



Meat and Meat products Price and Trade Update

Meat and Meat products

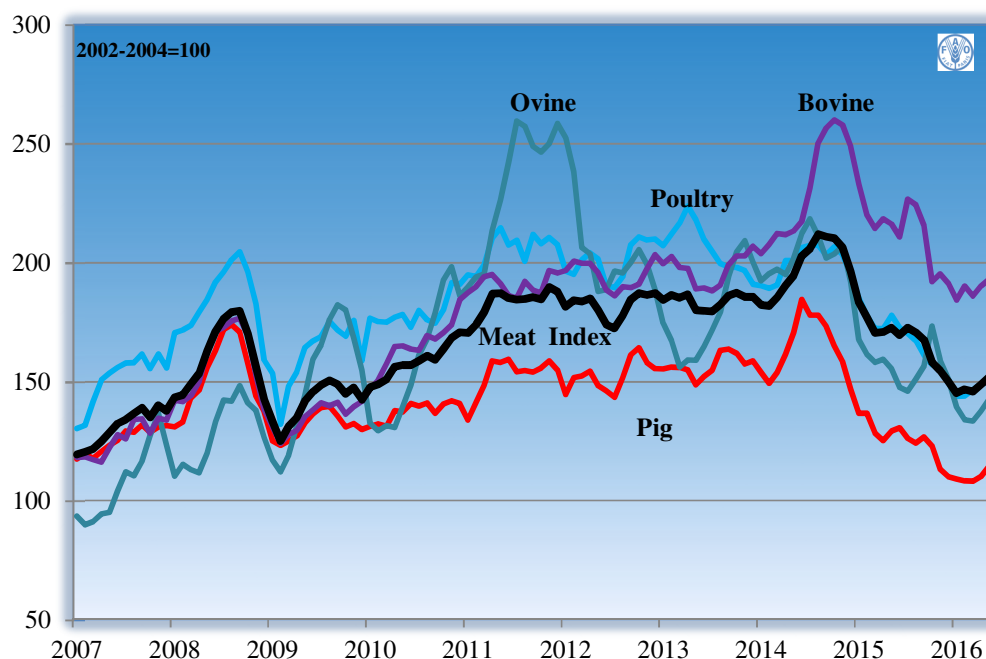
Price and Trade Update: June 2016¹

Prices rise modestly, although remain well below last year

The FAO Meat Price Index* averaged 157.9 points in June, 2.2 points (1.4 percent) higher than its revised May value. For the third consecutive month, average quotations strengthened for all categories of meat, particularly those of pigmeat and ovine meat, while smaller increases were registered for bovine and poultry meat. In the EU, a shortage of pigs for slaughter and lighter slaughter weights constrained supply and caused export quotations to move up strongly. Similarly, reduced export supplies boosted quotations of sheep meat and bovine meat in Oceania. Poultry meat has exhibited a moderate but steady increase of prices for the year so far, rising by 15 percent since January: the increase was particularly strong in Brazil, supported by strong growth in sales, especially to Japan and Saudi Arabia.

¹ The *Meat and Meat Products: Price and Trade Update* is prepared by the meat and dairy section of the Trade and Markets Division, FAO. The present issue covers developments up to the end of **June 2016**.

