

# World Beef Report

Information and analysis of Livestock markets

**Issue: 819**

**Date:** Wednesday, October 7th , 2009

**Editor:** Eduardo Blasina

- ❑ **Brazilian beef exports: the least in five years**
- ❑ **Brazil cattle slaughter drops 14% in two years and exports 31%**
- ❑ **Chilled beef weakness presses finished steer prices down in Uruguay**
- ❑ **Strong increase on Uruguayan beef exports in September**
- ❑ **Uruguay: beef industry worried about better conditions for live cattle exports**
- ❑ **Argentine cattle slaughter is the lowest in two decades**
- ❑ **Scarce US demand presses beef prices down**

## ***FOB Mercosur***

### **Few operations with the EU**

Operators keep telling about difficulties to achieve sales to the EU, mainly in the scarcely demanded chilled beef market. References for Uruguayan Rump & Loin are of US\$/t 10,500 to Germany and US\$/t 9,500 to the UK. It is extremely difficult to sell loins at prices that, according to its quality, go from US\$/t 10,000 to near US\$/t 12,000.

Chilled beef market weakness is considered the main reason for which cattle prices changed its trend and are now lower in Uruguay. "Buying operations are usually done based on chilled sale prices", an industrialist explained.

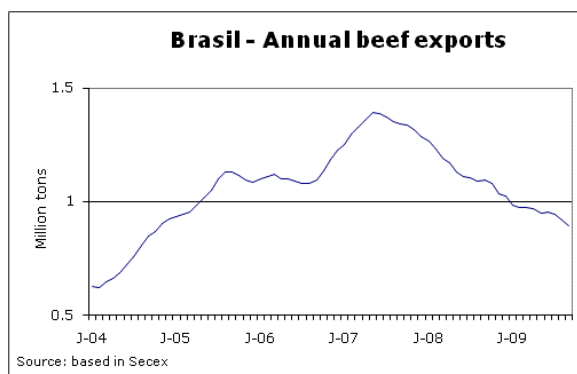
Frozen beef exports are also pressed downwards. A Uruguayan exporter said that cap-off inside cuts to Italy sells at less than US\$/t 6,000.

Starting this week, the attention focuses in the German city of Köln, where, as every two years, the Anuga Food Fair will take place.

### **Little chance for feedlot HQ meat in the EU**

Possibilities for Uruguay to be certified as a provider of the new 20,000-ton EU high quality

**Brazil - Annual beef exports**



beef quota are seen far away. The quota was created as a way to compensate the US for the import prohibition to hormone-treated beef.

"Discrimination is not only evident in the quota definition but also on its implementation", said last week to Reuters the Uruguayan ambassador in the WTO, Guillermo Valles. "For this reason, we would like to see the definition and the implementation of the agreement to verify if its really done on a basis of most favoured country", he added.

## **World beef report**

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subduced to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).

Brazil - Meat & hide exports					
	Sep-09			% Difference	
	Mill US\$	Th ton	US\$/t		
Fresh beef	276.5	77.4	3,572		
Fresh pork	105.2	51.7	2,035		
Fresh poultry	409.9	260.9	1,571		
Leather	105.9	29.2	3,627		
	Aug-09			Sep-09/Aug-09	
	Mill US\$	Miles ton	US\$/t	Miles ton	US\$/t
Fresh beef	256.7	72.6	3,536	6.6%	1.0%
Fresh pork	79.0	39.9	1,980	29.6%	2.8%
Fresh poultry	409.5	261.5	1,566	-0.2%	0.3%
Leather	96.5	27.9	3,459	4.7%	4.9%
	sep-08			sep-09/sep-08	
	Mill US\$	Miles ton	US\$/t	Miles ton	US\$/t
Fresh beef	454.0	103.7	4,378	-25.4%	-18.4%
Fresh pork	143.7	42.7	3,362	21.0%	-39.5%
Fresh poultry	578.3	288.5	2,005	-9.6%	-21.6%
Leather	149.9	27.0	5,542	8.0%	-34.6%

Source: SECEX

## Brazil

### Beef exports strongly affected by higher local consumption

Increases on purchasing power of the Brazilian population during the last year carried beef exports to fall at a bigger proportion than slaughter. Slaughter data (commented further down) show that in the past 12 months closed on June 2009, incoming cattle totalled 27.1 million head, 13.8% below the high peak of two years ago with 31.5 million.

Exports' peak coincided with that of slaughter in the year to June 2007, with sales abroad reaching 1.39 million tons swt. Two years later, exports fell to 944,000 tons, a 31.2% contraction.

### New fall on exports in September

Brazilian beef exports fell again in September. According to data provided by the Overseas Trade Agency (Secex), monthly exports totalled 77,400 tons, 6.6% above August, but 25.4% below the 103,400 tons of September 2008.

With it, the last 12-month period accumulates 894,000 tons swt, the lowest volume since the year to October 2004.

### Annual slaughter contracts further

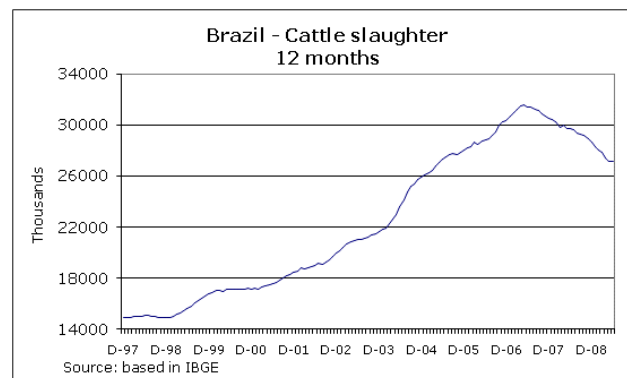
Cattle slaughter grew during the second quarter over the first (+5.5%, some 400,000 head), to 6.84 million animals, but fell in comparison with the same quarter of the past year (-10.2%, 775,000 head). Data published by the Brazilian Institute of Geography and Statistics ((IBGE), estimate beef production in the second quarter in 1.61 million tons cwe, 7.8% below year-on-year with a modest increase of average slaughter weight (+2.6% to 235,6 kg cwe), partially compensating the inter-annual slaughter drop.

