



Protein Market Watch

Farming inputs prices

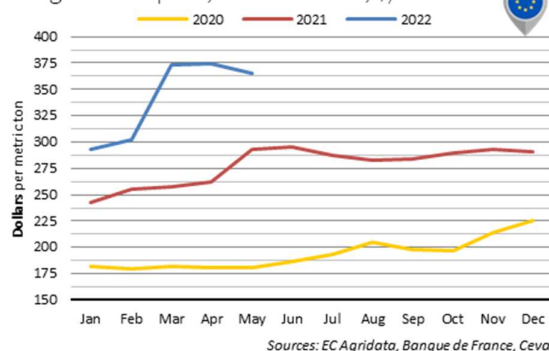
CORN



- With the war in Ukraine and the decline in crop areas, world corn production is estimated to have fallen by 2%. Less corn has been sown in the USA, in favour of soybeans which consume less inputs.
- Chinese wheat production is down for the next campaign (-2% in 2022 vs. 2021). Corn enters formulations more easily; imports could be on the rise for the next few months.
- National Chinese prices are up for the 4 consecutive months. However, new contracts have been signed to allow the import of Brazilian corn.

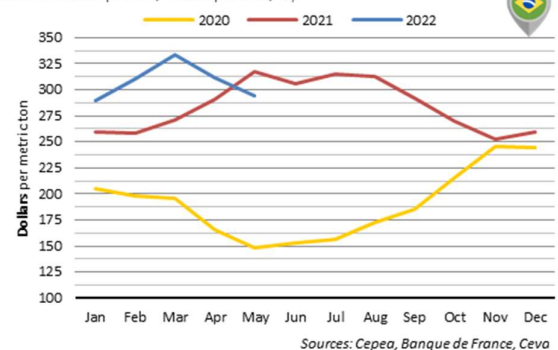
Feed maize

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



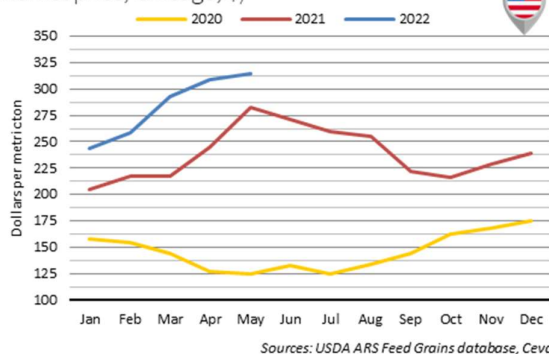
Yellow corn

(wholesale price, Campinas, \$)



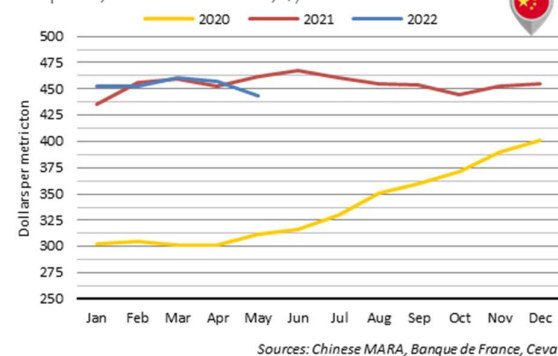
Yellow corn #2

(market price, Chicago, \$)



Corn

(cash price, China mainland, \$)