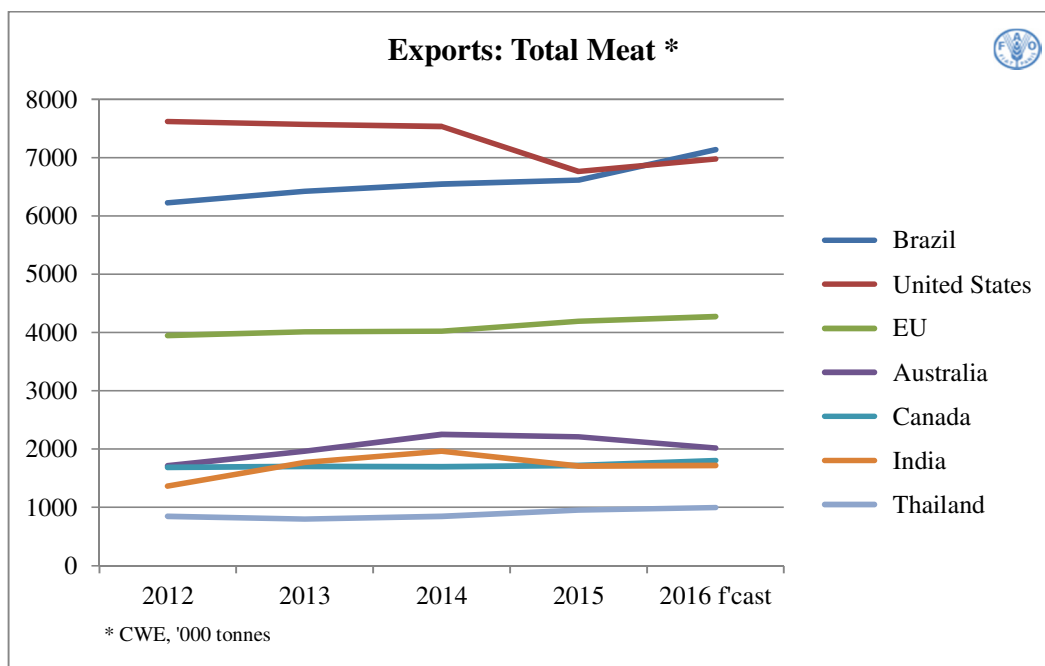
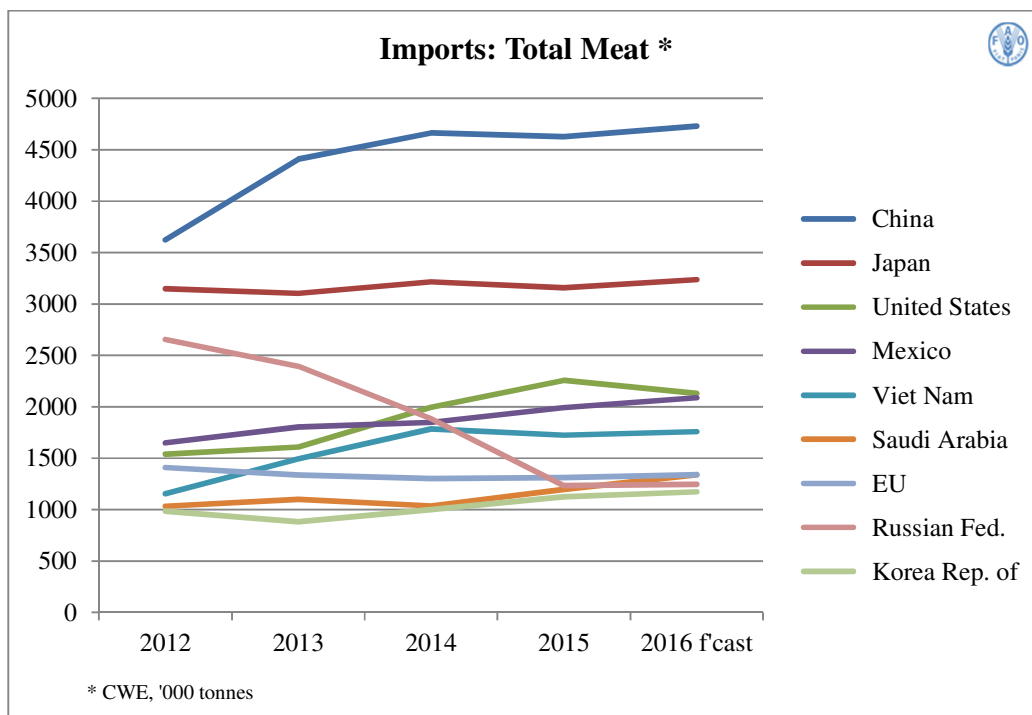
FAO Price Indices: Meat and Meat Products



Trade Outlook: Overview

Global meat trade is forecast to recover in 2016, growing by 2.8 percent to 30.6 million tonnes, which would represent a return to trend, after a fall of 2.6 percent, or 810 000 tonnes, in 2015. Except for ovine meat, all categories of meat covered by the Index, are expected to increase. Anticipated changes in levels of trade are: pigmeat (+4.4 percent), poultry (+3.5 percent), bovine meat (+1.3 percent) and ovine meat (-3.2 percent).

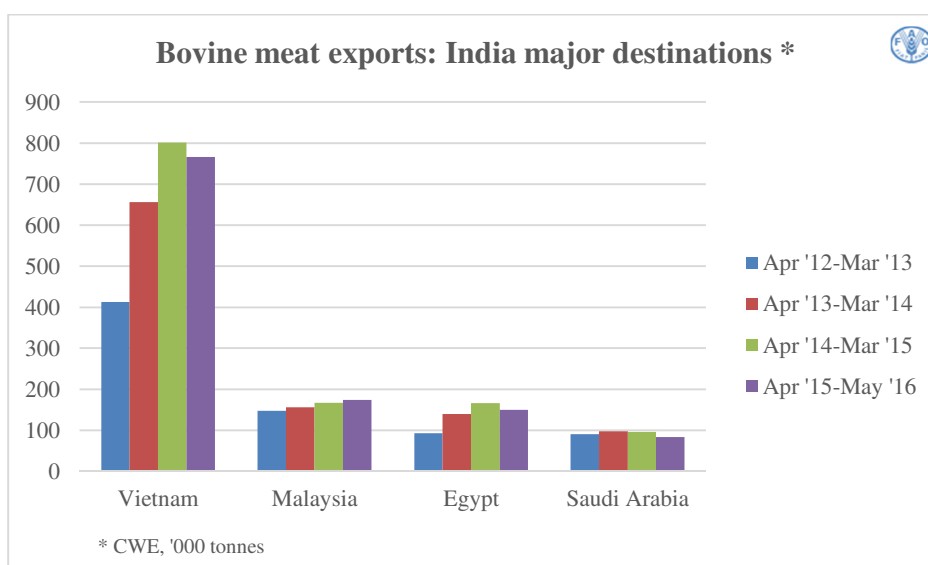
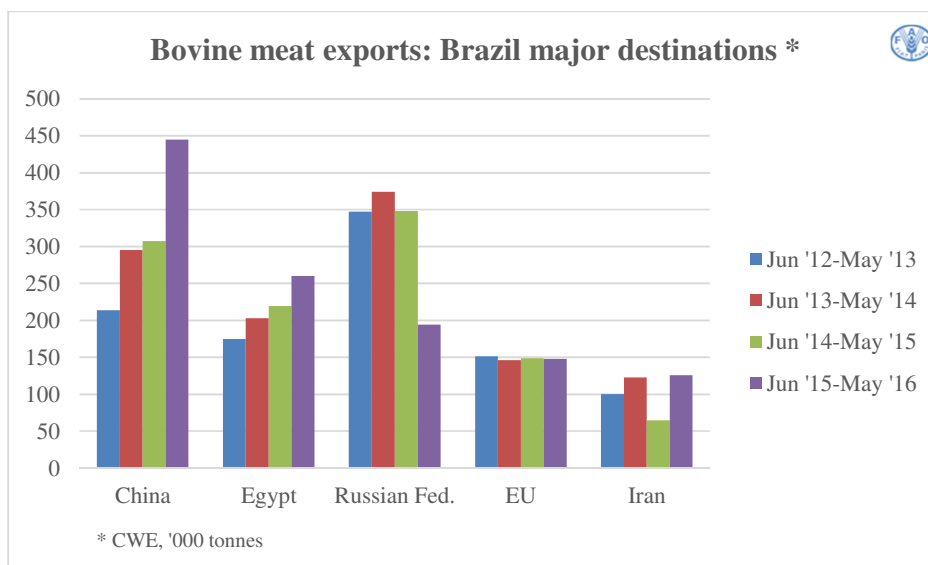
Demand for meat is forecast to increase in most importing countries, including **Saudi Arabia, China, Mexico, Japan, South Africa, the Republic of Korea, Malaysia, Cuba, Viet Nam** and the **EU**, whereas a recovery in bovine meat production in the **United States** may cause its overall meat purchases to fall. As for exports, the world-wide expansion is projected to be led by **Brazil** and the **United States**, followed by **Canada, the EU, Mexico, Thailand, Argentina** and **Belarus**. Meanwhile, reduced production is anticipated to curtail sales by **Australia, New Zealand, China, Turkey** and **South Africa**.



