

Is Brazil 'overkilling' its cattle herd to meet China's demand for beef?

By [Matt Brann](#)

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Brazil cattle prices have reached all-time highs in 2021. *(Reuters: Bruno Kelly)*

China's escalating demand for beef is being met by Brazil — the world's biggest beef exporter — but at least one analyst says Brazil has "overkilled" its national herd as a result, and the ramifications will be felt worldwide.

Key points:

- Brazil cattle prices are at record highs, as demand from China soars.
- It has been reported that 45 per cent of Brazilian abattoirs are sitting idle.
- Analyst Brett Stuart says falling production and exports from both Brazil and Australia will impact global beef trade

Meat analyst Brett Stuart from Global AgriTrends, has been following the amazing rise of Brazilian cattle prices this year.

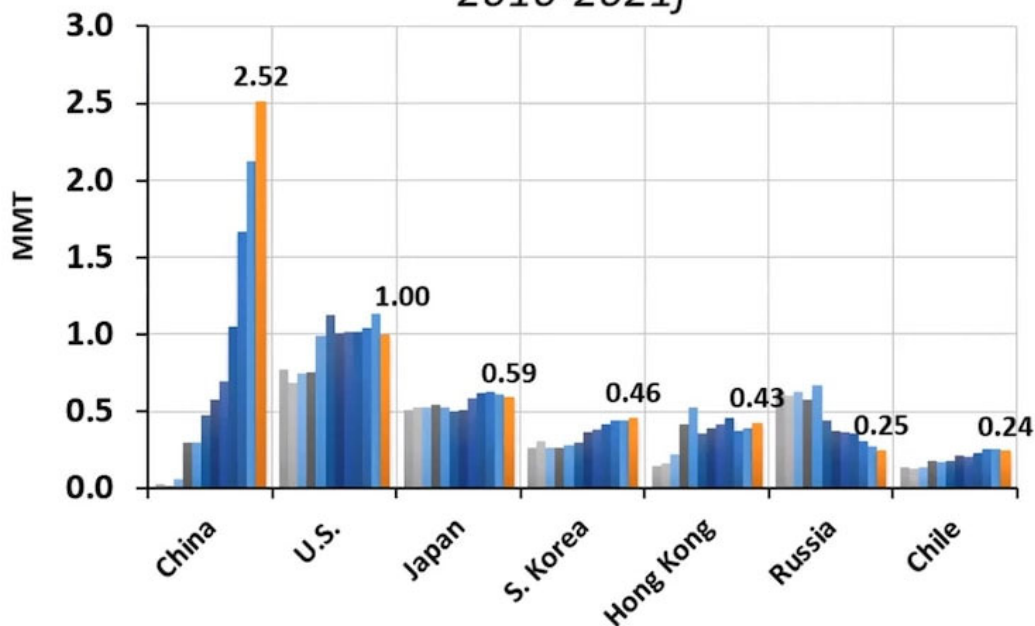
"At the moment it seems every week, Brazil cattle prices post a new record high," Mr Stuart said.

"In less than two years, cattle prices have doubled in Brazil ... they are now around 21 RI/kg which is around \$A4.78/kg carcass weight."

He said a major reason for the price hike was surging demand from China, which was now the world's largest importer of beef.

Global Beef Imports

2010-2021f



Source:
AgriTrends

In a very short period of time, China has become the world's largest importer of beef. (Credit: Global AgriTrends)

Meatworks shutting down

Reports out of Brazil last month, estimated 45 per cent of the nation's abattoirs were sitting idle, citing weakening demand from a domestic population that was struggling with COVID-19, and falling incomes.

"If you have 45 per cent of the meatworks idled, why are cattle prices hitting record highs every week?

"What it tells me is they simply can't find enough cattle.

"It's a similar situation as to what's going on in Australia right now, but for a very different reason," he said.

Feeding China

China stipulates that boxed beef from Brazil must be from slaughtered animals no older than 30 months.

Mr Stuart said the booming beef trade between Brazil and China, was creating an intriguing situation for global cattle prices.

"It's a weird situation in Brazil and I'm still not sure how it's going to play out, but for right now, cattle supplies are extremely tight in Brazil," he said.

"They've killed more than one crop of cattle last year, and they've killed younger cattle, and killed heifers, trying to fill that Chinese demand.

"Brazil over-killed for China last year."

Mr Stuart said the tightening supplies of cattle in Brazil and Australia were worth following.

"Brazil and Australia are two of the largest beef exporters worldwide and both of them are seeing production fall this year, and exports fall this year, and that tightens the global supply," he said.

"You watch the interplay with what happens with beef.

"Countries like Japan that depend on Australian beef are seeing price hikes and availability problems.

"China has enormous demand for beef and now two of its biggest suppliers are seeing declining production and exports.

"So that's just going to further escalate the price of global beef into 2021."

<https://www.abc.net.au/news/2021-05-08/brazil-cattle-herd-boost-for-china-demand/100115076>