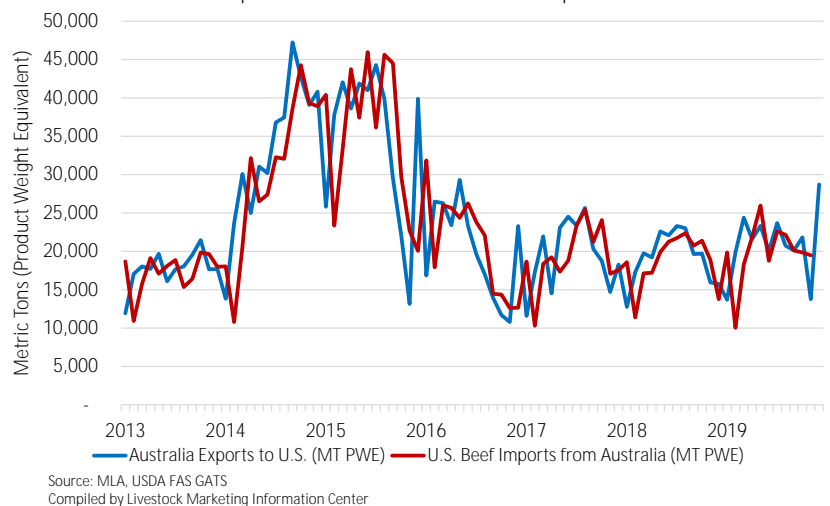


Australia's beef exports for the month of December have been reported through the Meat and Livestock Australia (MLA) website which finalized 2019. According to MLA's export data, Australia's beef exports for 2019 totaled 1.23 million metric tons (MT) product weight equivalent (PWE), a 9.2% increase over last year. The top four destinations for Australia's beef exports accounted for 81.5% of the total which were China, Japan, US, and South Korea; capturing a market share of 24.4%, 23.4%, 20.5%, and 13.2%, respectively. As expected, exports to China saw the largest increase, up 84.5%, to 300,133 MT for the year. Shipments to both Japan and South Korea were down 9.0% and 4.7%, respectively. Australia's export data can be accessed at the [MLA website](#) along with other data and market information.

The growth in Australia's beef exports was due to rising global beef demand and strong growth in beef production from large slaughter numbers. Australian beef production from January to November was up 4.9% to 2.23 million MT. The increase in beef production stemmed from the 19.2% rise in cow and heifer slaughter (4.4 million head) and the 7.7% growth in cattle slaughter (7.9 million head) from January to November for 2019. The increase in slaughter was due to the ongoing drought situation. This continues to cause a lack of available feed supplies forcing more cattle to be slaughtered and thwarting potential herd rebuilding efforts. Not to mention the possible longer-term implications from the devastating wildfires.

Australia Beef Exports to the U.S. and U.S. Beef Imports from Australia

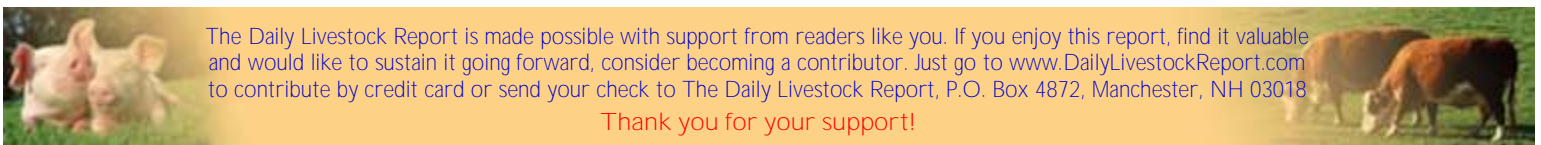
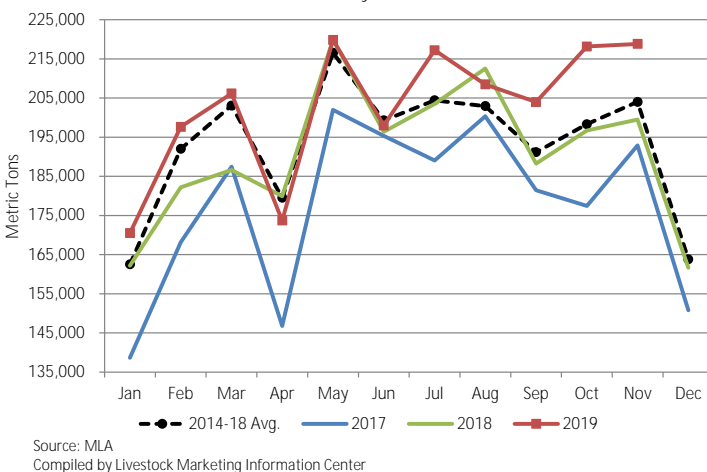


In 2019, Australia beef exports to the US saw a rise of 8.9%, year-over-year, to 251,822 MT from last year. Approximately 25% of US beef imports come from Australia. With Australia's beef exports for December already reported this provides market intelligence into potential US beef imports for December. Official US trade statistics for December are set to be released on February 5, 2020.

Graphing Australia's beef exports to the US and US beef imports from Australia shows a strong correlation. That correlation indicates about a one-month lag between Australia's beef exports and US beef imports from Australia. This assumption allows for comparisons to be made to derive potential US beef imports from Australia for the month of December. Australia's beef exports to the US were reported at 28,720 MT (63.3 million pounds) which is 82.5% above the same month last year and 108.5% higher than November. This would make total US beef imports from Australia about 720 million pounds for 2019, a 7.0% increase over last year.

China's need for meat protein has been pulling more Australia product into its market and likely leading to lower shipments to countries such as Japan and South Korea. Despite China's strong beef demand, the US price for fresh 90% lean product is creating a strong incentive for Australian beef to make its way to the US market. In October, the price of 90% lean product dipped to \$217.92 cents per pound, but by the end of 2019, the price reached \$240.32 with strength continuing into 2020. The early reporting of Australia's beef exports, relative to US beef import data provides insight into potential market implications and may be worth following in 2020.

Australia Monthly Beef Production



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