	Imports: Total Meat				Exports: Total Meat				
	'000 tonnes (CWE)				'000 tonnes (CWE)				
	2014	2015	2016	Change	2014	2015	2016	Change	
		<i>prelim.</i>	<i>f'cast</i>	2016 over 2015 (%)		<i>prelim.</i>	<i>f'cast</i>	2016 over 2015 (%)	
World	29631	29217	29908	2.4	World	30608	29798	30631	2.8
China	4663	4626	4728	2.2	Brazil	6546	6616	7139	7.9
Japan	3214	3158	3236	2.5	United States	7535	6763	6977	3.2
United States	1995	2259	2131	-5.7	EU	4024	4191	4273	2.0
Mexico	1848	1992	2089	4.9	Australia	2251	2208	2016	-8.7
Viet Nam	1784	1725	1757	1.9	Canada	1698	1721	1806	4.9
Saudi Arabia	1036	1196	1340	12.0	India	1966	1709	1716	0.4
EU	1304	1314	1340	2.0	Thailand	846	952	999	4.9
Russian Fed.	1885	1234	1246	1.0	New Zealand	968	1031	978	-5.1
Korea Rep. of	1002	1124	1174	4.4	China	729	609	571	-6.2
Canada	765	782	789	0.9	Argentina	562	451	484	7.3

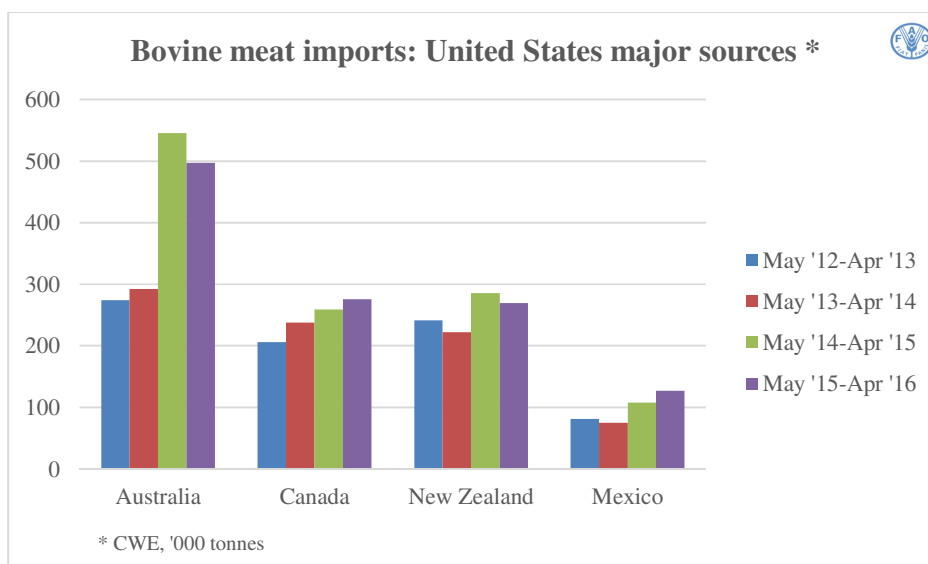
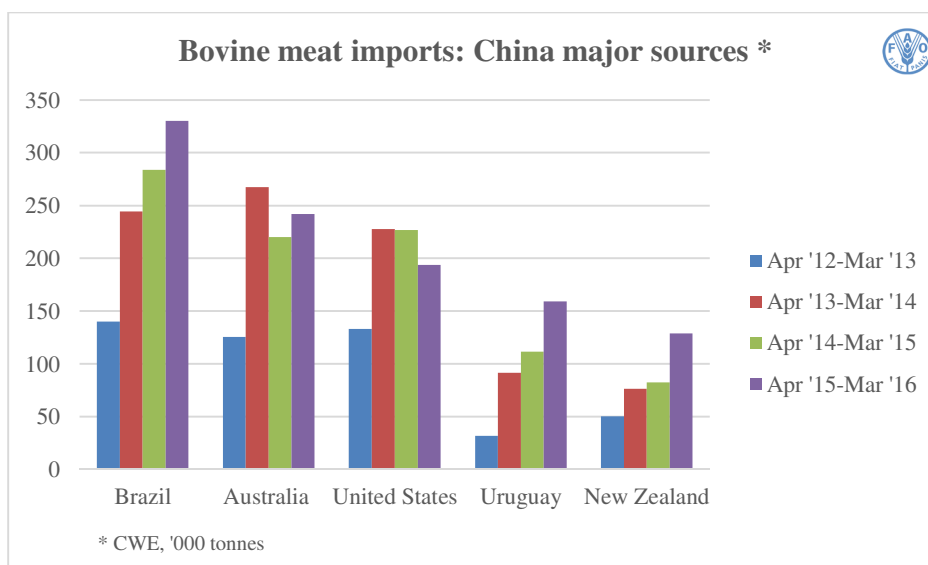
Bovine Meat: Recovery in trade expected