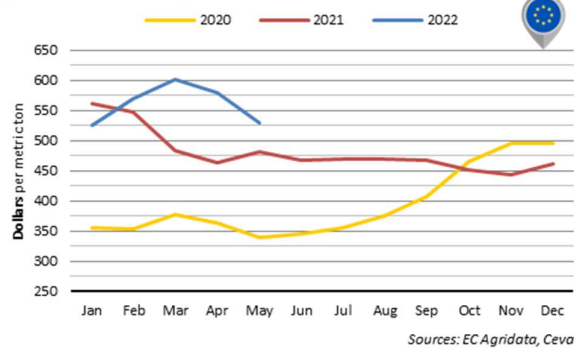
SOYMEAL



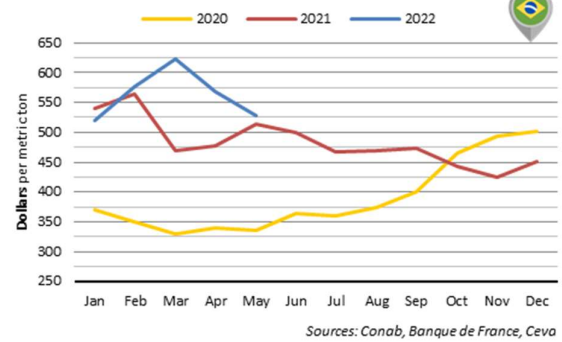
- The CIC (International Grains Council) has revised world soybean production outlook upwards, thanks to a good Brazilian harvest and an increase in acreage in the United States.
- The gradual reopening of the port of Shanghai since mid-May has made maritime transport and the exchange of raw materials more fluid.

- All domestic prices decrease for soybean meal. However, demand is weak, and trade has been less important in recent months.

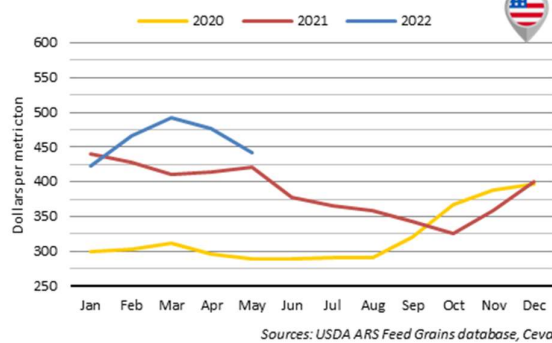
Soybean meal, Brazil origin, high protein
(CIF Rotterdam, \$)



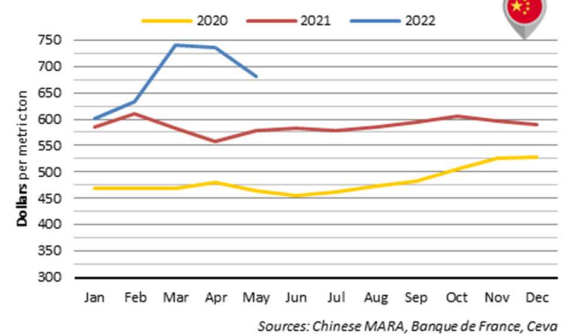
Soybean meal
(wholesale price, Espirito Santo, \$)



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



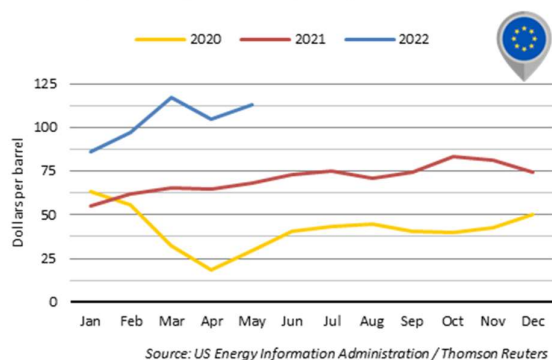
Soybean cake and meal
(cash price, China mainland, \$)



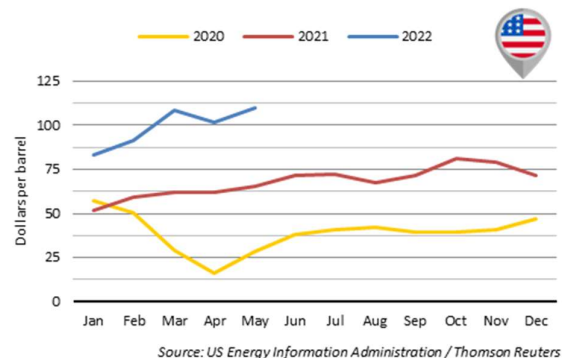
ENERGY



Crude oil, Brent Spot Price (FOB)



Crude oil, WTI Spot Price (FOB)



Farming outputs prices

BROILER CHICKEN



In May, broiler price stabilizes at high levels, since markets face high inflation and dropping supplies in Europe and USA. Supplies are expected to remain tight over the next months with avian flu affecting production (Europe, USA) and production costs continuing to soar.



