



Protein Market Watch

Farming inputs prices

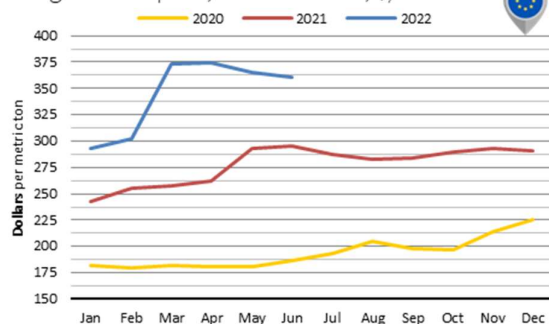
CORN



- Fears of a potential global recession drove down grain market prices, but also oil prices. The USDA report for June revises maize surfaces in the USA upwards, which nevertheless remain 2 Mha below that of the previous season.
- On the Black Sea, the prospects of an agreement between Russia and Ukraine could allow a possible resumption of export activity and make Ukrainian corn available.
- National prices are up for the 5 consecutive months. China will have imported only 126,7 kt of maize from Ukraine in May against 1,26 Mt last year in the same month.

Feed maize

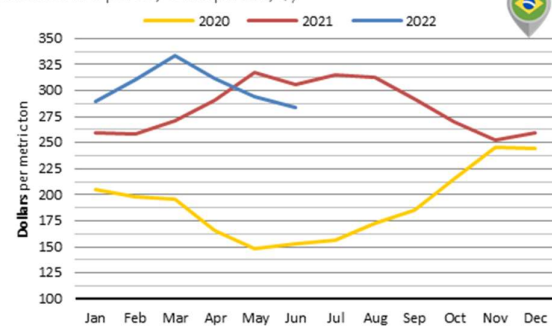
(average market price, EU without UK, \$)



Sources: EC Agridata, Banque de France, Ceva

Yellow corn

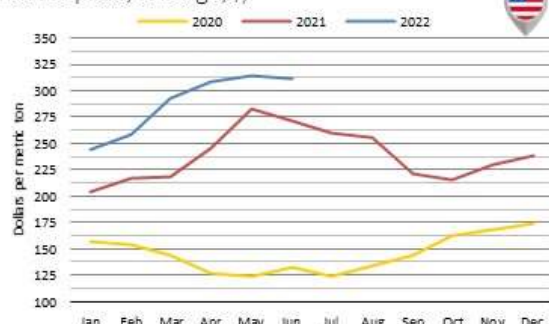
(wholesale price, Campinas, \$)



Sources: Cepea, Banque de France, Ceva

Yellow corn #2

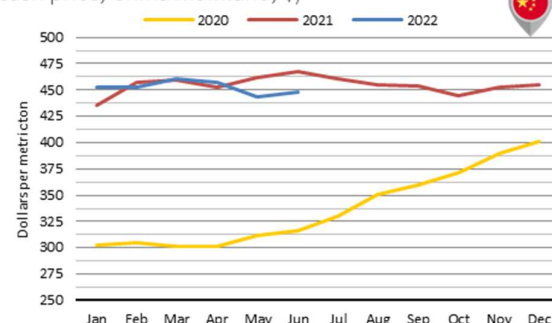
(market price, Chicago, \$)



Sources: USDA ARS Feed Grains database, Ceva

Corn

(cash price, China mainland, \$)