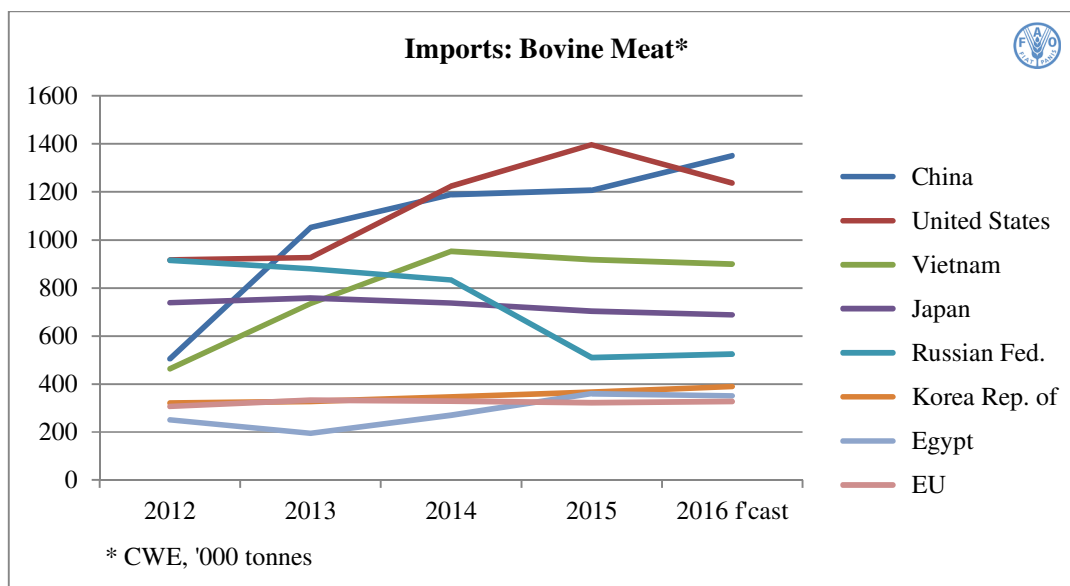
Subsequent to a decline of 5 percent in 2015, world trade in bovine meat in 2016 is anticipated to rebound by 1.3 percent to 9.3 million tonnes. The *Americas* are projected to lead this growth, notably Brazil, the United States, Mexico, Uruguay and Argentina. **Brazil** is forecast to regain its position as the world's principal bovine meat exporting country, superseding India, which held the spot in 2014 and 2015. Brazil's exports could increase by 9.2 percent to 1.8 million tonnes, assisted by herd expansion, reduced domestic consumption and currency devaluation. Increased domestic availabilities are expected to boost sales by the **United States** by 6 percent to 1.5 million tonnes, representing its first growth in three years. Reduced bovine meat production in *Oceania* is likely to furnish additional export opportunities to both Brazil and the United States, as well as to Mexico, Uruguay and Argentina. Deliveries by **Australia** and **New Zealand** are forecast to be down 10.5 percent and 5 percent, respectively, consequent on a fall in output. Meanwhile, uncertainty remains on the level of bovine meat exports by **India**. In 2015, reduced demand from key trading partners, such as Thailand, Egypt and Viet Nam, caused India's sales to fall by 13.2 percent, despite growing shipments to some countries, for example Iraq and Malaysia. For 2016, India's bovine meat exports are provisionally forecast to remain at 1.7 million tonnes, on the assumption that it will be able to maintain its 2015 market share in the face of increased competition from suppliers in South America. Exports by the **EU** are projected to remain steady around 292 000 tonnes.



