REPORT FOR SEPTEMBER 2022 YTD TRADE

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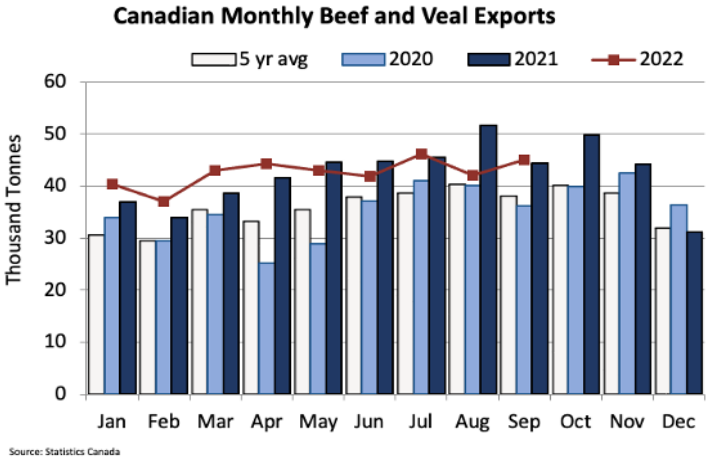
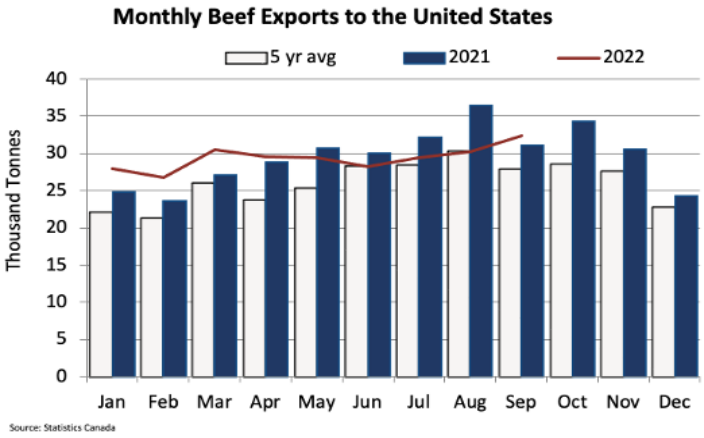
September Exports Start the Last Quarter of 2022 on a Stable Note.

Canadian beef exports in September 2022 were 45,034 tonnes valued at $397 Million, up 2% in volume and down 9% in value from September 2021. After failing to keep up with August exports from 2021, exports gained traction and topped September exports from 2021. Monthly exports this year have shown to be quite stable with only a difference of 9,000 tonnes between the smallest and largest month. Federally inspected slaughter for the same five-week period was down only 0.2% in September. While slaughter was down minimally in the 3rd quarter of the year it hasn't made a sizable impact on export quantities.

Year-to-date beef exports of 382,354 tonnes valued at $3.5 billion were up 7.3% in value and were stable in volume from the same period in 2021.



Export volumes have increased to Japan (21%), Mexico (10%), South Korea (81%), Taiwan (1%), EU 27 (3%), SE Asia excl. Taiwan (4.4%), and MENA (101%), are stable to the U.S. and declined to Hong Kong and Macau (-44%), mainland China (-99%), and the U.K. (-100%).



Beef Exports to the United States

Exports YTD of 264,515 tonnes valued at $2.48 billion were steady in volume and up 5.3% in value. While last year's summer months outperformed this year's summer months, exports to the U.S. have been quite stable and competitive with 2021. Beef exports to the U.S. typically peak in the summer supporting the American grilling season. Despite exports overall being quite stable monthly, there has been an increase from June to September. The U.S. represents 69% of Canada's total beef exports, so the overall seasonal trends of our exports follow demand from the U.S. quite closely.

Even though U.S. domestic beef production was forecasted early on to be slightly down from 2021, there is no indication of it affecting the U.S. demand for beef imports or export potential as the first nine months of U.S. beef exports were still 4% above 2021 at 1.12 million metric tonne and are nearing a record export value of last year ($10.58 billion) with this year already reaching $9.12 billion. Drought was experienced throughout the country in the summer and many cattle were liquidated but with cow slaughter so high throughout the summer, it could taper off in the fall. Effects of this most likely will be seen in 2023 with reduced domestic slaughter, particularly in the second half of the year.