### The EU may resume negotiations with Mercosur

President Luis Inácio Lula da Silva travels this week to Stockholm, Sweden, to participate in the III EU - Brazil Summit meeting. The opportunity

Months	Brazil - slaughter and beef production				Production Diff 09/08 %
	2009		2008		
	Slaughter (heads.)	Tons carcass weight	Slaughter (Th. heads.)	Tons carcass weight	
<b>Total</b>	<b>13,333</b>	<b>3,129,382</b>	<b>28,691</b>	<b>6,619,010</b>	
January	2,207	517,913	2,573	583,613	-11.3%
February	2,039	475,890	2,320	519,437	-8.4%
March	2,243	522,995	2,356	528,474	-1.0%
<b>I Qtr</b>	<b>6,489</b>	<b>1,516,798</b>	<b>7,249</b>	<b>1,631,525</b>	<b>-7.0%</b>
April	2,167	507,621	2,611	595,607	-14.8%
May	2,326	548,113	2,596	597,395	-8.2%
June	2,351	556,850	2,413	556,406	0.1%
<b>II Qtr</b>	<b>6,844</b>	<b>1,612,584</b>	<b>7,619</b>	<b>1,749,408</b>	<b>-7.8%</b>
July			2,441	567,881	
August			2,361	552,162	
September			2,342	552,766	
<b>III Qtr</b>			<b>7,144</b>	<b>1,672,809</b>	
October			2,341	551,426	
November			2,076	487,329	
December			2,262	526,513	
<b>IV Qtr</b>			<b>6,679</b>	<b>1,565,268</b>	

Source: base in IBGE



could propitiate the resumption of EU - Mercosur negotiations, suspended since 2004.

### BNDES tries to undo society with Independencia

Brazil's National Bank for Social and Economic Development (BNDES) claims that meatpacker Independencia failed to comply with some parts of the agreement signed by both and, therefore, intends to use a clause that compel owners, Miguel and Roberto Russo, to re-buy the bank's participation of 21.82% of the total.

"The company took measures - among them its own call for judicial recovery - which were unknown to BNDES and that's why we decided to use the re-buying clause, said a bank representative during a creditors' assembly, as cited by Beefpoint.

The assembly was tense. The packer increased its proposal to pay producers up to R\$ 100,000 of their debts and complete them in 36 monthly payments. The former proposal covered up to R\$ 80,000.

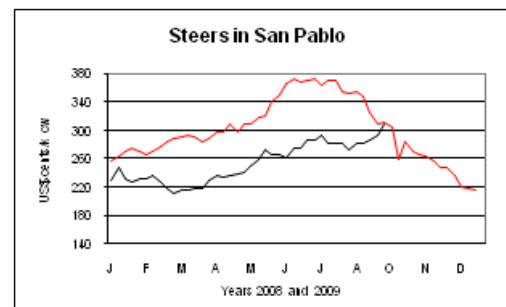
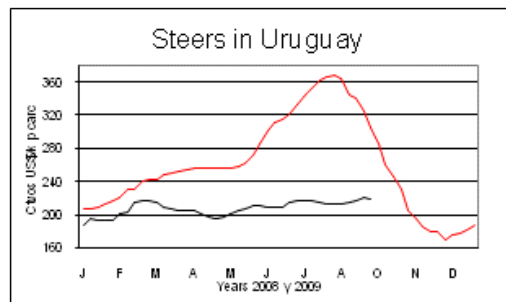
The agreement signed by the packer and BNDES included the bank to turn over R\$ 250 million in 2008 which comprised the purchase of 21.82% of the company's shares. A second contribution of R\$ 200 million agreed for the first quarter 2009 was not done because of the judicial recovery

## World beef report

Is a product from Blasina & Tardáguila Consultants. The reception of this information is subduced to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).

World cattle prices					
Estimated carcass price (US\$/k)		Last	Week	Month	Diff % month
<b>Steers</b>					
Uruguay	Best, + 460 k	2.18	2.20	2.12	2.8%
Argentina	Export + 480 k	1.71	1.71	1.64	4.5%
Argentina	Domestic 420-440 k	1.48	1.46	1.59	-6.9%
Brazil	Sao Paulo	3.08	2.94	2.81	9.6%
Brazil	RS - Porto Alegre	2.78	2.79	2.77	0.1%
Brazil	MS - Campo Grande	2.82	2.75	2.63	7.1%
USA	Steers	2.81	2.86	2.86	-1.7%
Australia	Trade steer (170-230 k)	2.87	2.82	2.78	2.9%
Australia	Japan Ox (300-400 k)	2.58	2.56	2.54	1.5%
N. Zealand	Bull (270-295 cwt)	2.17	2.29	2.32	-6.5%
E. Union	Steers	4.25	4.27	4.33	-1.9%
Japan	Wagyu A5 (Tokyo)	25.73	24.45	23.53	9.4%
<b>Cows</b>					
Uruguay	Best, + 440 k	2.00	2.00	1.92	4.2%
Uruguay	Manufacturing	1.45	1.45	1.41	2.8%
Argentina	Special to good	1.35	1.34	1.25	8.0%
Argentina	Manufacturing	1.10	1.07	0.83	32.2%
Brazil	Sao Paulo	2.82	2.71	2.70	4.2%
Brazil	RS - Porto Alegre	2.64	2.60	2.67	-0.8%
Brazil	MS - Campo Grande	2.66	2.57	2.48	7.3%
USA	Heifers	2.82	2.86	2.85	-1.0%
Australia	US Cow	2.11	2.11	2.12	-0.4%
N. Zealand	Cow (195-220 k cwt)	1.54	1.66	1.73	-11.0%
E. Union	Cow	3.17	3.16	3.27	-3.2%

Sources: Uruguayan operators, Mercado de Liniers SA, Oncca, FNP Consultoria, USDA, MLA, EC



claim. According to BNDES estimations, the packer should reimburse R\$ 308 million (some US\$ 175m at current exchange rate).

### Marfrig denies negotiations with Independencia

The manager of planning and investors' affairs of Marfrig Alimentos SA, Ricardo Florence, denied through an official release any agreement or negotiation with meatpacker Independencia, thus responding to an article published by newspaper O Estado de Sao Paulo under the title "Marfrig negotiates acquisition of meatpacker Independencia".

### Markets

Prices for finished cattle in Brazil are mostly firm and references in US\$ are even better following the great strength of the Real, which yesterday reached R\$/US\$ 1.75, the highest rate since early September 2008. The Brazilian currency revaluated 2.3% in the week after positive news that also impulse the Bovespa indicator at Sao Paulo's Stock Exchange.

Cattle offer of fed cattle in Sao Paulo is getting scarce. Although meatpackers are looking for cattle in neighbouring states, AgraFNP believes that in the second half of this month supply from

feedlots and term contracts will start to fall, which maintain the market firm.