Sources: Chinese MARA, Banque de France, Ceva

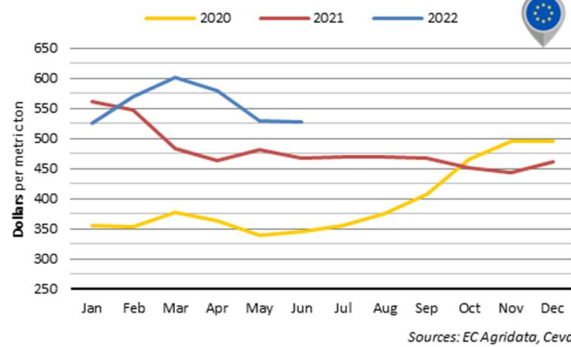
SOYMEAL



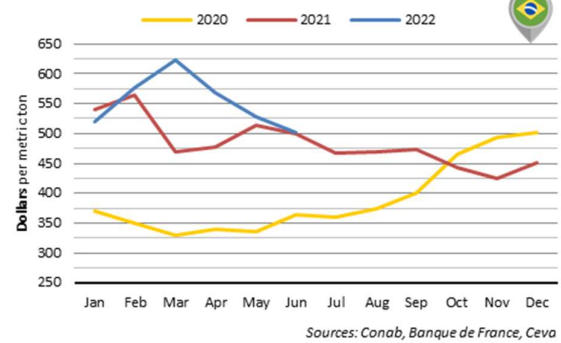
- Global 2022/23 oilseed production is forecast at nearly 647 Mt. Globally, soybean carry-out stocks fall from 99,6 Mt to 100,46 Mt.
- Exports from the United States, Canada and the 4 main South American exporting countries fell by 4 Mt compared to last year in May, the main part of the fall being attributable to China.

- Soybean meal prices are down for the 4 consecutive months. Recent COVID-19 lockdowns and high global vegetable oil prices are driving significant demand disruptions. China re-allows canola imports from Canada.

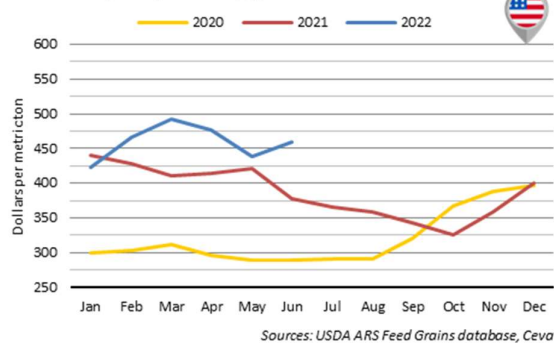
Soybean meal, Brazil origin, high protein
(CIF Rotterdam, \$)



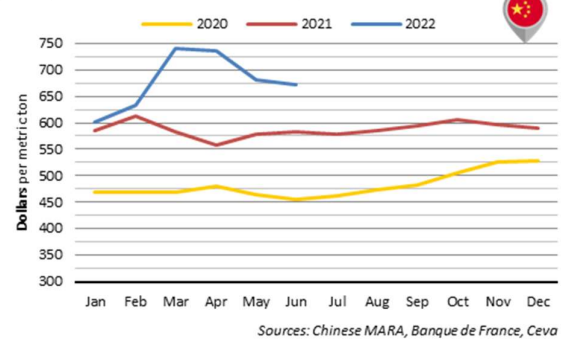
Soybean meal
(wholesale price, Espirito Santo, \$)



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



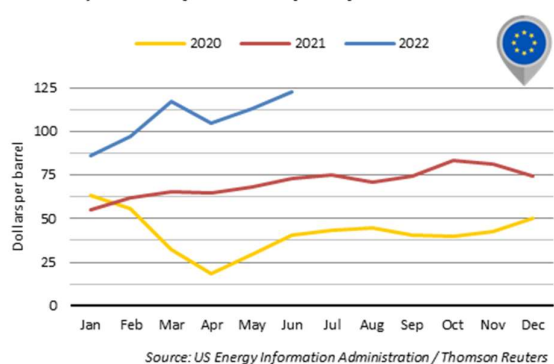
Soybean cake and meal
(cash price, China mainland, \$)



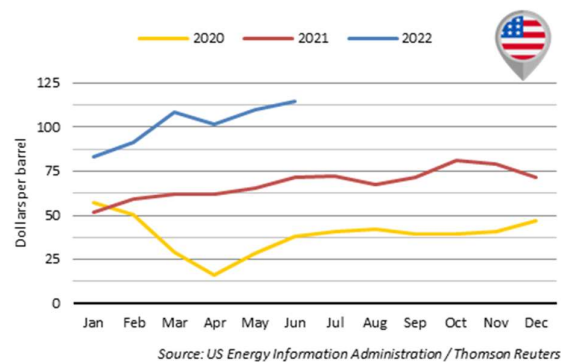
ENERGY



Crude oil, Brent Spot Price (FOB)



Crude oil, WTI Spot Price (FOB)



Farming outputs prices

BROILER CHICKEN



In June, FAO's chicken price index reached its highest price (+29%) YOY. Markets face tight global supply impacted by the war in Ukraine and outbreaks of avian flu. Supplies are expected to remain tight over the next months with pressure on spending power leading consumers toward the lowest-priced protein.