Looking at recent months' influences of demand from the U.S., the Canadian dollar was influenced by higher interest rates, ranging from US$0.75 to US$0.72, the lowest seen this year. This should support Canadian beef imports into the U.S.

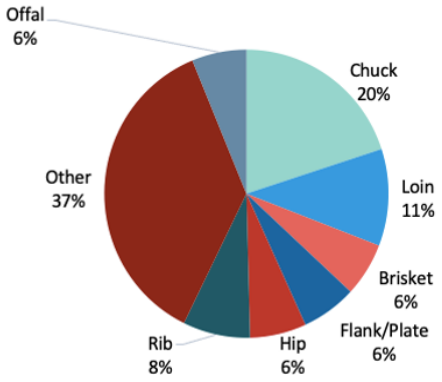
Source: Statistics Canada and AAFC

As for consumer demand and price substituting, the beef: poultry price ratio has moved to favour beef in recent months, decreasing below normal numbers in the last three months and remaining at 2.88 in September. The beef: pork ratio was within a normal range at 1.75 in September.

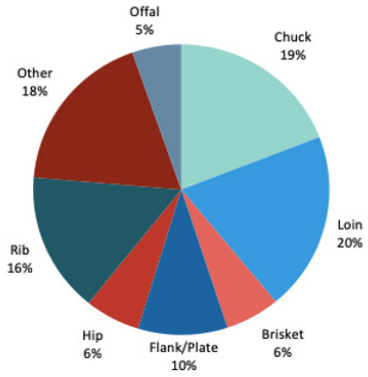
While inflation and interest rates have U.S. consumers complaining about the price of groceries, rent and gas retail sales continue to remain high. These expenses have not yet seemed to hit consumers cheque books. Some economists expect due to the amount of money in the market right now that it won't be until the second half of 2024 that any real consumer pain is seen in America.

The top primal exports to the U.S. have remained consistent. While the largest category of "other" is hard to gain insight from, as it is a combination of cuts that don't properly fit into a certain category, it is followed by the chuck and loin.

Canadian Beef Export Volumes to the U.S. by Product Type 2022 YTD



Canadian Beef Export Values to the U.S. by Product Type 2022 YTD



Chuck exports to the U.S. are driven by the burger industry as it is a lean primal great for making grinds as it has the right fat and flavour content but due to the high movement in the shoulder isn't a good substitute for grilling cuts. Seasonality in the U.S. is very similar to Canada. Fall and early winter show increased demand in chuck and rounds. The spring and summer grilling season typically has lots of activity around strips, ribs and loins. Trimmings (including chuck) for burgers typically peak between May and September.

Beef Exports to the United States by Primal, January to September 2022

- Other cuts at 93,495 tonnes valued at $435 million were down 6% in volume and up 5% in value from the same period in 2021. Other cuts represent 37% of total export volume to the U.S.
- Chuck cuts at 51,146 tonnes valued at $455 million were up 9% in volume and up 3% in value from the same period in 2021. Chuck cuts represent 20% of total exports to the U.S.
- Loin cuts at 27,851 tonnes valued at $473 million were up 6% in volume and up 12.4% in value from the same period of 2021. Loin cuts represent 11% of total exports in the U.S.
- Rib cuts at 19,579 tonnes valued at $371 million were up 2% in volume and up 2.6% in value from the same period in 2021. Rib cuts represent 8% of total exports to the U.S.
- Offal cuts of 15,900 tonnes valued at $127 million were down -6.3% in volume and down 14.9% in value over the same period in 2021. Offal cuts represent 6% of total exports to the U.S.
- Brisket cuts at 15,486 tonnes valued at $141 million were up 11% in volume and up 25% in value from the same period in 2021. Brisket cuts represent 6% of total exports to the U.S.
- Flank/plate cuts at 16,036 tonnes valued at $233 million were up 15% in volume and 15.9% in value from the same period in 2021. Flank/plate cuts represent 6% of total exports to The U.S.
- Hip cuts at 16,407 tonnes valued at $143 million were down 21% in volume and down 19.3% in value from the same period in 2021. Hip cuts represent 6% of total exports to the U.S.