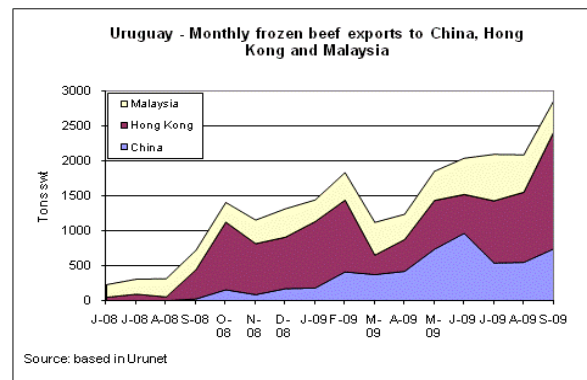
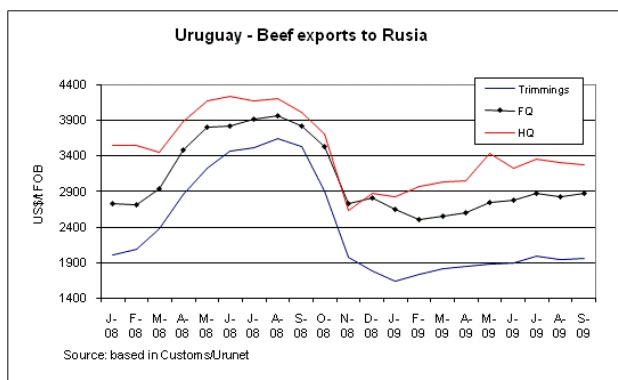
In Rio Grande do Sul, however, the market remains less demanded and prices in Reales fall.

### Uruguay

#### September generates better beef exports

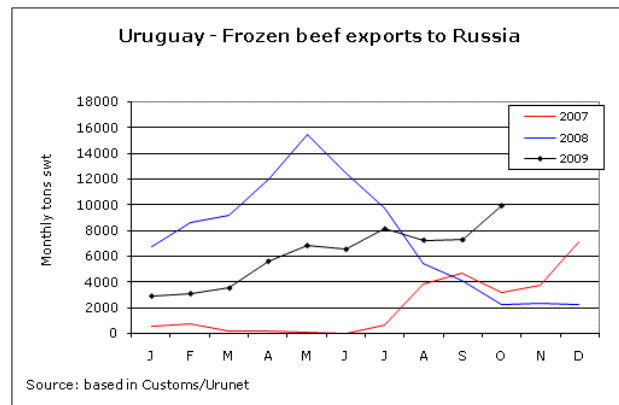
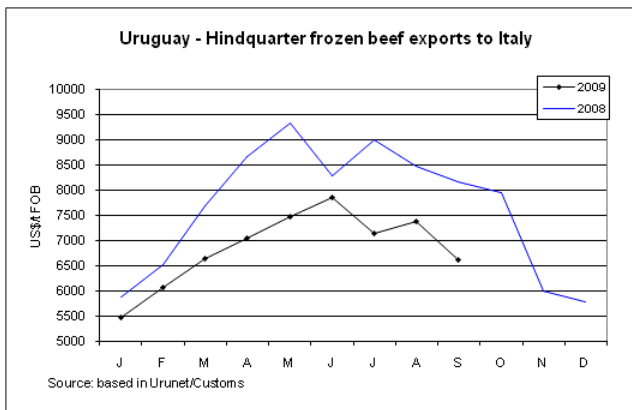
Uruguayan beef exports in September climbed to 25,158 tons valued in US\$ 88.7 million at an average FOB price of US\$/t 3,526, reported Customs. The volume is 20% above August and the second highest in the year, just below shipments of May. The average price, meanwhile, dropped 2.1% in the month to situate at the lowest level in the year. This responded to two factors: a diminution in the proportion of chilled beef shipments (-9.4% in the month) and a slight drop on the average FOB price for frozen beef, which averaged US\$/t 3,121, 1.2% below in the month and also the lowest level in the year to date.

Sales to Russia were important with 9,906 tons, the biggest volume since June 2008. The average price of shipments to Russia increased 3% in the month, basically due to a bigger proportion of high-priced cuts, as most of the average cut prices remained stable.



### World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subduced to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).



Uruguay - Beef exports to the EU						
	sep-09		Jan-sep-09		Dif % 09/08	
	Tons	US\$/t	Tons	US\$/t	Tons	US\$/t
<b>Fresh</b>	<b>4575</b>	<b>6033</b>	<b>51131</b>	<b>5847</b>	<b>7%</b>	<b>-36%</b>
<b>Chilled</b>	<b>1481</b>	<b>8791</b>	<b>12308</b>	<b>9034</b>	<b>-14%</b>	<b>-37%</b>
Spain	324	5977	2881	6673	-12%	-44%
Netherlands	285	10729	2704	10489	-29%	-34%
UK	410	8610	2423	8749	-13%	-36%
Germany	287	10148	1987	10388	22%	-35%
Sweden	64	10180	918	10644	30%	-37%
Portugal	52	6328	444	6515	-46%	-45%
Italy	12	8309	416	8414	-38%	-47%
Denmark	11	13486	158	11080	62%	-21%
Finland	31	10195	158	11271	105%	-41%
France	0	x	140	8331	-20%	-39%
Belgium	0	x	44	12306	-50%	-26%
Chzek Rep.	6	7433	36	10231	-56%	-42%
<b>Frozen</b>	<b>3094</b>	<b>4712</b>	<b>38823</b>	<b>4837</b>	<b>15%</b>	<b>-31%</b>
UK	1234	3700	10926	3661	11%	-28%
Italy	248	5918	6921	6529	22%	-20%
Spain	556	4881	6819	4471	-2%	-41%
Netherlands	414	5791	6398	5055	41%	-40%
Germany	278	5233	2888	6106	42%	-36%
Ireland	140	3711	2474	3172	22%	-31%
Sweden	74	6983	809	6960	28%	-31%
Portugal	91	6774	582	6002	14%	-25%
France	0	x	302	4391	-34%	-37%
Finland	11	12429	213	8037	34%	-45%
Greece	0	x	164	3290	65%	11%
Estonia	0	x	102	3960	-20%	-17%
Belgium	48	3924	85	5529	122%	-11%
Malta	0	x	76	3467	s/d	s/d
Denmark	0	x	64	7080	-50%	-40%
<b>Processed</b>	<b>165</b>	<b>3338</b>	<b>2662</b>	<b>3526</b>	<b>-7%</b>	<b>1%</b>
UK	152	3188	2288	3409	-2%	1%
Italy	0	x	168	3647	0%	-33%
France	13	5059	147	5766	4%	25%
Belgium	0	x	41	1721	-76%	-33%
Netherlands	0	x	18	3064	-51%	8%

Source: based in Urunet/Customs

Altogether, the European Union was the second biggest destination with 1,481 tons of chilled beef and 3,094 tons of frozen. Joint shipments increased in some 800 tons in the month. The average price for chilled beef contracted 2.6% in the month while frozen fell 8.6%.