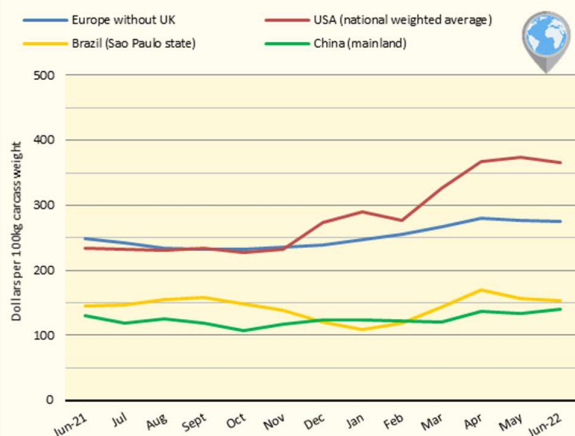
Broiler price stays high, the consequences of avian flu are becoming more visible in supplies, mainly in Western Europe. The industry continues to face high costs and labor shortage. January-May chicken imports increased by 25%, mainly from Brazil (+36%) and Ukraine (+74%). Euro-dollar parity will contribute in the coming months to accelerate inflation and make non-European origin less competitive.

Strong local and export demand is keeping prices high. The sanitary situation is calming down and all HPAI restrictions have been lifted. Exports show a dynamic upward trend over 5 months (+5%). In May, exports increased by 15%. A strong dollar is likely to have impact on competitiveness and slow down exports.

Brazilian meat industry keeps facing high demand in chicken meat for exports, as the war in Ukraine and HPAI impact global food supplies. Local inflation (+13%) weakens domestic demand. Exports show a dynamic trend over H1 (+8%). The strong dollar also weighs on the competitiveness of Brazilian exports to EU. Exports in value should continue to increase (+52% already recorded in H1).

The price of chicken in China increased in June. The demand is rising again, and the depreciation of the Yuan will curb imports. Chicken production in China fell by 1% in H1. Chicken imports stabilized in May, after declining in previous months (-14%).

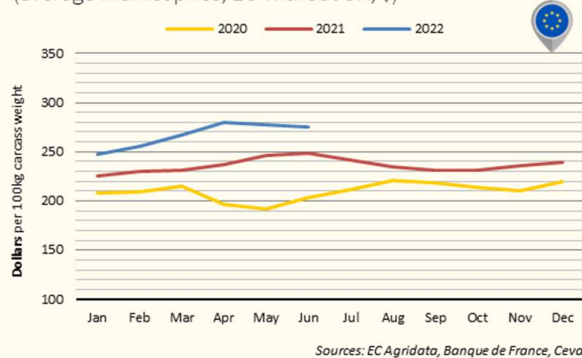
Broiler chicken market prices: zone comparison