Expansion of import demand in *Asia*, in particular by China, Malaysia, the Islamic Republic of Iran and the Republic of Korea, combined with some recovery of purchases by the Russian Federation, is expected to be the main driver of growth in bovine meat trade in 2016. Such expansion should be more than sufficient to counterbalance an anticipated sharp fall in purchases by the United States and more limited decreases by some other countries. Import demand for bovine meat by **China** in 2016 is forecast to soar to 1.4 million tonnes, a rise of 11.9 percent, following tepid growth of 1.5 percent in 2015. This surge would particularly be met by South American exporters, including Argentina, Brazil and Uruguay, which have seen exports rocket

in recent years following the signing of bi-lateral animal health and sanitary protocols with China. Brazil is also forecast to be the main beneficiary of rising imports by the **Islamic Republic of Iran**, while **Malaysia** and the **Republic of Korea**, respectively, are predicted to source their growing purchases mainly from India and the United States. Imports by the **Russian Federation** could recover modestly, following their dramatic decline in 2015, when they fell by almost 40 percent. Conversely, purchases by the **United States** are forecast to drop significantly, by 11.4 percent to 1.2 million tonnes, as domestic bovine meat production is set to surge. Elsewhere, imports by **Viet Nam**, **Japan** and **Egypt** may be moderately lower, while those of the **EU** and **Canada** are forecast to remain steady.



**Imports: Bovine meat**

'000 tonnes (CWE)

	2014	2015	2016	Change
		<i>prelim.</i>	<i>f'cast</i>	2016over 2015 (%)
World	9068	8700	8728	0.3
China	1189	1207	1351	11.9
United States	1224	1396	1237	-11.4
Vietnam	953	917	900	-1.9
Japan	737	703	688	-2.1
Russian Fed.	833	510	524	2.7
Korea Rep. of	346	366	390	6.6
Egypt	270	360	350	-2.8
EU	329	322	327	1.6
Canada	280	282	283	0.4
Malaysia	193	224	258	15.2
Chile	224	217	210	-3.2

Exports: Bovine meat

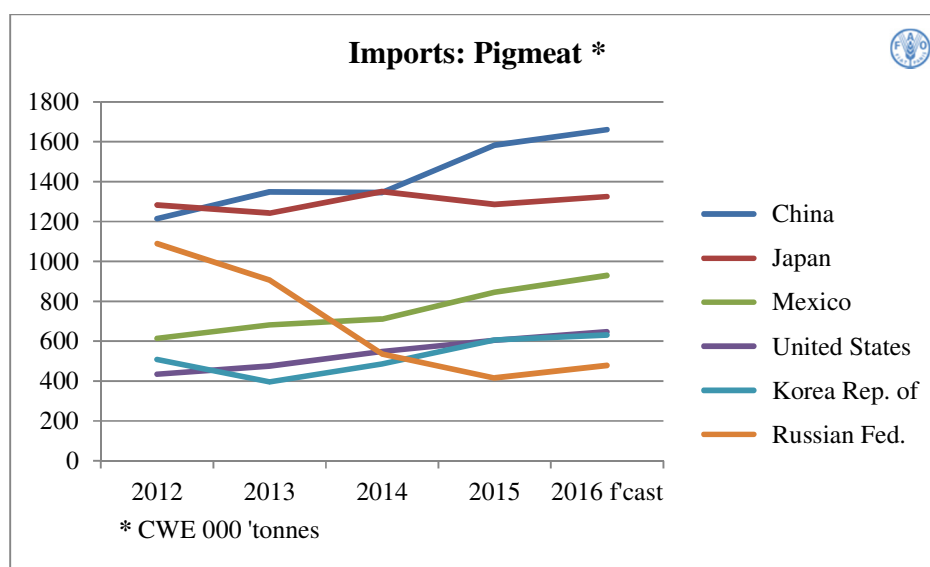
'000 tonnes (CWE)

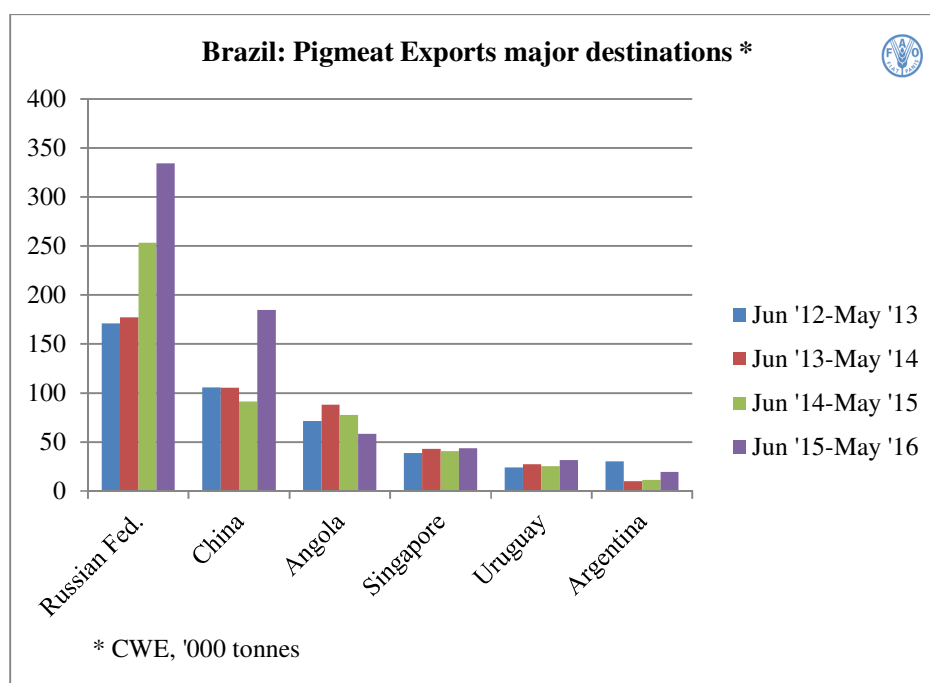
	2014	2015	2016	Change
		<i>prelim.</i>	<i>f'cast</i>	2016over 2015 (%)
World	9607	9131	9253	1.3
Brazil	1839	1626	1776	9.2
India	1933	1678	1685	0.4
Australia	1680	1688	1511	-10.5
United States	1218	1084	1149	6.0
New Zealand	526	582	553	-5.0
Uruguay	312	336	369	9.8
Canada	343	356	352	-1.1
Paraguay	360	353	345	-2.3
EU	315	289	292	1.0
Argentina	215	201	231	14.9