The volume of frozen beef exported to the US remains stable below 2,000 tons per month.

The importance of Asian markets continues to grow. They already dominate offal and tripe sales and buy more beef every month; mainly Hong Kong, where shipments in September totalled 1,668 tons. Adding sales to China and Malaysia, the total climbs to 2,854 tons.

Tripe sales to Hong Kong in the year trebled those of the same period 2008.

In the first nine months of the year, Uruguay exported 201,221 tons of fresh beef at an average FOB price of US\$/t 3,680, 2.3% below in volume and 27.3% below in average value.

#### Industry worried for live cattle exports

The Beef Industry Chamber (CIF) forwarded a document to the government and to presidential candidates warning about the competence of live cattle exports and saying they have better conditions than local slaughters. The warning arrives in a year with big increases on live exports that introduced some new players into the market. Beef market operators told WBR that besides Sendero Austral and Gladenur, a new operator of Australian origin will be added shortly.

Between January and September, freights and export requests grew 41% over equal period of the past year reaching US\$ 72 million.

In the CIF's document, there's no argument against live cattle exports but remarks the more advantageous conditions. Exported hides pay a 5% export tax, while live cattle business pays nothing for hides.

Industrialists said that each processed animal implies 20 work hours in the industrial stage. "This should also worry workers", one of them said. The president of the Beef Industry Workers' Federation, Adrián Pérez, told WBR that "worries" exist for the progress of live cattle exports and that they evaluate to do some kind of claim to the government.

According to industry estimations, the volume of live exports this year is equivalent to the activity of a unit with a daily slaughtering capacity of 1,000 cattle head.

Ministry of Agriculture sources told WBR that they are not seeing live exports as a menace to

### World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subuded to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).

Uruguay - Beef and byproducts exports							
	sep-09		Jan-sep-09		Diff 09/08		
	Tons	US\$/t	Tons	US\$/t	Tons	US\$/t	
<b>Total fresh beef</b>	<b>25,158</b>	<b>3,526</b>	<b>201,221</b>	<b>3,680</b>	<b>-2.3%</b>	<b>-27.3%</b>	
<b>Chilled beef</b>	<b>2,935</b>	<b>6,592</b>	<b>26,218</b>	<b>6,379</b>	<b>-13%</b>	<b>-32%</b>	
Chilled bone in							
Total	470	2,034	4,248	2,055	-30%	0%	
Brazil	397	2,085	2,951	2,170	-17%	-1%	
Argentina	73	1,767	1,297	1,790	-48%	-4%	
Chilled boneless							
Total	<b>2,466</b>	<b>7,459</b>	<b>21,959</b>	<b>7,218</b>	<b>-8%</b>	<b>-36%</b>	
Chile	293	3,895	3,294	3,573	-36%	-25%	
Spain	324	5,977	2,881	6,673	-12%	-44%	
Netherlands	285	10,729	2,704	10,489	-29%	-34%	
UK	410	8,610	2,423	8,749	-13%	-36%	
USA	269	6,044	2,173	5,163	148%	-17%	
Germany	287	10,148	1,987	10,388	22%	-35%	
Brazil	298	6,398	1,699	6,766	-31%	-18%	
Sweden	64	10,180	918	10,644	30%	-37%	
Puerto Rico	0	x	855	3,173	3559%	59%	
Switzerland	41	8,777	604	9,863	-9%	-45%	
Portugal	52	6,328	444	6,515	-46%	-45%	
<b>Frozen beef</b>	<b>22,223</b>	<b>3,121</b>	<b>175,003</b>	<b>3,275</b>	<b>-1%</b>	<b>-24%</b>	
Frozen bone in							
Total	377	2,288	1,041	2,197	-22%	2%	
Brazil	193	2,480	594	2,371	-7%	-11%	
Frozen boneless							
Total	<b>21,846</b>	<b>3,135</b>	<b>173,962</b>	<b>3,282</b>	<b>0%</b>	<b>-24%</b>	
Russia	9,906	2,657	53,874	2,452	-36%	-28%	
USA	1,965	3,392	16,521	3,610	25%	-12%	
UK	1,234	3,700	10,926	3,661	11%	-28%	
Israel	826	4,294	10,419	4,109	-26%	-23%	
Hong Kong	1,668	2,861	7,523	2,736	179%	-5%	
Italy	248	5,918	6,921	6,529	22%	-20%	
Spain	556	4,881	6,819	4,471	-2%	-41%	
Venezuela	667	3,099	6,455	3,442	303%	-15%	
Netherlands	414	5,791	6,398	5,055	41%	-40%	
Canada	259	3,388	5,758	2,339	453%	-26%	
Algeria	270	2,458	5,082	2,545	48%	-23%	
China	743	2,265	4,834	2,319	440%	-2%	
Malaysia	443	1,422	4,102	1,927	-7%	4%	
South Africa	285	1,822	3,004	1,610	29%	-17%	
Germany	278	5,233	2,888	6,106	42%	-36%	
<b>Offal</b>	<b>Total</b>	<b>1,612</b>	<b>1,746</b>	<b>11,616</b>	<b>1,695</b>	<b>5%</b>	<b>-18%</b>
	Russia	709	1,390	4,551	1,343	0%	-40%
	Hong Kong	550	2,404	3,754	2,320	43%	15%
	Israel	71	2,424	554	2,306	-44%	-14%
	China	55	2,185	544	2,198	-12%	16%
<b>Tripe, stomachs, etc</b>	<b>Total</b>	<b>1,493</b>	<b>3,077</b>	<b>11,769</b>	<b>3,006</b>	<b>2%</b>	<b>-7%</b>
	Hong Kong	806	2,814	6,370	2,635	216%	-21%
	Italy	184	4,540	1,199	4,300	-53%	15%
	Spain	181	2,613	1,091	2,741	-46%	-14%
<b>Processed</b>	<b>Total</b>	<b>426</b>	<b>4,528</b>	<b>5,652</b>	<b>3,903</b>	<b>-1%</b>	<b>5%</b>
	UK	152	3,188	2,288	3,409	-2%	1%
	USA	157	7,743	1,290	6,484	102%	-22%
	Chile	17	2,692	584	2,905	-23%	0%
	Brazil	65	597	492	613	17%	-6%
	Cuba	12	4,325	265	3,292	x	x
<b>TOTAL GENERAL</b>	<b>28,690</b>	<b>3,417</b>	<b>230,358</b>	<b>3,552</b>	<b>-2%</b>	<b>-26%</b>	

Source: based in Customs/Urundet

the beef production chain. "We won't touch something that works well", an official said, though he expressed to be "open" to debate the matter if conditions are worth of it.