Broiler price drops slightly, but remain at a high level, the industry faces a low supply issue due to HPAI and Ukrainian war. The return of production in Poland and imports from Ukraine, together with the suspension of customs duties, help to increase supplies.



Broiler price is trending steady at high levels, Inflation and HPAI outbreaks weigh on this price. Market activity is moderate with low demand in retail and food service. US Dept. of Justice is launching its third inquiry into chicken manufacturing executives for antitrust practices.

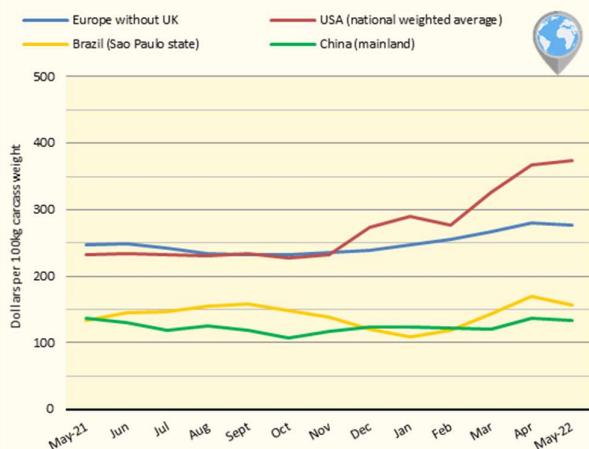


Brazil's meat industry keeps facing high demand for chicken meat for exports, as the war in Ukraine impacts global food supplies. Two trends are observed: in exporting regions, the price is maintained whereas in areas producing for the local market the price drops due to decreasing demand.



The price of chicken in China increase in May in local currency. The demand is rising again, and the appreciation of the Yuan will increase imports. Chicken imports from Russia have already been up 20% in May 2022.

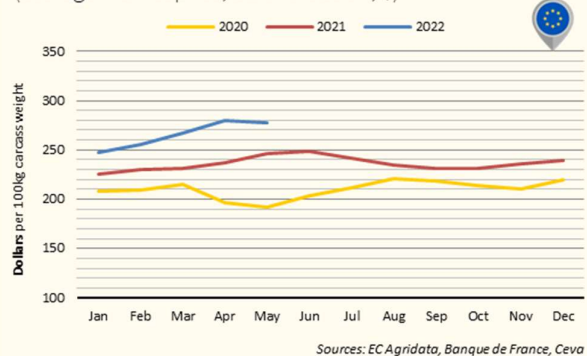
Broiler chicken market prices: zone comparison



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

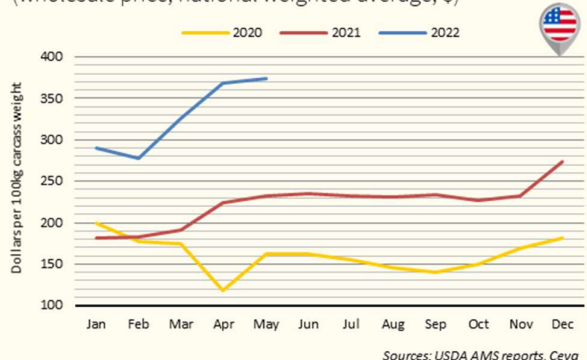
Broiler chicken

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



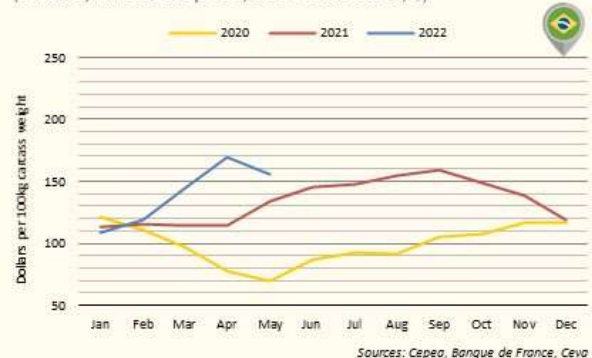
Whole broiler

(wholesale price, national weighted average, \$)