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

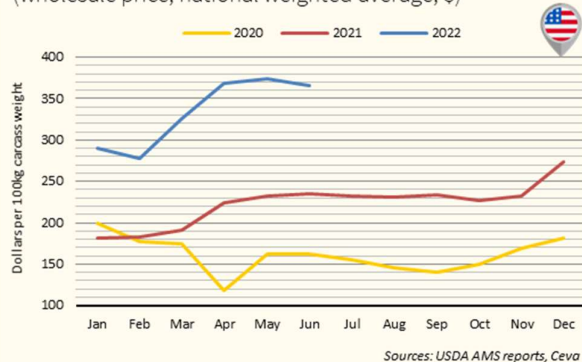
Broiler chicken

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



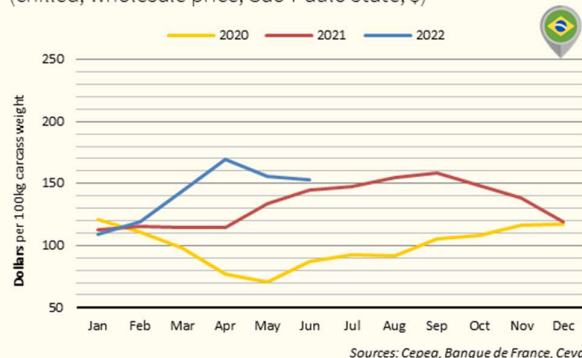
Whole broiler

(wholesale price, national weighted average, \$)



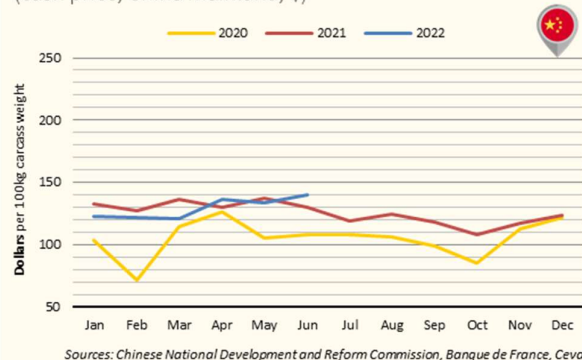
Whole chicken

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



Broiler chicken

(cash price, China mainland, \$)



PORK MEAT



World pig producers saw a rise in prices in June because of a decline of pig supply in North America, European Union and China. This market situation is unprecedented: the production of main pig regions is reducing at the same time.



In June, prices came out of their stability for most European countries, and in July they are approaching their highest levels. The decrease of European supply is finally starting to influence the market and demand is picking up, fueled by the seasonal consumption of grilled meats and the arrival of tourists in Southern Europe. Some countries published their pig herd spring census, showing that the drop in supply will last several months. German total pig herd declined by 9.8% yoy in May 2022 and the country has lost 1900 pig farms (-9.6% yoy). Danish census' results show the same trend.



In the United States, thanks to an improve of domestic demand and a decline of supply, pig prices started to rise again in June. Furthermore, US herd downed 1% from June 2021 to reach 72.5 million pigs.

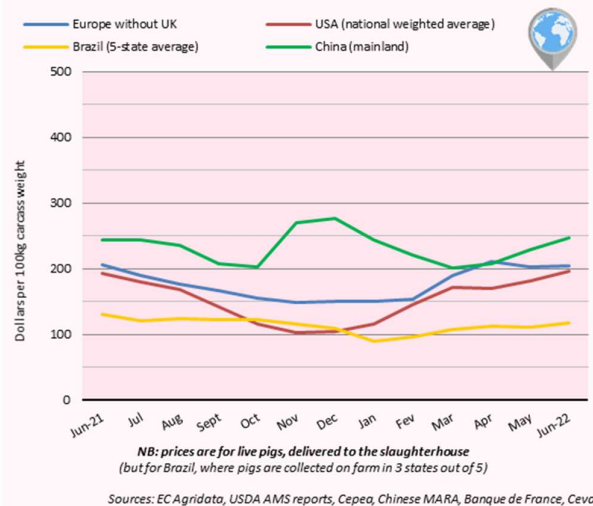


Brazilian exports are slightly weaker than last year (-3.5% over the first 5 months) but demand from South American and Asian (except China and Hong-Kong) countries is improving. Brazilian authorities obtained authorisations to export pork to Canada for 5 units. Brazilian exporters will thus enhance their competitiveness.