The National Meat Institute (INAC) said they know nothing about the warning but said that live exports are usual and understandable as prices for finished cattle "are lower than in Brazil and Paraguay, when Uruguay has better access to world markets".

In southern Brazil, steers quote around US\$ 2.70 / kg cw, in Sao Paulo the price is above US\$ 3.00/ kg while in Uruguay they hardly reach US\$ 2.20/ kg.

### Presidential candidate proposes to reward cattle breeding through tax reimbursements

In the frame of a series of conferences, leftist presidential candidate, José Mujica, proposed export tax reimbursements to be given back to cattle

breeders instead of the exporting industry.

"I will make a provocative announcement", the candidate said. "We should make a scale and reward breeding, because there is the key of the chain", he said during a conference organized by newspaper El País.

This is an issue with which current ministerial officials agree with, but is not within what is planned to be done during the rest of this administration.

The matter has not been on INAC's board Monday's agenda. Industry representatives criticized in a low voice the announcement, though there were some public pronouncements. They remembered that in 2007 the tax reimbursement rate was reduced from 5.5% to 2.5% and the Ministry then said that would be destined to the breeding sector, something that never happened.

### Interest to reactivate plant in Aceguá

Brazilian entrepreneurs and INAC authorities last week visited Matadero Aceguá (in the border with Brazil), in order to evaluate its possible reopening after two years inactive.

Interest in reactivation is focused on ovine slaughters to supply market niches in Sao Paulo, reported newspaper El País.

Matadero Aceguá was repaired in the second half of 2005 and brought to a slaughtering capacity of 30/35 cattle head or 110 ovine head per hour. (See WBR #603).

### Markets

The market for finished cattle is a bit more eased since late last week, with a demand that exercise less pressure mainly on sales of special or heavy steers. Consulted operators said that it is most probable that this week will see some reductions on slaughters.

Market calmness comes hand in hand with a demand retraction, as the offer keeps the levels of the past weeks, which was relatively poor. Meatpackers started to stretch bookings by planning shorter slaughter schedules. Usual terms are now around 10 days, when a week back it rounded less than a week.

It is more difficult to reach the peak prices of some days ago. Heavy or special steers now quote between US\$ 2.17 and 2.18/kg cw, two cents below the past week. Good steers are worth US\$ 2.14/kg, while heavy cows may still reach US\$ 2.00/kg, though most operations are done at two cents below. Heifers quote with firmness around US\$ 2.06/kg.

Copious rains in the last hours, especially in the central region, are generating freight problems. Expectations are for the market to remain mostly stable, though bearish than in the past week.

The ovine meat market is well demanded with a growing activity. Prices are back to a higher step above last week with heavy lambs (an ample majority) quoting between US\$ 2.40 and 2.45/kg carcass weight.

## World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subuded to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).

Uruguay - Slaughter and Exports								
Total Slaughter from 27/09 - 03/10				Heads per category				
Slaughterhouse	Year to date	% Total	Last week		12-Sep	19-Sep	26-Sep	3-Oct
Las Piedras	132,746	7.7%	3,671	Total	45,722	44,116	43,633	43,574
Marfrig - Tacuarembó	130,061	7.5%	3,999	Steers	24,182	22,244	20,366	20,046
Marfrig - Colonia	125,030	7.2%	2,805	Cows	20,790	21,187	22,407	22,372
San Jacinto-Nirea	115,757	6.7%	3,149	<b>Distribution of slaughter (percentage)</b>				
Frig. PULSA	115,403	6.7%	2,926		12-sep	19-sep	26-sep	03-oct
Carrasco	115,110	6.7%	2,989	Cows	45.5%	48.0%	51.4%	51.3%
Bertin - Canelones	109,187	6.3%	2,816	Steers	52.9%	50.4%	46.7%	46.0%
Marfrig - Cledinor	103,931	6.0%	2,022	Other	1.6%	1.6%	2.0%	2.7%
Ontilcor SA - Pando	93,742	5.4%	2,320	<b>Weekly beef exports by destination (ton c.w)</b>				
Las Moras - Chiadel	68,602	4.0%	932		05-sep	12-sep	19-sep	26-sep
Solis-Ersinal	65,375	3.8%	1,706	Total	5601	4271	6377	6223
Lorsinal	64,541	3.7%	1,443	EU	773	997	1,190	1,234
Schneck	64,426	3.7%	1,705	UK	335	331	473	576
Bilacor - Frigoyi	61,262	3.5%	1,454	NAFTA	1,033	486	780	896
Marfrig - Inaler	55,964	3.2%	2,087	USA *	927	451	780	817
Sarubbi-Sirsil	48,719	2.8%	1,263	Mexico	0	0	0	0
Casa Blanca	42,535	2.5%	1,436	Canada	107	36	0	79
Copayan	42,001	2.4%	973	Israel	79	151	174	118
Clademar (Frig Florida)	28,095	1.6%	462	Mercoosur **	559	380	309	273
Rosario-Rondatel	27,080	1.6%	0	Brazil	232	242	207	238
Oferan SA - La Trinidad	20,558	1.2%	503	Chile	317	135	91	32
Ardistar-Cattivelli	17,113	1.0%	790	South Africa	37	0	38	112
Total	1,730,447		43,574	Russia	1,727	1,131	2,302	1,756

Yellow numbers are WBR estimations \* includes Puerto Rico; \*\* includes Chile

Ovines: slaughter, prices and exports in Uruguay				
Slaughter	12-Sep	19-Sep	26-Sep	3-Oct
	Sheep	5,019	6,240	8,298
Mutton	3,111	7,819	4,527	5,556
Yearlings	3,454	2,858	2,637	3,290
Lambs	20,094	21,496	24,407	30,613
Total	32,111	38,649	40,011	49,037
Slaughterhouse	Week from 27/09 - 03/10		Year to date	
	Total	Lambs	Total	Lambs
Frigocerro	9,858	5,785	307,288	115,916
San Jacinto-Nirea	10,257	8,857	230,676	155,883
Carrasco	8,217	6,472	206,425	130,980
Las Piedras	3,684	3,226	143,864	71,918
Marfrig - Cledinor	2,303	62	90,033	35,420
Prices	Last	Week	Month	% Diff month
	Export lamb	210	235	195
Mutton	160	208	147	2.4%
Sheep	138	195	115	2.6%
Exports	5-Sep	12-Sep	19-Sep	26-Sep
	Total	457	50	571
EU	109	22	108	51
Brazil	138	3	48	251

In US\$ cents/k lw; export lamb dw  
Exps. in tons cw. Sources: own, INAC, MGAP & ACG

## Slaughters

Cattle slaughter was again high during the past week, though falls are expected since the current. Beef industrial sources commented that "several units" will reduce slaughter by one day in the week, so that killings may be reduced by 10% or 15%.