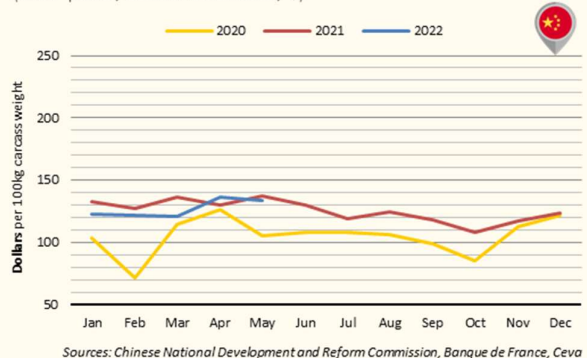
Whole chicken

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



Broiler chicken

(cash price, China mainland, \$)



PORK MEAT



Uncertainties continue to dominate the international pig market. Due to the pressure on profitability, many countries see their production decline.



Since Easter, the pressure on the EU pig market has been great, with a meat supply too big compared to the combined demand of EU consumption and export, leading to CE-supported private stockpiling. Finally, since early June, the market has been showing some optimism, benefiting from an early season of demand. Exported volumes stay very modest, and prices even more.



Production in the United States will continue to decline in the coming months. Profitability was positive on average over the first months of the year. Rising costs and the high dollar exchange rate, impacting export competitiveness, are deteriorating this situation.

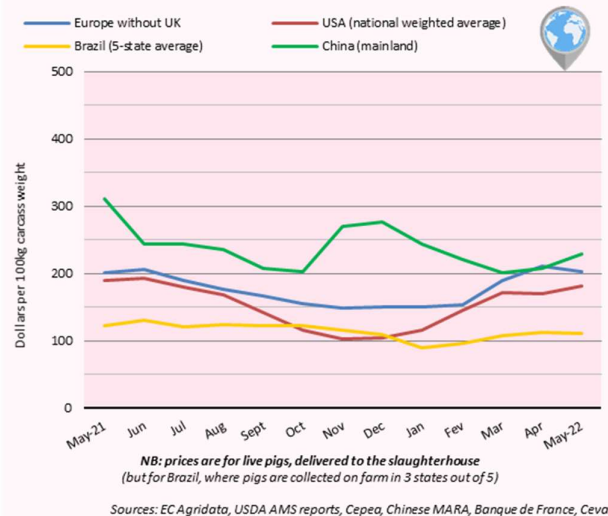


Brazilian exports to Asia, especially China, are now also declining, as earlier observed with other suppliers. Production expectations have been revised downwards due to further pressure on profitability. This will become apparent in the second half of 2022.



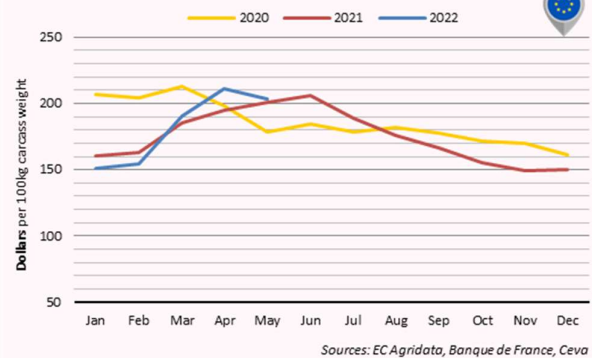
The Chinese pig price is increasing very slowly, but is still insufficient to support increasing costs. Currently, pig producers cannot survive without government support. A positive signal may come from consumption, since the Corona-linked restrictions have been relaxed.