Pigmeat: Trade recovers

Trade in pigmeat in 2016 is expected to experience a second year of growth, increasing by 4.4 percent to 7.5 million tonnes – a record level. Lower international prices have stimulated imports, boosting the volume of trade. In May 2016, average export prices were 11 percent below a year earlier and almost 33 percent below those of May 2014. Most of the principal importing countries are anticipated to augment their levels of purchases, including **Mexico**, **China**, the **Russian Federation**, the **United States**, **Japan**, the **Republic of Korea** and **Australia**, which would be more than sufficient to counterbalance anticipated declines in **Canada**, **Viet Nam** and **Colombia**.

In response to rising demand, shipments by most of the main exporting countries are projected to grow in 2016. *The Americas* are forecast to lead the way, assisted by post-PED (Porcine epidemic diarrhea virus) industry recovery in the **United States**, **Canada** and **Mexico**, and generally favourable feed prices in all countries, including **Brazil**. The **EU** is anticipated to see sales rise further, building on the vibrant growth experienced in 2015. EU exporters have adjusted to the 2014 Russian Federation embargo by seeking alternative markets, in particular in *Asia*, especially China. Conversely, Brazil, which was not subject to the ban, has experienced a substantial rise in exports to the Russian Federation, which, as a single destination, may now constitute as much as half of Brazil's external sales of pigmeat in 2016.



**Imports: Pigmeat meat**

'000 tonnes (CWE)

	2014	2015	2016	Change 2016 over 2015 (%)
		<i>prelim.</i>	<i>f'cast</i>	
World	6984	7193	7554	5.0
China	1346	1583	1662	5.0
Japan	1351	1286	1325	3.0
Mexico	711	845	930	10.1
United States	548	605	647	6.9
Korea Rep. of	486	606	631	4.1
Russian Fed.	536	415	478	15.2

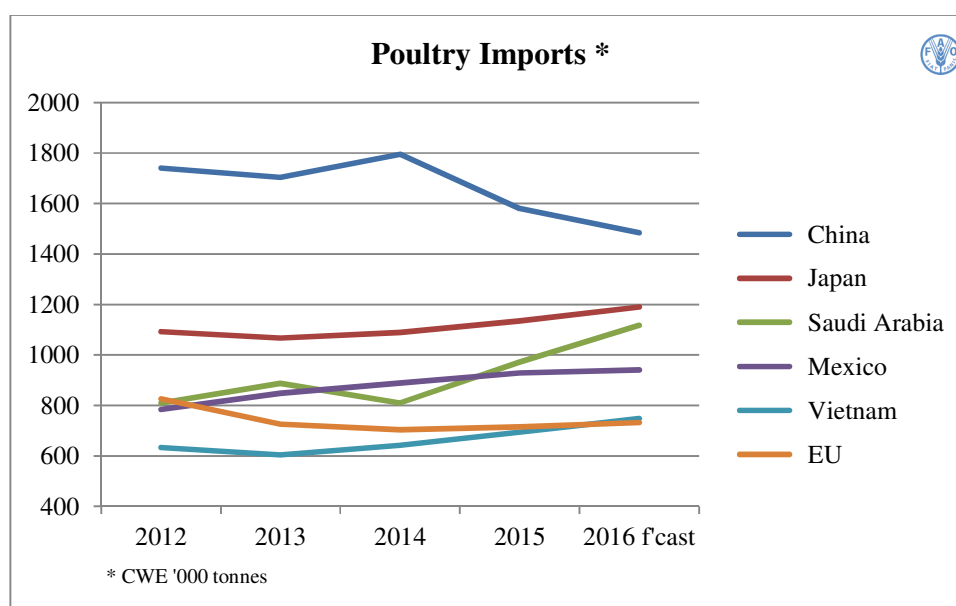
Exports: Pigmeat meat

'000 tonnes (CWE)