According to INAC, incoming cattle totalled 43,574 head, almost the same of the past week but 39% below the same week 2008. It comprised 20,046 steers (46%), 22,372 cows (51.3%), 642 calves and 514 bulls.

Leading plants were Marfrig-Tacuarembó with 3,999 head, Las Piedras with 3,671 and San Jacinto with 3,149.

Ovine activity totalled 49,037 head, the biggest number since the second week of January. It included 30,613 lambs (62.4%), 9,393 sheep, 5,556 muttons, 3,290 yearlings and 185 rams.

## Argentina

### No news about the Hilton quota

Three months passed by since the 2009/10 Hilton quota period get started, and the Argentine share

is still to be distributed, despite the new regulation with the new distribution criteria issued two weeks ago and the announced advance of 10% of the share.

"The lack of definition about the issue may cause (in the mid term) buyers to reduce the Argentine quota share", indicated Monday market analyst Víctor Tonelli to Infocampo. "It may also generate a drop on Argentine values with respect to other countries", he added.

The analyst considered that "we should have imminent news about the distribution of the quota after the displacement of (Emilio) Eyra from Oncca".

### The highest slaughter level in two decades

As reported by the Beef Industry and Trade Chamber (Cicra), during the first eight months of the year, the Argentine beef industry slaughtered near 11 million cattle. According to that, it is "the highest activity for the period considering at least the last 20 years".

The problem is that the increase comes from female cattle, which represent almost half of total slaughters, a situation that jeopardize the future of the entire sector.

Between January and August, female slaughter reached - according to Cicra - 49.6% of the total, - a bigger percentage to that registered in equal period of 2008 (49.3%). "This situation was not seen in the past two decades", assured Cicra.

Beef production inter-annual increase in Argentina reached 13.4% between January and August but, at current slaughter rhythms, the country slowly liquidates its cattle existences, the report said.

Per capita average consumption climbed 5.9% to 73.9 kg per year, the highest volume in at least the last 15 years.

### New Agriculture Secretary takes over

Julián Domínguez took over in the past week as new minister of Agriculture and completed his new work team on Monday. Oncca will be headed by Juan Manuel Campillo. In principle, a meeting with the Liaison Commission was expected for Monday, but was finally postponed to some other day in the week.

Rural union members opened a period of waiting to see the performance of the new secretary. The vice-president of the Argentine Rural Confederation (CRA), Néstor Roulet, said he feels a strange mixture of "hope and distrust" in the presence of the new agrarian hierarchy.

## World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subuded to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).

## Benetton stops activity in the province of Chubut

Alter investments of near US\$ 15 million to install an industrial park in Trelew, in the southern province of Chubut, with a tannery projected to process some 60,000 hides per month, the Italian group Benetton decided to halt the project.

Now, with a 15,000 m<sup>2</sup> installation equipped with Italian machinery, its workforce will round 10 employees who will be destined to raw hide shearing.

Affected by big drops on sales as a consequence of the international situation, and facing extreme problems to reach proposed markets, Fabril Patagónica now works with monthly losses of more than US\$ 130,000, a sector source told newspaper La Nación.

## Markets

Prices for finished cattle in Argentina remained mostly unchanged during the past week. Most cattle arriving to Liniers' salesyard proceeds from feedlots, which have a firm demand, while animals of lesser quality have lower quotations. Something different happens with cows and export steers, for which the market remains well demanded with rising prices.

## Paraguay

### Cattle shortage generates export drops

The low offer of cattle is significantly reducing beef production, says the Paraguayan Beef Chamber (CPC). Despite the usual drop at this time of the year, slaughter rhythm fell even more and export volumes tend to tumble as cattle shortage turns more acute, said CPC's president, Korní Pauls, to local press media.

According to CPC statistics, between January and August the beef exported volume was 10 million kgs less, which represents a 10% fall compared with the same period 2008, when exports totalled 119,800 tons.

Prices at international market as well dropped. After a peak demand from Chile – Paraguay's main beef client – the average price dropped from US\$/t 4,300 to between US\$/t 3,800 and 3,850. According to Pauls, the European market also dropped prices between US\$ 200 and US\$ 300 per ton.

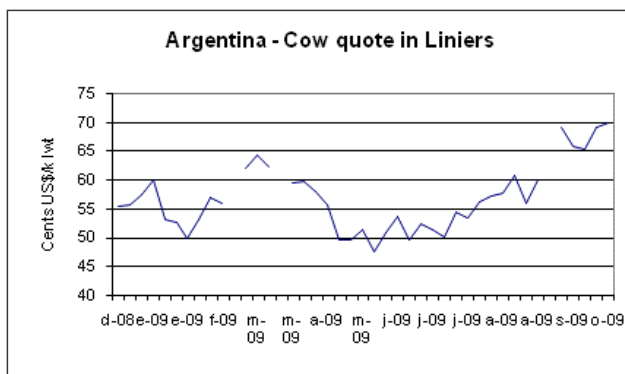
## Chile

### Chile seeks to increase beef exports to Europe

Chile seeks to increase beef exports to the EU and reach 5,000 annual tons, informed the Undersecretary of Agriculture, Reinaldo Ruiz.

In a press conference jointly with the European Commissioner for Agriculture and Rural Development, Mariann Fischer, Ruiz expressed demands from the Chilean cattle sector to increase its participation in the beef market, which currently exports some 1,500 tons per year.