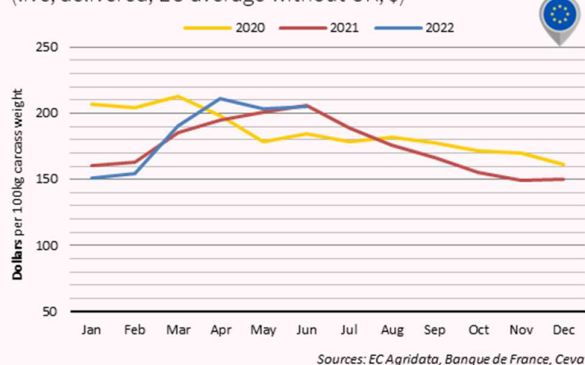
In China, June prices have risen above last year's level (in CNY). Supply in Northern China seems to be contracting, while the southern regions have been hit by heavy rainfalls, hampering the transportation of pigs. According to Chinese analysts, the demand remains insufficient so far, whereas the herd of breeding sows increased by +0.4% in one month, to reach 41.92M heads. Combined effects of an upsurge in health pressure and the difficult economic situation for Chinese breeders had led to a decline in herds since July 2021. However, the recent rise in prices could encourage them to restock their sow farms.

Fattening pigs market prices : zone comparison



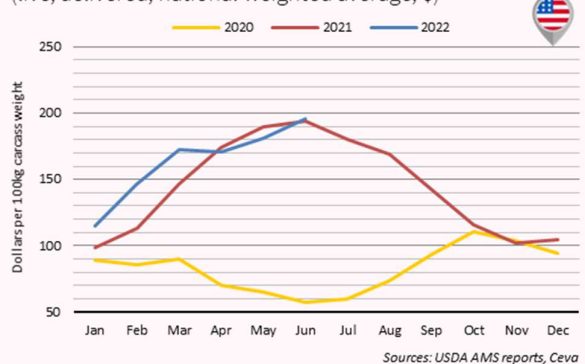
Pigs to slaughter

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



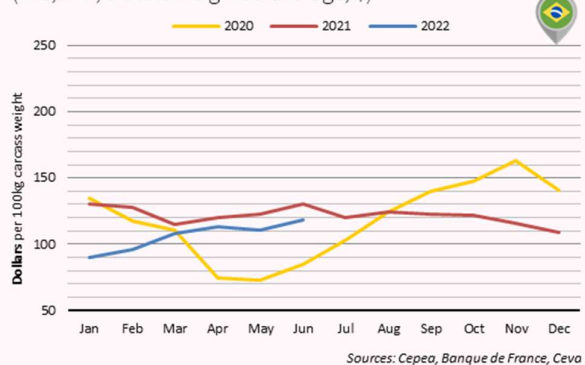
Pigs to slaughter

(live, delivered, national weighted average, \$)



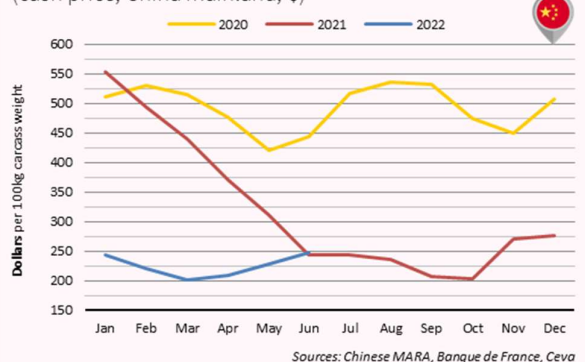
Pigs to slaughter

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



Hogs

(cash price, China mainland, \$)



BEEF MEAT



Growing inflation continues to disrupt demand for beef. Prices remain high but under pressure on some places in the world.



Inflation and high temperatures are limiting household purchases, but the tourist season has got off to a good start in Southern Europe. It is boosting demand from restaurants. EU cattle supply remains low, and prices are still historically high.



Current poor forage conditions and high operating costs continue to push up producers' beef cow culling rates, and calves are being placed on feed at a faster pace than expected. Retail beef prices remain higher than last year. In late June, wholesale restaurant food distributor Sysco Corp. filed a lawsuit against Tyson Foods, JBS USA, Cargill and National Beef Packing Co. (Marfrig) of manipulating the beef market. The four companies hold over 80% of the US domestic cattle market.

