

Yesterday's DLR took a longer-term look at the hog/pork situation and outlook, today we turn to the cattle/beef sector. Last month, the Livestock Marketing Information Center (LMIC) made their first cut for production of all the livestock and poultry sectors in 2020.

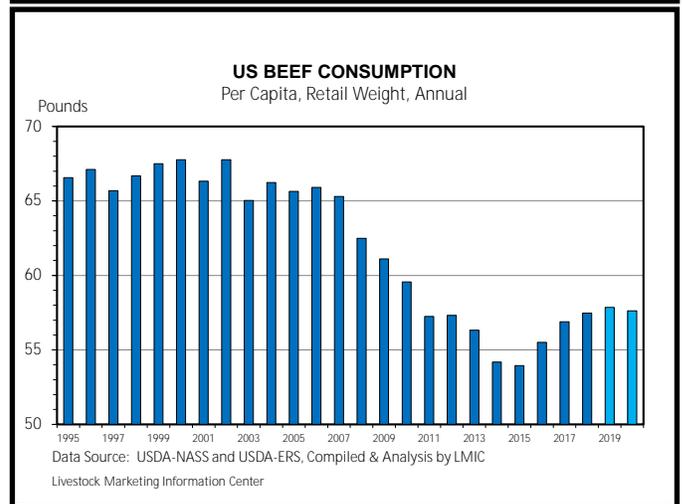
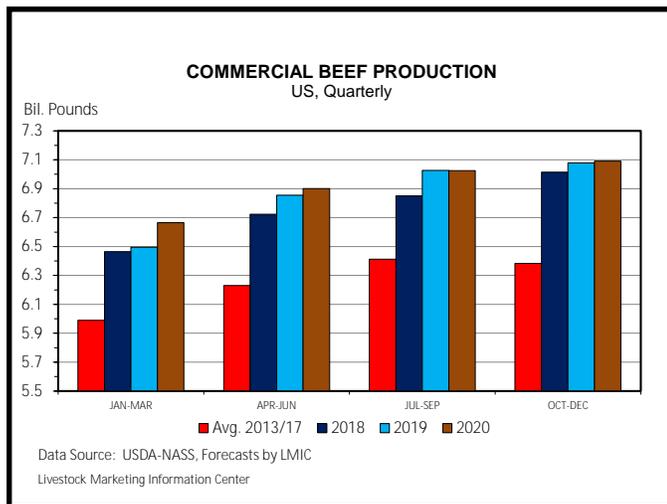
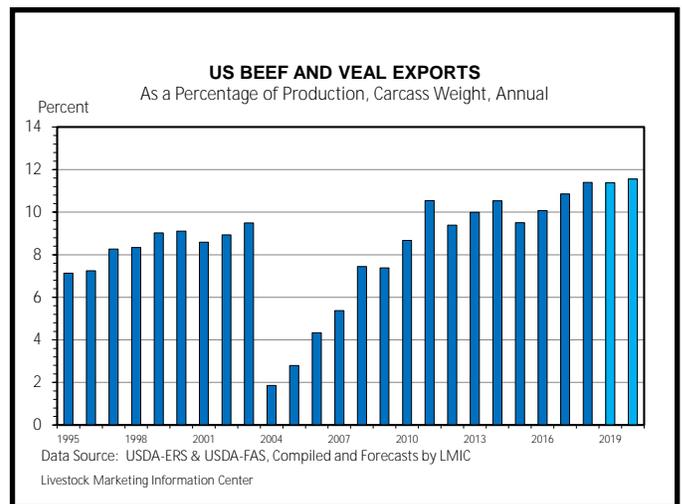
Compared to the rates of growth in U.S. beef production in recent years, the year-over-year increases during the next two years are forecast to moderate. Annually, U.S. beef output is forecast to increase by about 3.3% in 2018, after 3.8% and 6.4% gains in 2017 and 2016, respectively. The LMIC forecast is for 27.5 billion pounds (carcass weight) to be produced in 2019, a year-over-year rise of 1% to 2%. For 2020, the increase is expected to be about 1% above 2018's. Quarterly average production forecasts are shown in the graphic below.

A significant uncertainty is how much beef tonnage the U.S. will be able to export. In the last 10 years (2008-2017), U.S. beef tonnage exported as a percent of production has ranged between 7.4% (2009) and 10.9% (2017). Note that those calculations are on a carcass basis, so do not include nonskeletal beef items like variety meats. LMIC currently projects that percentage in 2018 at a record level of 11.4% (see the second graphic). The preliminary forecast is for that percentage to remain rather stable in 2019 and 2020.

Over the last 10 years (2008-2017), U.S. beef import tonnage has ranged between 7.8% (2011) and 14.1% (2015) of production. In recent years that percentage has been declining (11.1% in 2018). LMIC expects that percentage to slip slightly

during the next few years.

If the beef production and export/import forecasts materialize, what does that suggest for U.S. per capita beef disappearance (consumption)? After increasing by 3 pounds (retail weight) per person since 2015, the gain in 2018 and 2019 is projected to be just 0.4 pounds. In 2020, compared to 2019's, that per person statistic could be flat to down slightly. Of course, there are several moving parts in that forecast, so do not get caught up in a possible small year-over-year decline. The point is, rates of increase are forecast to moderate as the U.S. cowherd expansion phase winds-down.



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