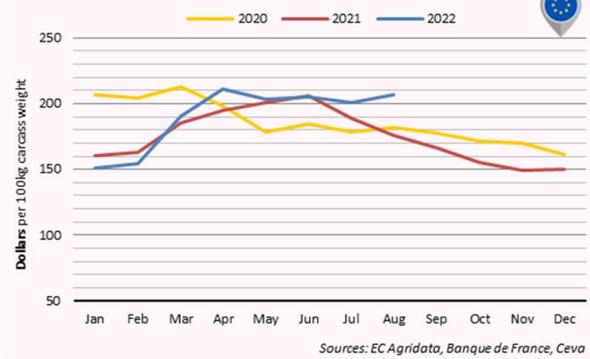
Chinese prices showed a slight monthly decline: -2.7% in August, after the sharp rise in July (+38%). The market was strongly impacted by the severe heat waves and the decrease in supply, but seems to have readjusted in August. At the end of July, the number of sows was down 5,3% YOY. However, pigmeat prices soared in August, impacting Chinese inflation and prompting the Chinese government to dip into national reserves to stabilize prices.

Fattening pigs market prices : zone comparison



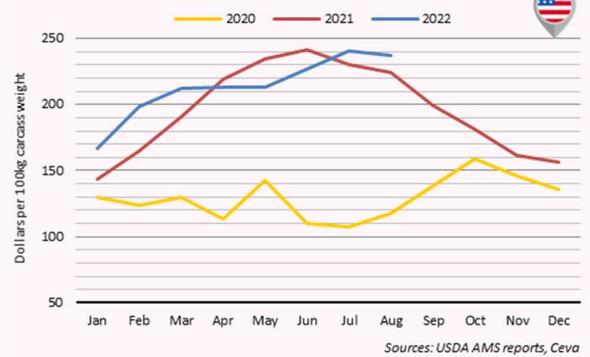
Pigs to slaughter

(live, delivered, EU average without UK, \$)



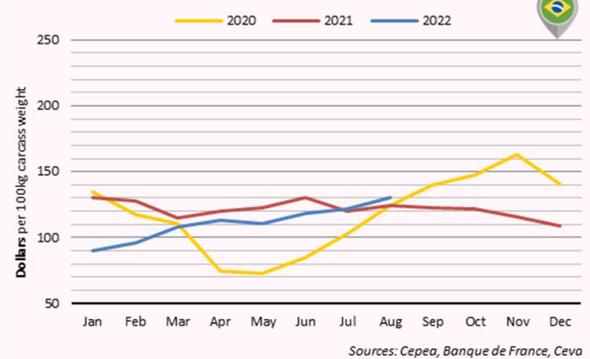
Pigs to slaughter

(all purchase types, nat. weighted average, \$)



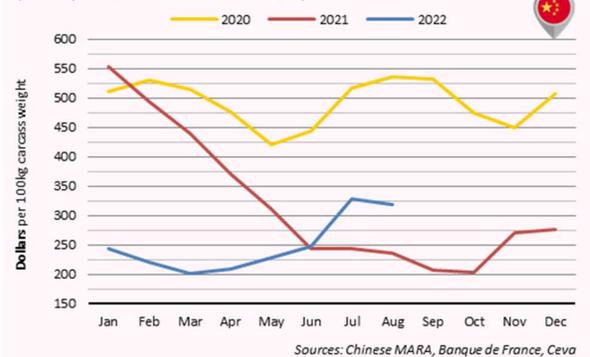
Pigs to slaughter

(live, mix, 5-state weighted average, \$)



Hogs

(cash price, China mainland, \$)



BEEF MEAT



The world's beef shortage is being met with steady global demand, even as inflation increases. Beef prices remain high but are under pressure in some places.

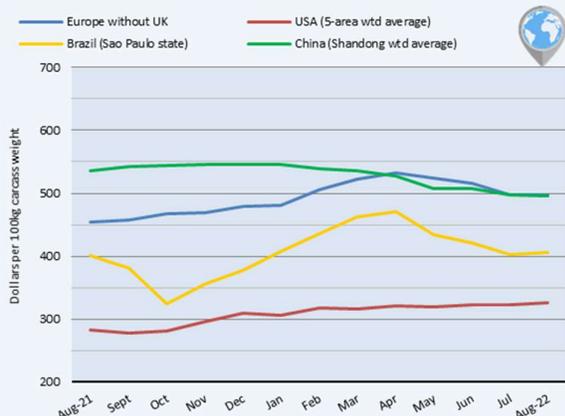
 In August, beef prices in Europe remained at above previous years' level. Due to the drought and lack of fodder in a large part of the EU, supply was globally limited while demand was affected by rising inflation, and then the heat waves.