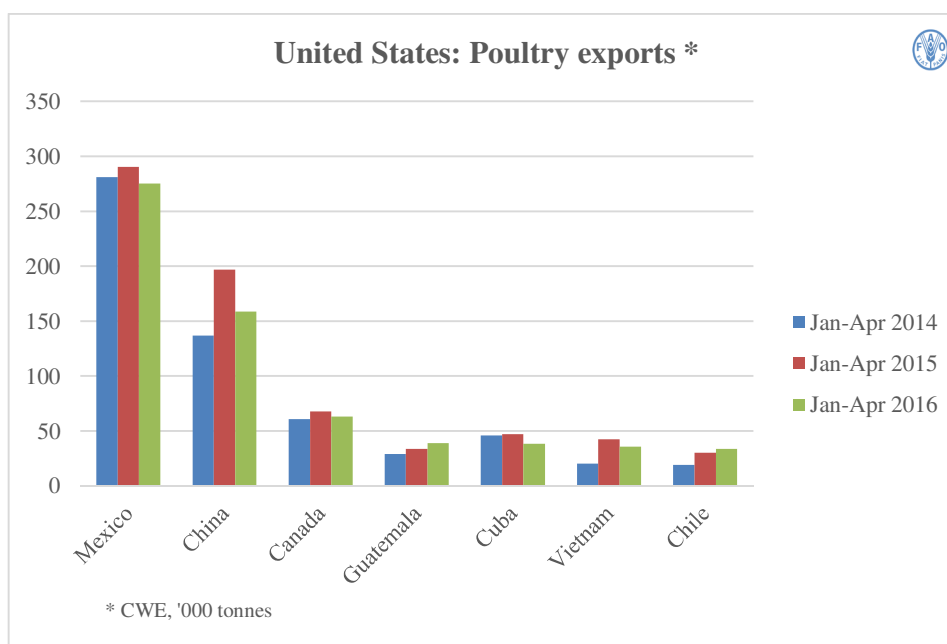
	2014	2015	2016	Change 2016 over 2015 (%)
		<i>prelim.</i>	<i>f'cast</i>	
World	6973	7208	7525	4.4
EU	2209	2416	2488	3.0
United States	2127	2164	2262	4.5
Canada	1176	1188	1272	7.1
Brazil	646	691	760	10.0
Chile	157	169	183	8.3
Mexico	127	137	157	14.6
China	200	126	101	-19.8

Poultry: Trade set to grow

Trade in poultry meat in 2016 is expected to increase by 3.5 percent to 12.7 million tonnes. Since reaching a peak in mid-2014, poultry prices have declined steadily. For example, in May 2016, they were 16 percent below their level of a year earlier. Prevailing low international prices and rising domestic consumption have been important factors in stimulating import demand in a number of markets including **Saudi Arabia, South Africa, Japan, Viet Nam, Cuba** and the **United Arab Emirates**. The same factors should also result in moderate increases in imports in other key markets including **Angola, the EU and Canada**, along with **Kuwait, Mexico, Iraq, Ghana** and the **Philippines**. Conversely, in **China**, stagnant demand and *Highly Pathogenic Avian Influenza virus*-related import prohibitions could lead to imports falling for a second year. In the **Russian Federation**, growth in domestic production and the continuation of the country-specific trade embargo may result in a second annual decrease in imports. Reduced imports are also expected for **Benin** and the **United States**.



Pre-2015, the three leading poultry meat exporters, **Brazil**, the **United States** and the **EU**, had relatively stable export levels. This situation changed in 2015, as HPAI outbreaks in the United States caused importers to look for alternative sources of supply and, as a consequence, exports by the country fell by 16.2 percent. Containment and elimination of HPAI in the United States was projected to herald a substantial recovery in exports in 2016. However, the outbreak in January (see above) prompted some countries to keep prohibitions on trade with the United States in place (as of May 2016). Consequently, the United States is preliminarily foreseen to have only a limited rise in 2016 exports – 1.5 percent to 3.5 million tonnes. This estimate would have to be re-examined as the year progresses to gauge the extent to which trade recovers from HPAI-related import prohibitions: United States exports of poultry meat for the first 3 months of 2016 were down by 7.7 percent compared with the same period in 2015. Conversely, Brazil's exports grew by 5.9 percent in 2015 and are projected to increase by 7.1 percent in 2016, meaning that it has replaced the United States as the world leading exporter of poultry meat. Brazil has seen a substantial rise in its sales to China as well as Saudi Arabia, Japan, the United Arab Emirates and South Africa, among others. **Thailand** also experienced a surge in sales in 2015, in particular to Japan, and is projected to record a second year of strong growth. Elsewhere, exports by the **Russian Federation**, **Saudi Arabia**, **Ukraine**, **Chile**, **Belarus**, the **EU** and **Canada** are also expected to rise in 2016, while those by **Turkey**, **China** and **Australia** may decline.

