

# Daily Livestock Report

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## Market Comments

Yesterday (Apr 21) the **IMF released an update of its estimates for world economic growth, noting that world GDP was expected to rise 4.6% in 2010**, with growth in advanced economies up 2.3% while growth in emerging and developing countries (which is much of Asia, Africa and S. America) expected to rise at an annualized 6.7%. These are some staggering numbers considering the sharp contraction in economic activity we saw last year. The IMF data also reminded us of a conversation that we had not too long ago with a beef trader in Australia. Prices for Australian beef have been trending higher and there is much speculation as to whether the current pace can be sustained. His contention was that the rise in beef prices should be seen both in the context of tighter global supplies as well as rising economic activity. US beef and pork prices have been trending higher in recent weeks and in many cases are well ahead of 2008 levels, a year when US beef and pork prices hit all time highs. While the sharp rise in prices may appear sudden, it also makes sense given what has taken place in the global marketplace in the last two years.

The data in the attached tables are from USDA and reflect **current projections for beef and pork production and exports in key producing and exporting countries**. In the case of beef, total production in the main six producing areas is expected to be 34.5 million MT, down some 727,000 MT or 2.1% from 2008 levels. Production declines are expected in most areas, with the biggest reduction coming in the EU-27 countries, which are expected to see an 11% reduction in output. Lower beef production is also expected in Australia and New Zealand, which are large beef suppliers to the US market. Beef exports are also expected to be down compared to 2008 levels. Total beef exports for the countries in question are expected to decline 1.5% compared to 2008, with significant reductions expected for the EU and Argentina.

Pork production in key producing areas is expected to be up in 2010 compared to 2008 levels. However, the entire increase is due to much higher pork production levels in China. Excluding China, total production in the key producing countries actually is expected to be down 678,000 MT compared to 2008 levels. China is the biggest pork producer in the world but almost all production is consumed domestically. Total 2010 pork exports in the key producing countries are expected to be down 258,000 MT or 4.4% compared to 2008 levels. World economic growth has returned to the levels we saw in 2008, however global beef and pork supplies are down significantly compared to 2008 levels, underpinning a very bullish price outlook for the year.

## Global Beef and Pork Markets in 2010 — USDA

### Beef

	Production			Exports		
	2008	2009	2010	2008	2009	2010
	000 MT, CWE			000 MT, CWE		
United States	12,163	11,889	11,789	856	848	930
Brazil	9,024	8,935	9,300	1,801	1,596	1,825
Australia	2,159	2,100	2,075	1,407	1,364	1,350
New Zealand	644	624	619	533	514	510
Argentina	3,150	3,400	2,800	422	653	380
EU-27	8,090	7,970	7,920	204	148	150
Total	35,230	34,918	34,503	5,223	5,123	5,145
2010 vs. 2010			(727)			(78)

### Pork

	Production			Exports		
	2008	2009	2010	2008	2009	2010
	000 MT, CWE			000 MT, CWE		
United States	10,599	10,439	10,138	2,117	1,872	1,978
China	46,205	48,890	50,600	223	232	240
EU-27	22,596	22,060	22,000	1,727	1,415	1,425
Brazil	3,015	3,130	3,250	625	707	790
Russia	2,060	2,200	2,250	1	1	1
Canada	1,786	1,790	1,740	1,129	1,123	1,130
Total	86,261	88,509	89,978	5,822	5,350	5,564
2010 vs. 2010			3,717			(258)

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