



Rabobank

*Media release
November 23, 2023*

A tale of two hemispheres – North-South divide in global beef markets

Global beef markets continue to be a story of two contrasting parts, with high prices and contracting production in the Northern Hemisphere, and lower prices and increasing production in the Southern Hemisphere, according to a new report by agri banking specialist Rabobank.

In its latest **Beef Quarterly Report**, Rabobank says North American cattle prices continue to track at high levels, with US cattle prices steady and Canadian prices up three per cent between June and October.

“While in Southern hemisphere countries, prices remain soft. Australian cattle prices dropped dramatically – down 28 per cent since June – while New Zealand and Brazil also saw prices fall, but by smaller amounts,” the report says.

The report says Northern Hemisphere and Southern Hemisphere beef production levels are also trending in the opposite direction.

“Southern Hemisphere production centres continue to increase volumes. However, the increases in Australia and Brazil have not been enough to offset the declines in Europe and the US,” the report says.

The report says global beef production is on track to decline by one per cent in 2023 with 2024 production likely to play out in similar fashion.

“The volume balance for the major beef producing and consuming regions of the world that we track will remain relatively constant in 2024. The aggregated production volumes of the major producing countries are expected to remain similar to the expected volumes in 2023,” it says.

While overall production and consumption in 2024 are expected to remain steady, the report says, trade will need to shift product according to changes at the individual country level.

“The US will be one of the big movers. After shifting to a net-import position in 2023, we expect production to contract a further 4.5 per cent, while consumption drops three per cent in 2024, increasing the net-import position,” it says.

“Australia and Mexico will be the major beneficiaries, with increases in production and exports expected for both countries. New Zealand, another large supplier to the US – particularly in lean trimmings – will also benefit, but restricted production and export growth will limit the gains.”

Trends to watch for in 2024



Rabobank

**Media release
November 23, 2023**

Rabobank expects the ongoing slow global economic recovery will limit consumers' expenditure and likely curb their spending on beef next year.

The quarterly report said in 2023, many markets – particularly in Asian countries – did not experience the growth in consumption expected as economies recovered from Covid-19, and it was clear that consumers were being much more cautious in their purchase decisions. “We expect these conditions will continue into 2024” it said.

Indications from China are that the type of products in demand is changing, Rabobank said, with more attention being paid to value-for-money products, and less to premium ones, driven by consumer caution.

“This consumer caution may be supported initially by reduced volumes of more expensive North American beef and increased volumes of Australian and South American beef,” the bank said.

“However, when production in the US contracts to the point where it exerts upward price pressure on global beef prices, we may see some pushback from global beef consumers. It is possible that 2024 will see margins in beef supply chains being squeezed to manage higher prices and accommodate the consumer.”

Middle East conflict

Rabobank says the conflict in the Middle East is not expected to materially impact beef trade.

“The import volumes of Israel and the Palestinian territories make up approximately one per cent of global beef imports,” the report said. “If the conflict extends across the broader Middle East and North Africa region, the impact on global beef trade remains relatively small.”

The bank estimate that the wider Middle East area accounts for eight per cent of global beef imports, with Egypt being the largest importer, sourcing largely from Brazil (via the Mediterranean Sea). “However, there may be indirect impacts if fuel and energy costs rise. Furthermore, the Middle East is an important import market for poultry and sheepmeat, and any disruption to this trade may cause a rebalancing of protein trade around the world,” the report said.

New Zealand

Rabobank's senior animal proteins analyst Angus Gidley-Baird said with the New Zealand season heading towards the traditionally lower slaughter months, the reduction in supplies initially resulted in an appreciation of cattle prices.



Rabobank

**Media release
November 23, 2023**

“The North Island bull price rose a small but steady two per cent over the four weeks to October 27 to NZD 6.15/kg. However, in the weeks since, it has fallen to NZD 5.95/kg – dropping it back in line with the five-year average,” he said.

The report says beef export volumes for September were down five per cent YOY.

“Volumes to China declined by close to 30 per cent and value dropped by a significant 46 per cent compared to September 2022,” Mr Gidley Baird said.

“However, shipments to the US in September jumped by 35 per cent YOY, reflecting slower consumer demand in China and stronger demand in the US.”

<ends>

Rabobank New Zealand

Rabobank New Zealand is a part of the global Rabobank Group, the world’s leading specialist in food and agribusiness banking. Rabobank has more than 120 years’ experience providing customized banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 38 countries, servicing the needs of about 8.6 million clients worldwide through a network of close to 1000 offices and branches. Rabobank New Zealand is one of the country’s leading agricultural lenders and a significant provider of business and corporate banking and financial services to the New Zealand food and agribusiness sector. The bank has 27 offices throughout New Zealand.

Media contacts:

David Johnston
Media Relations Manager
Rabobank New Zealand
Phone: 027 477 8153
Email: david.johnston@rabobank.com

Denise Shaw
Head of Media Relations
Rabobank Australia & New Zealand
Phone: +61 2 8115 2744 or +61 439 03 525
Email: denise.shaw@rabobank.com