Fattening pigs market prices : zone comparison



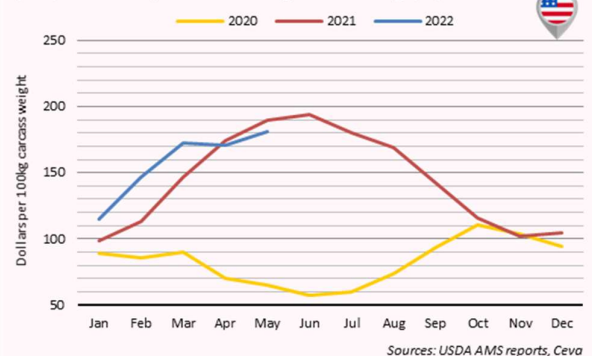
Pigs to slaughter

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



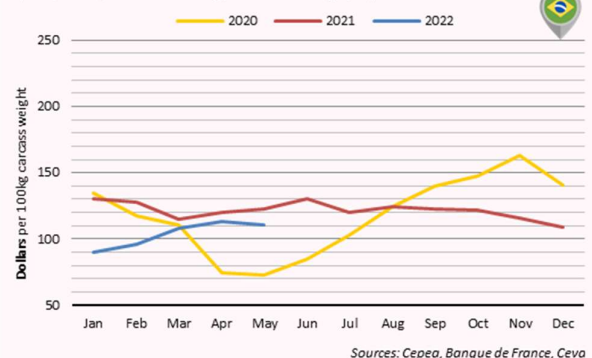
Pigs to slaughter

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



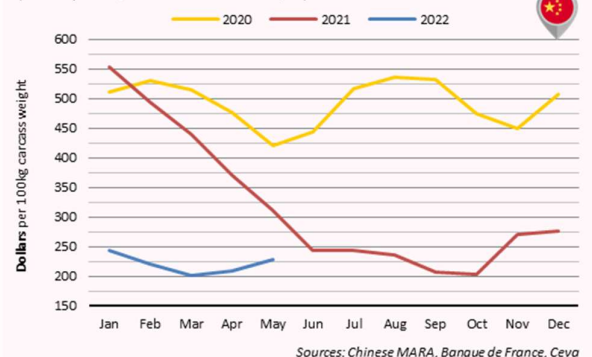
Pigs to slaughter

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



Hogs

(cash price, China mainland, \$)



BEEF MEAT



Inflation starts to disrupt demand for bovine meat. After several months of increase all over the world, cattle prices follow divergent dynamics.



The EU beef market remains particularly strong in the second quarter of 2022, for all categories. But divergent dynamics appeared on the European beef market. Cattle prices in Germany have decreased due to the lack of demand and inflation. In contrast, cattle prices in Ireland are still on the rise, partially due to good export performance.



Two years of drought have deteriorated pasture and forage conditions. 2022 is one of the worst start for the grazing season. This is pushing calves into the feedlots at a faster pace, which will likely quicken the pace of fed cattle slaughter in the coming months. Cattle prices are under pressure in some part of the country.

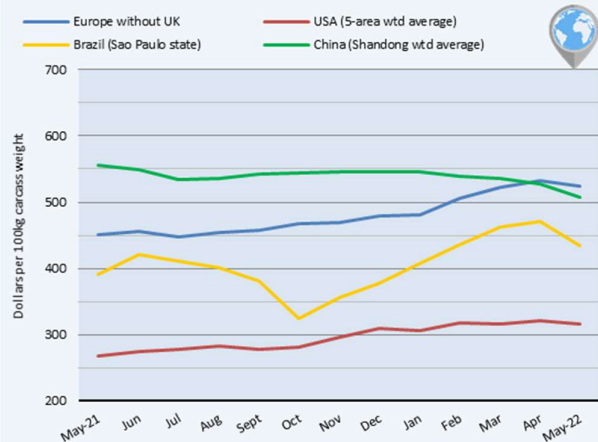


The prices for slaughter cattle fluctuated along the month of May, fading most of the time. Pressure came from an increase in cattle supply, which is common at this time of the year (when pastures conditions start to deteriorate, farmers send cattle to slaughter to avoid expenses with supplementation). Besides, the weak demand in Brazil increased the pressure on fed cattle prices in May. Indeed, with inflation at high levels, the purchasing power of the population is low.