Fischer, who visits Chile aiming to know more



## Mercosur Cattle View (US\$ cents/kg)

URUGUAY			
	Last	Week	Month
<b>Steers</b>			
Best steers (OTH)	218	220	212
Good steers (OTH)	214	214	208
Prime (LW)	117	118	115
Nat grass +480k (LW)	110	111	108
Holstein (OTH)	208	210	202
<b>Cows</b>			
Prime (OTH)	200	200	192
Prime (LW)	98	98	94
Fat (LW)	92	92	89
Heifers +310 (OTH)	206	204	198
Heifers +310 (LW)	107	104	101
ARGENTINA (live weight)			
Export steers (ONCCA)	96	96	92
Steers - Avg Liniers	84	83	91
Yearlings 390-430 k	84	87	92
Steers 431-460 k	86	85	92
Steers 461-490 k	88	83	94
Steers 491-520 k	83	84	93
Steers more than 520 k	86	87	87
<b>Cows</b>			
Prime	70	69	69
BRAZIL (live weight)			
	Last	Week	Month
Steer Sao Paulo	160	153	146
Steer RG do Sul	144	145	144
Steer Mato Gr. Do Sul	146	143	137
Steer Minas Gerais	143	135	133
Cow Sao Paulo	137	132	131
Cow RG do Sul	128	127	129
Cow Mato Gr. Do Sul	129	124	120
Cow Minas Gerais	127	120	119
<b>Future steer prices</b>			
oct-09	160	160	151
dic-09	162	162	152
may-10	157	156	147
<b>Restocker quotes</b>			
Steer Sao Paulo (360 k)	159	155	152
Steer RG do Sul (360k)	135	132	126
Calves RG do Sul (180k)	159	155	142
<b>Wholesaler</b>			
Hind qtr Sao Paulo (cents/k)	360	329	323
Fore qtr Sao Paulo (cents/k)	234	223	214
PARAGUAY (live weight)			
Steers	128	136	127
Cows	122	123	117

## World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subduced to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).

Nafta markets									
USA					Canada				
Cattle (US\$/k)	Last	Week	Month	Var month %	Cattle (US\$/k)	Last	Week	Month	Var month %
Steer Choice	1.81	1.84	1.83	-1.3%	Steers, Sel 1-2	1.66	1.64	1.71	-2.5%
Heifer Choice	1.81	1.84	1.84	-1.3%	Heifer Sel 1-2	1.65	1.64	1.69	-2.6%
Carcass 181 kg Boning	1.61	1.63	1.63	-1.4%	Cow, cut & ut 1-3	0.82	0.81	0.83	-1.1%
Carcass 159 cutter	1.61	1.63	1.63	-1.4%	<b>Import price US\$/ton, frozen, boneless )</b>				
Steer choice carc.	2.81	2.86	2.86	-1.7%	Forequarter	3029	Nom	2969	2.0%
Heifer Choice Carc.	2.82	2.86	2.85	-1.0%	Hindquarter	Nom	Nom	3073	-
<b>Processing beef</b>					Clods	Nom	Nom	Nom	-
90	2.75	2.81	2.83	-2.8%	Eye Round	Nom	Nom	Nom	-
85	2.52	2.59	2.65	-5%	Knuckle	Nom	Nom	Nom	-
75	2.75	2.81	2.83	-2.8%	Top Sirloin Butts	Nom	Nom	Nom	-
<b>USA: Selected primal cuts US\$ / Ton</b>					Striploins	Nom	Nom	Nom	-
Ribeye(over 14 lb.)	10758	10570	11334	-5.1%	<b>Montreal Wholesale Prices (US\$/k)</b>				
Shoulder Clod	3028	3095	3316	-8.7%	Steers & Heifers	6-oct	29-sep	8-sep	
Knuckle	3984	4015	3953	0.8%	Sides	5.12	5.02	5.11	0.2%
Inside Round	3774	3965	3769	0.1%	Fore Quarter	4.79	4.68	4.66	2.7%
Outside Round	3805	3848	3538	7.5%	Hind Quarter	5.67	5.58	5.79	-2.1%
Eye of round	4850	4855	4291	13.0%	Shank	3.71	3.62	3.65	1.5%
Strip Loin	10335	10858	10609	-2.6%	Cow				
Top Butt	4374	4585	4666	-6.3%	Inside round	4.59	4.47	4.52	1.5%
Tender Loin	14129	14757	14799	-4.5%	Outside round	4.38	4.27	4.32	1.5%
<b>CME futures - Live Cattle (US\$/k)</b>					Sirloin tip - Knuckle	4.30	4.20	4.24	1.5%
	Last	Week	Month	Var month %	Sirloin K Butt	4.17	4.07	4.11	1.5%
feb-09	1.81	1.89	1.92	-5.5%	Rib eye roll	5.11	4.98	5.03	1.5%
abr-09	1.84	1.89	1.92	-3.8%	Strip loin	4.69	4.58	4.62	1.5%
jun-09	1.86	1.89	1.94	-3.9%	Boneless box beef 85%	3.71	3.62	3.65	1.5%
ago-09	1.84	1.86	1.89	-2.3%	Trimnings fresh 60-65%	2.63	2.57	2.44	7.7%
oct-09	1.93	1.95	1.97	-2.0%					

Sources: USA: USDA and CME. Canada: Cattle: USDA; Import prices: Department of Foreign Affairs and International Trade  
Wholesale Prices: Agriculture and Agri Food Canada

USA - Import values						
		Uruguay		Australia & New Zealand		
0-15 Days	CL	2-Oct	25-Sep	4-Sep	2-Oct	25-Sep
Bull meat	95%	n	n	n	3,329	3,329
Cow meat	95%	n	n	n	3,241	n
	90%	n	n	n	3,009	3,053
CFM Fores	85%	n	n	n	2,811	2,910
Trimnings	85%	n	n	n	2,789	2,811
	80%	n	n	n	2,590	2,624
	75%	n	n	n	n	n
16-45 días						
Bull meat	95%	n	n	n	3,285	3,318
Cow meat	95%	n	n	n	n	n
	90%	n	n	n	3,020	3,053
CFM Fores	85%	n	n	n	2,811	2,833
Trimnings	85%	n	n	n	2,789	2,811
	80%	n	n	n	2,590	2,624
	75%	n	n	n	n	n

In US\$/ton; n=no quote; Source: based in USDA

deeply the performance of Chile in agrarian areas, encouraged authorities and entrepreneurs to postulate for the new European quota that establishes the possible access of 20,000 high quality beef tons per year. "It is a technical, not a political matter", Fischer said, and reminded Chileans that it is necessary "to comply with EU sanitary and fito-sanitary requisites, notify them and follow the established procedures", informed Efeagro.

### North America

#### USDA issues first grass fed certification

USDA named Dillon, Montana based cattle ranch La Cense Beef the first recipient of the agency's grass fed beef standard, the company said Thursday in a news release.

USDA created the grass fed standard in order to verify companies' claims of raising cattle on a 100% grass fed diet. The standard states, among other requirements, cattle only can consume grass and forage throughout their lifetimes, with the exception of milk before weaning.

