

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GAIN Report Number:

Argentina

Livestock and Products Semi-annual

2018

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Report Highlights:

USDA's official projections are modified slightly by Post. The main changes are weather-driven, as a strong drought (since December 2017) is expected to have a negative impact on the number of calves and higher cattle losses. In early 2018, Argentina and China signed a sanitary protocol that allows the exportation of chilled and bone-in beef. China already accounts for about 50 percent of Argentina's beef exports.

Commodities:

Select

Author Defined:

Cattle: Post reduces the production of calves for 2018 to 14.3 million, 500,000 head lower than USDA's official number. Although very difficult to measure at this point, the severe weather experienced during the past three months is expected to negatively affect the productivity of cow-calf operations. In most of Argentina's central region, it has been very dry and hot since December 2017. If this weather pattern continues over the next few months (some local meteorologists are predicting this) the number of calves is expected to drop even further. Many pastures have been lost due to the drought, and in a few areas, because of extensive fires.

Post estimates cattle slaughter for 2018 at 13.0 million head, 200,000 head higher than USDA. The final slaughter in 2017 totaled 12.55 million, 250,000 head higher than earlier projected. In both cases, the dry season is forcing some producers to market earlier (and lighter) cows and calves to alleviate pastures and ranches. In addition, weaker real cattle prices is starting to show a significant slowdown in the herd rebuilding started in 2011.

The final cattle stock for 2018 is projected at practically 54 million head, 1.25 million head lower than USDA's official number. This is the result of a lower calf crop, higher-than-normal losses because of weather related problems and higher slaughter in both 2017 and 2018.

Beef: An expected larger slaughter than earlier projected for 2018 could produce a marginal increase in beef production of approximately 30,000 tons (cwe). Post forecasts exports to remain unchanged at 350,000 tons.

In 2018, China is expected to continue to be the number one market buying approximately 50 percent of Argentina's total beef exports. China has become key to the local export sector as it pays very good prices for cow meat, which in general, Argentina has difficulties to obtain good values for it. In January 2018, China and Argentina signed a sanitary protocol by which Argentina can now export chilled and bone-in beef. The sanitary protocol is stricter (putting a lot of focus on Tuberculosis) than for frozen boneless beef. Local traders believe there is some potential in the future for high value chilled cuts, but the biggest impact will be in lower-priced bone-in cuts.

Other important markets for 2018 are expected to be the EU, with the Hilton Quota projected to be fulfilled entirely, plus a growth in exports under the 481 Quota (Argentina accounted for 16 percent of the total in the first semester of the 2017/18 season), Israel, Chile and the Russian Federation, which is slowly increasing its demand. Argentina has recently added Singapore as a market for Halal certified beef. It is now eligible to export bone-in; frozen and chilled beef to this market, which local exporters indicate, has a lot of potential.

After several years of economic difficulties, most local beef export plants are making money. The main reasons for this is the recent faster pace of the devaluation of the Peso, the rebates on beef exports and to the fact that Argentine fed cattle prices in dollar terms are the lowest of the region, something that has not happened in many years.

Statistical Tables

Animal Numbers, Cattle Market Begin Year Argentina	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	52565	52565	53515	53515	54215	53765
Dairy Cows Beg. Stocks	1900	1900	1850	1850	1850	1850
Beef Cows Beg. Stocks	21600	21600	21800	21800	22000	22000
Production (Calf Crop)	14000	14000	14200	14200	14800	14300
Total Imports	0	0	0	0	0	0
Total Supply	66565	66565	67715	67715	69015	68065
Total Exports	0	0	0	0	0	0
Cow Slaughter	3100	3100	3300	3460	3700	3700
Calf Slaughter	3300	3300	3400	3430	3400	3550
Other Slaughter	5400	5400	5600	5660	5700	5750
Total Slaughter	11800	11800	12300	12550	12800	13000
Loss	1250	1250	1200	1400	1000	1100
Ending Inventories	53515	53515	54215	53765	55215	53965
Total Distribution	66565	66565	67715	67715	69015	68065

(1000 HEAD)

Meat, Beef and Veal Market Begin Year Argentina	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	11800	11800	12300	12550	12800	13000
Beginning Stocks	0	0	0	0	0	0
Production	2650	2650	2760	2830	2900	2930
Total Imports	0	0	0	0	0	0
Total Supply	2650	2650	2760	2830	2900	2930
Total Exports	216	216	280	293	350	350
Human Dom. Consumption	2434	2434	2480	2537	2550	2580
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2434	2434	2480	2537	2550	2580
Ending Stocks	0	0	0	0	0	0
Total Distribution	2650	2650	2760	2830	2900	2930

(1000 HEAD) ,(1000 MT CWE)