China's agricultural products see a slight dip in wholesale prices and slaughter cattle prices have eased a little this month. Covid issues seem to be settling down with Shanghai now out of lockdown and Beijing not being affected to the same extent as Shanghai. Retail beef prices are down.

Male cattle market prices : zone comparison

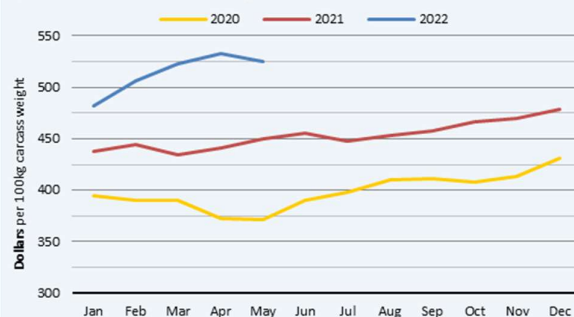


NB: prices are for live cattle (male only), but the transportation to the slaughterhouse is either included or not, depending on the data available for each zone. International comparison should then be interpreted with caution.

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

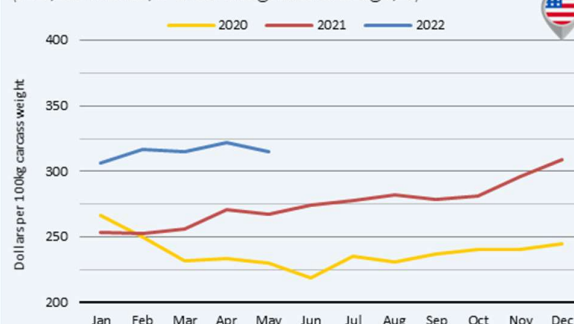
Beef, all males

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



Steers, all grades

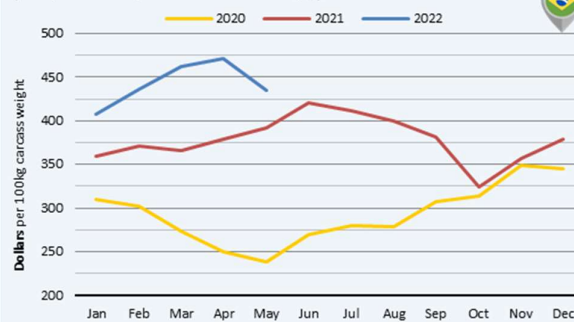
(live, delivered, 5-area weighted average, \$)



Sources: USDA AMS reports, Ceva

Beef, all males

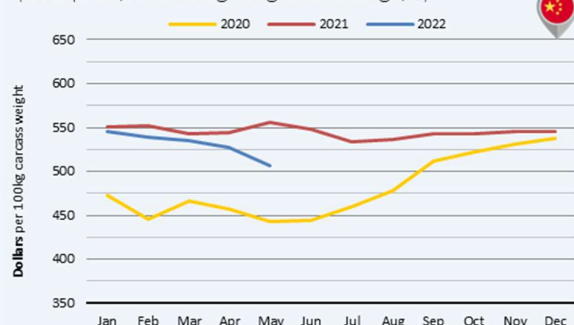
(live, on farm, Sao Paulo state, \$)



Sources: Cepea, Banque de France, Ceva

Beef cattle

(cash price, Shandong weighted average, \$)



Sources: CASS, Banque de France, Ceva

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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