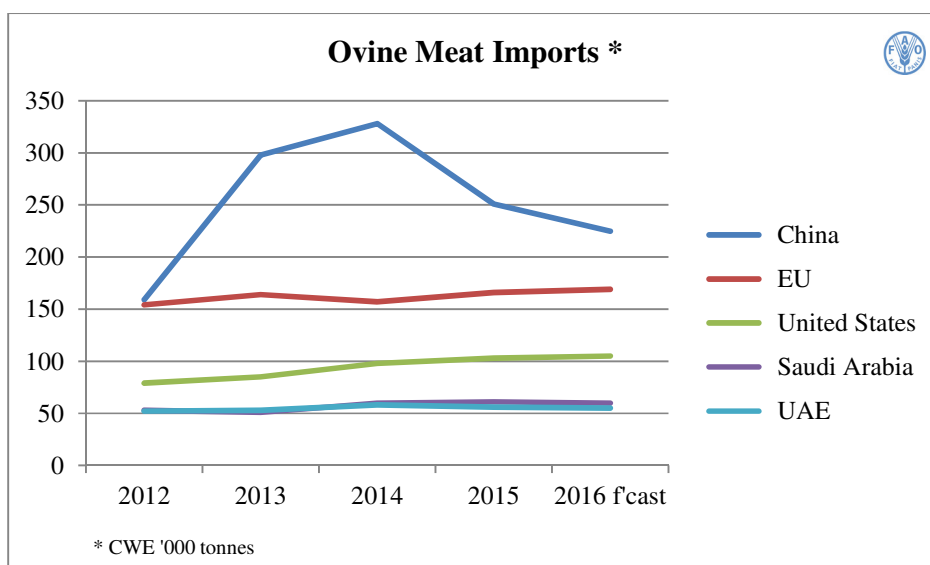
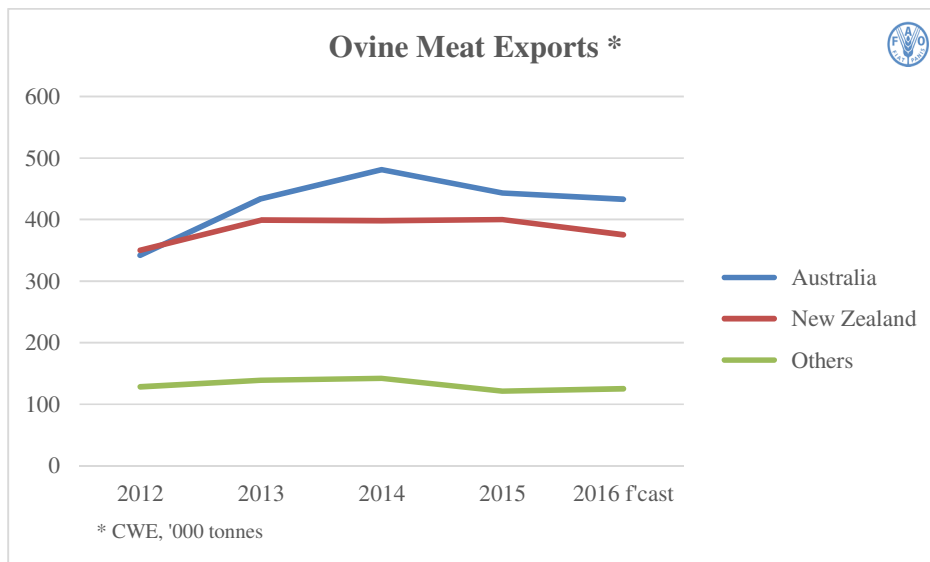


	Imports: Poultry meat				Exports: Poultry meat				
	'000 tonnes (CWE)				'000 tonnes (CWE)				
	2014	2015	2016	Change	2014	2015	2016	Change	
		<i>prelim.</i>	<i>f'cast</i>	2016over 2015 (%)		<i>prelim.</i>	<i>f'cast</i>	2016over 2015 (%)	
World	12288	12093	12408	2.6	World	12762	12250	12675	3.5
China	1795	1580	1484	-6.1	Brazil	4037	4274	4578	7.1
Japan	1089	1134	1190	4.9	United States	4168	3493	3545	1.5
Saudi Arabia	810	971	1117	15.0	EU	1389	1386	1393	0.5
Mexico	889	928	941	1.4	Thailand	773	874	918	5.0
Vietnam	642	693	748	7.9	China	471	427	404	-5.4
EU	703	714	732	2.5	Turkey	415	347	312	-10.1
South Africa	394	479	550	14.8	Argentina	311	217	220	1.4
UAE	378	427	453	6.1					
Iraq	450	398	409	2.8					
Cuba	200	229	263	14.8					

Ovine Meat: Trade decline anticipated

Production of ovine meat has grown little in the last few years, a trend likely to be confirmed in 2016, with output forecast to increase by 0.7 percent to 14.1 million tonnes. Developing countries account for over 80 percent of global output, with the largest producers in this grouping being **China**, **India**, **Nigeria** and **Pakistan**. Generally satisfactory pasture conditions have set the basis for output expansion in many of the major producing areas. In *Oceania*, drought-imposed herd reduction and subsequent rebuilding are projected to constrain output in **Australia** and **New Zealand**. In the **EU**, a slowdown in herd expansion could result in production rising only slightly in 2016.

World trade in ovine meat is forecast to contract by 3.2 percent in 2016, to 933 000 tonnes, principally reflecting reduced shipments from **New Zealand** and **Australia**. New Zealand is projected to record a 6.3 percent fall in exports, while Australia could experience a 2.3 percent drop. Constrained world export availabilities are forecast to result in a second year of reduced import flows into **China**, the main market, although higher value markets such as the **EU**, the **United States** and **Canada** may register moderately greater levels of imports.



	Imports: Ovine meat				Exports: Ovine meat				
	'000 tonnes (CWE)				'000 tonnes (CWE)				
	2014	2015	2016	Change	2014	2015	2016	Change	
		<i>prelim.</i>	<i>f'cast</i>	2016over 2015 (%)		<i>prelim.</i>	<i>f'cast</i>	2016over 2015 (%)	
World	1006	947	934	-1.4	World	1021	964	933	-3.2
China	328	251	225	-10.4	Australia	481	443	433	-2.3
EU	157	166	169	1.8	New Zealand	398	400	375	-6.3
United States	98	103	105	1.9	India	23	22	22	0.0
Saudi Arabia	60	61	60	-1.6	Ethiopia	15	17	18	5.9
UAE	58	56	55	-1.8	EU	28	18	18	0.0
Malaysia	31	34	36	5.9					

For comments or queries please use the following email contact: Michael.Griffin@fao.org
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 Meat and Meat Products: price and trade update
 Trade and Markets Division
 Food and Agriculture Organization of the United Nations