#### Washington Cattlemen Demand Tighter Import Monitoring

Capital Press reports Washington state ranchers are upset with the lack of action by state officials testing cattle imported from Canada potentially carrying diseases.

Ranchers would like the animals to be tested be-

fore leaving Canada. The Washington State Department of Agriculture Director is working with the attorney general's office to determine if tighter rules or increased border enforcement is the solution.

#### Markets

US wholesale beef prices plummeted this week, pressured by sluggish demand caused by the weak economy and competition from cheaper pork and chicken prod-

ucts. The US Department of Agriculture's boxed beef reference was down around US\$ 4-per-hundredweight, nearly 3%.

Beef price drops pressed in that same direction quotations of available cattle, which ended between US\$/cwt 82 and 83, some two cents below the previous week. It also pressed down futures cattle prices in the Chicago Mercantile Exchange.

Meatpackers rapidly fell into red numbers after the drops on sale prices, with estimates indicating net losses of more than US\$ 20 per slaughtered animal. This is the cause of a dropping slaughter, following what happens with prices.

Kevin Bost, in his weekly report Meat Markets under a Microscope (MMM), said last week that "the combination of steady cattle prices and lower cutout values has driven packer margins into the red for the first time since mid July". He says fed beef supplies will go down rather immediately and that "there seems to be no possible outcome other than a cutback in production schedules." MMM says that "wholesale beef demand will be subdued through most of October by a lack of attention from supermarkets."

Cow slaughter for last week was estimated by the Daily Livestock Report at 130,000 head, 5.8% lower than a year ago. During the second half of 2008 there was also in place a dairy cow retirement program, while beef cow liquidation was in full force last year.

Cooperatives Working Together has recently announced a third round of dairy cow liquidation. Expectations for this next stage are for up to 80,000 head to be processed, predominantly during November.

Low domestic prices continue to influence the prices of imported product. The USDA says that there are "indications that prices continue to decline."

### World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subuded to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).



Australia Beef Export Prices				
Prices to Japan (C.I.F)	Last	Week	Month	Mthly Var %
<b>Chilled</b>				
Grassfed fullsets	5,115	5,071	4,872	5.0%
Shortfed fullsets	5,732	5,842	5,820	-1.5%
<b>Frozen</b>				
Chuck/blade	3,527	3,483	3,263	8.1%
Thick flank	4,145	4,034	3,638	13.9%
Fore/hind blended	2,844	2,844	2,866	-0.8%
Topside	4,387	4,255	3,968	10.6%
Silverside	3,704	3,594	3,483	6.3%
Brisket	3,594	3,417	3,263	10.1%
<b>To US (C.I.F.)</b>				
Bull 95 CL	3,153	3,181	3,148	0.1%
Cow 90 CL	2,888	2,943	2,899	-0.4%
Cow 85 CL	2,690	2,734	2,712	-0.8%
Shank 90 CL	2,844	2,855	2,855	-0.4%
Trimblings 85 CL	2,668	2,723	2,701	-1.2%
Trimblings 80 CL	2,447	2,513	2,436	0.5%
Trimblings 75 CL	2,315	2,370	2,293	1.0%
Chucks 85 CL	s/d	s/d	s/d	x
US\$ / ton CL Chemical Lean				

## Europe

### Russian beef quota could remain unchanged

The Ministry of Economic Development of Russia has proposed to reduce quotas on poultry and pork imports to Russia for the period of 2010-2012; in the case of beef, the quota is proposed to remain the same, according to the deputy head of the Ministry Andrei Slepnev.

"We are proposing to decrease the quotas on poultry and pork imports for 2010," he said.

Slepnev reported that this proposal will be considered at a future meeting of the governmental commission on customs-tariff regulation.

He noted that the country principle and the amount of fees will be retained at current levels, while the new quotas will be calculated from the desired level of stability of the Russian meat market.

A possible increase on the annual beef import quota was previously handled in Russia.

## Oceania

### Australian beef exports to the US for September the lowest since 1997

Australian beef and veal shipments during September declined 9% year-on-year, as exporters continued to face sluggish demand and a rising A\$, while supplies were constrained as processors scaled back kill days.

September shipments to Japan declined 8%, as exporters continued to face lower export prices, with chilled grassfed fullset prices averaging 14% lower year-on-year, said Meat & Livestock Australia (MLA). Exports to the US were also back 8% on

the same month last year, the lowest September volume since 1997.

### Australia first big economy to lift interest rates

Australia on Tuesday became the first advanced economy to raise interest rates since the global financial crisis and promised more rises to come, boldly declaring the risk of recession over.

The central bank announced a rise of 25 basic points to 3.25%, lifting rates off a 49 year low, said AFP. After the news, the Australian dollar reacted firmly to its maximum quotation in 14 months, as investors hurried to discount at least another rate increase by Christmas, with an official credit cost above 4% within one year.

### Australia's consumer confidence increases in September

Australia's consumer confidence increased again in September, with the Roy Morgan consumer confidence rating edging up 1.5 points compared with August and being 21.7 points above the rating in September 2008, to 122.9 points – highest since December 2007 -, says MLA.

### Heavy lamb supplies higher in September

The milder winter and improvement in feed availability relative to last year in key lamb producing areas enabled Australian producers to grow lambs out to heavier weights and increased heavy lamb supplies. Offer grew 69%, said MLA.

## Asia

### Japan's beef imports decline in August

Japan's beef imports during August dropped by 15% from a year ago to 38,864 tons swt, largely due to a significant decline in frozen beef imports from Australia.

According to data released by Japan's Ministry of Finance, Japan imported 27,246 tons of Australian beef in August, down 21% year-on-year. The fall mostly came from frozen beef, plummeting 33% from August 2008 (and 11% lower than the five-year average) to 14,227 tons.

Exchange rates			
	6-Oct	29-Sep	7-Oct-08
Uruguayan peso	20.988	21.50	21.53
Argentine peso	3.85	3.85	3.21
Brazil Real	1.75	1.793	2.27
Guarani, Paraguay	4827.1	4825.8	4123
Canadian dollar	1.0623	1.0838	1.0917
Euro	1.4707	1.4576	1.3588
Pound	1.5904	1.5947	1.7555
Rouble	29.830	30.142	26.207
Yen	88.834	90.170	103.190
Australian dollar	1.127	1.147	1.345
All currency/US\$, except euro and pound, US\$/curr.			

## World beef report

Is a product from Blasina & Tardaguila Consultants. The reception of this information is subduced to service subscription. Any reproduction whitout citing the source and/or illegal forwarding of this material will be prosecuted citing authorial regulations (copyright).