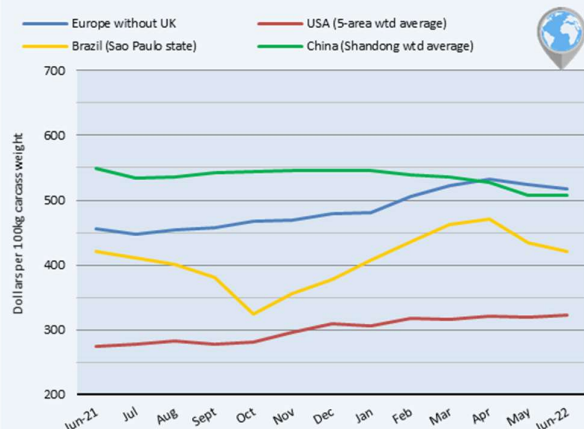


Despite the current high production costs, Brazilian cattle farmers have increased their productivity. The results of these investments can be seen in calf supply, which is higher. The average weight of the calves is higher too. This is putting pressure on prices this year.



Statistics of the Chinese Customs and those of its main supplier, Brazil, continue to diverge. Over the first 4 months of 2022, China has announced a significant decline in imports of boneless beef from Brazil: 270,000 tons CWE (-34% /2021). At the same time, Brazil has announced a substantial increase in deboned beef exports to China: 444,000 tons CWE (+37%). Covid-19 and confinements have influenced the speed of unloading containers and registrations in Chinese Customs. The disruption of transport and logistics in China were so significant that the Chinese government decided to allocate 1.4 billion CNY (€200 million) to support the cold chain and the construction of national logistics platforms.

Male cattle market prices : zone comparison

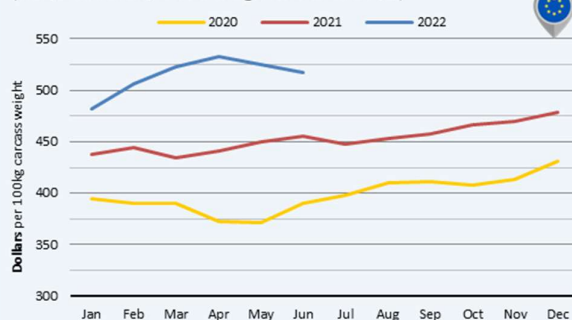


NB: prices are for live cattle (male only), but the transportation to the slaughterhouse is either included or not, depending on the data available for each zone. International comparison should then be interpreted with caution.

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

Beef, all males

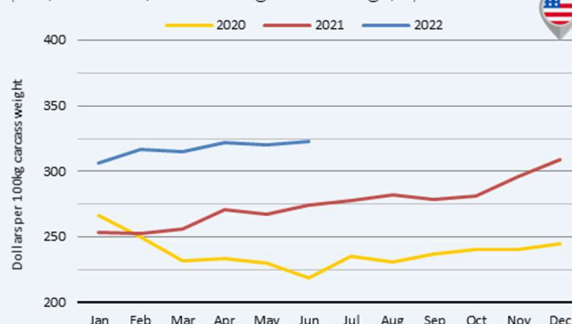
(live, delivered, EU average without UK, \$)



Sources: EC Agridata, Banque de France, Ceva

Steers, all grades

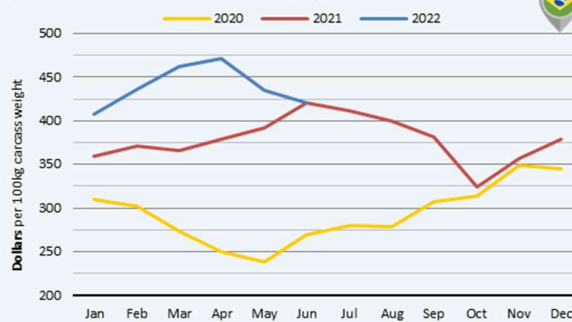
(live, delivered, 5-area weighted average, \$)



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 text

[Link to the original news](#), XX/XX/2022

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

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