 U.S. beef prices remain high. According to the USDA, strong exports point to another record quarter. In July, beef exports reached 140,000 tons (+3% vs 2021 and +14% vs 5-year average). Monthly exports to China and Japan showed strong YOY increases of +17% and +10% respectively. July exports to smaller markets (Philippines, Vietnam, the Netherlands) also saw strong YOY increases. MOM this year, feedlots have maintained a large number of cattle on feed compared to history as calves are pushed into feedlots at a faster than normal rate, due to the impact of the drought on forage availability.

 The monthly average price for beef (carcass) sold in the São Paulo wholesale market faded in the first 8 months of 2022. Even if the supply of slaughter cattle continues to decrease, Brazilian beef price remains under pressure. The drop of global Brazilian prices is linked to the low local consumption, due to the weak purchase power of the population (inflation). But Brazilian beef export increased in value this year due to the strong international demand. In July, the price gap between beef sold in Brazil and the exported product was the largest ever, according to CEPEA data. The same is expected for August data.

 China is struggling with many difficult issues (Covid 19 lockdowns, banking problems, power restrictions, extreme drought...). But in August, slaughter cattle prices were relatively stable. According to the USDA, multiple provincial authorities have allocated resources to increase beef cattle breeding and production. By 2023, beef production is expected to increase, whereas beef imports are expected to decrease.

Male cattle market prices : zone comparison

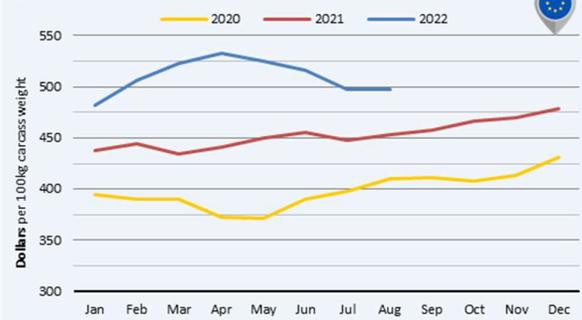


NB: prices are for live cattle (male only), but the transportation to the slaughterhouse is either included or not, depending on the data available for each zone. International comparison should then be interpreted with caution.

Sources: EC Agridata, USDA AMS reports, Cepea, CAAS, Banque de France, Ceva

Beef, all males

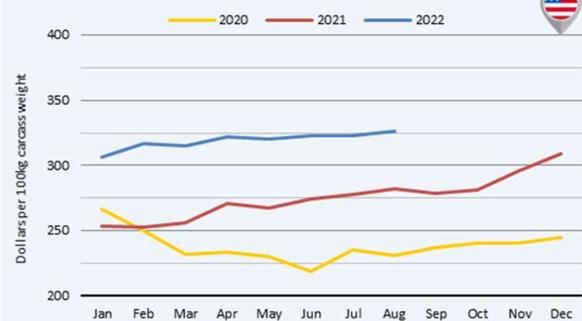
(live, delivered, EU average without UK, \$)



Sources: EC Agridata, Banque de France, Ceva

Steers, all grades

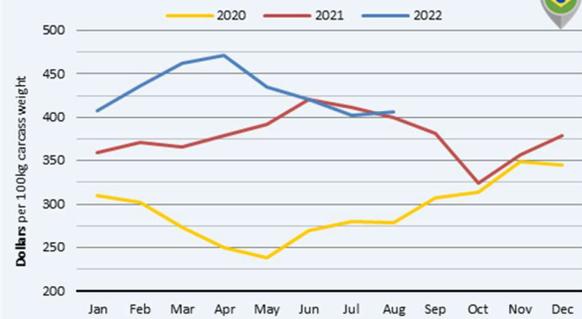
(live, delivered, 5-area weighted average, \$)



Sources: USDA AMS reports, Ceva

Beef, all males

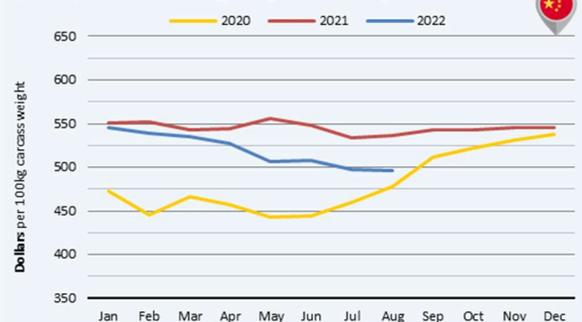
(live, on farm, Sao Paulo state, \$)



Sources: Cepea, Banque de France, Ceva

Beef cattle

(cash price, Shandong weighted average, \$)



Sources: CASS, Banque de France, Ceva

Market News

SECTION

► Title

Body of the news. [Link to the source](#), XX/XX/2022

PROTEIN MARKET WATCH is a monthly newsletter edited by Ceva Headquarters (Libourne, France)

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All figures are from public sources and can be used in internal presentations, provided you acknowledge their original sources and Ceva's reprocessing.



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