
Cattle Market Comments

Beef Imports Decline At Year End

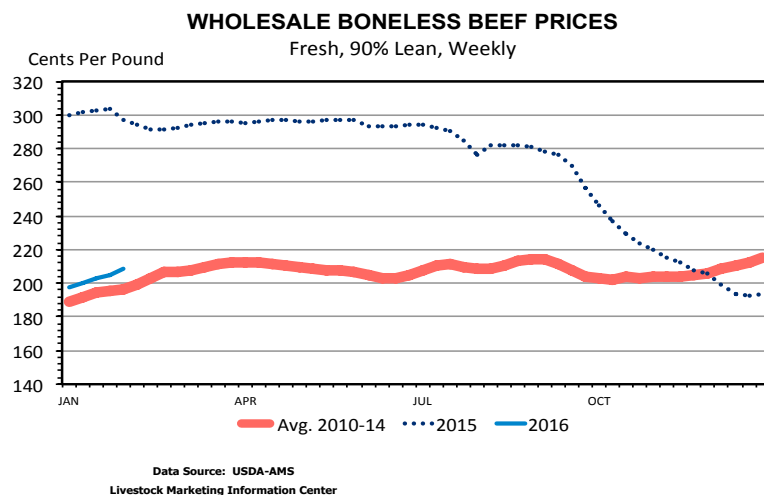
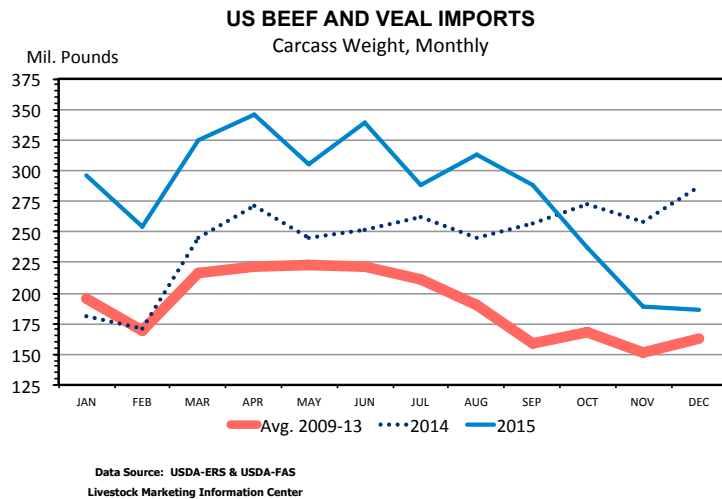
February 12, 2016

David P. Anderson
Professor and Extension Economist
Livestock and Food Products Marketing

One of the big stories in the beef market in 2015 was trade – both the increase in imports and the decrease in exports. The latest meat trade data for December 2015 came out earlier this week, completing the data for 2015. U.S. beef imports exceeded exports by 1.1 billion pounds for the year. That was the largest net imports since 2007 when imports exceeded exports by 1.6 billion pounds. The net change compared to 2014 was 730 million pounds, meaning that the domestic market had to absorb 730 million more pounds of beef (more than 2 pounds per capita) in 2015 due to trade, which contributed to lower prices in 2015.

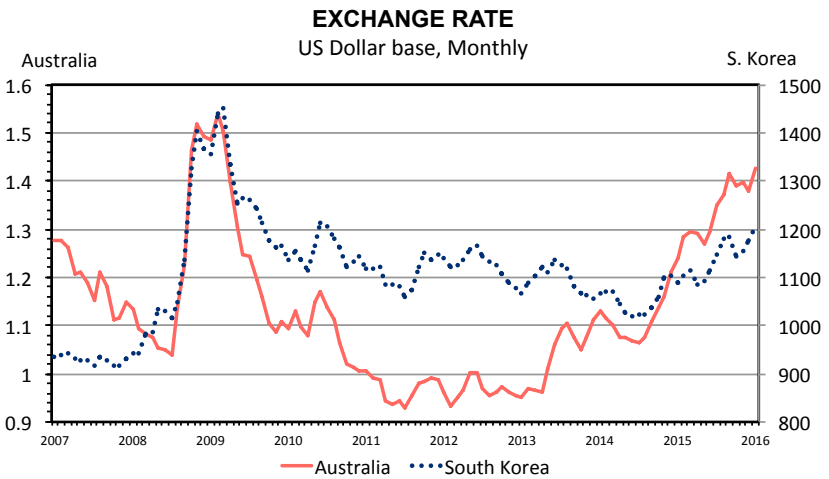
Several factors contributed to the growth in imports including:

- Record high U.S. beef prices, especially lean beef for grinding,
- The strong value of the U.S. dollar versus



- important trading partners,
- Economic weakness in the rest of the world, and
 - A major drought in Australia that forced major herd liquidation over the last couple of years (I think we can relate to the effects of drought on herd liquidation). Beef imports from Australia totaled 1.26 billion pounds in 2015, the largest amount going back to at least 1987.

While beef imports were the largest since 2005 they began to decline late in the year. By October beef imports were below year ago levels. And by December imports for the month from Australia were 56 percent smaller than the year before and imports from New Zealand were down 38 percent.



Data Source: Pacific Exchange Rate Service, Univ. of B.C.,
Compiled by LMIC
Livestock Marketing Information Center

It is likely that imports will continue to decline in 2016. While the dollar remains strong versus our major trading partners, domestic beef prices are falling as production increases. It appears that most of the herd liquidation is over. The decline in beef imports in 2016 will help moderate the effect of increasing domestic beef production as numbers increase and weights remain high.