



J.S. FERRARO

## COVID-19 IMPACTS & IMPLICATIONS:

# CANADIAN MEAT & LIVESTOCK MARKETS

**Alexander Cave**

President & CEO | J.S. Ferraro

**FEBRUARY 19, 2021**



# ABOUT J.S. FERRARO



J.S. FERRARO

*Meat Procurement Advisors.  
We deliver strategies to help meat users manage  
markets, risk, sourcing, and logistics.*

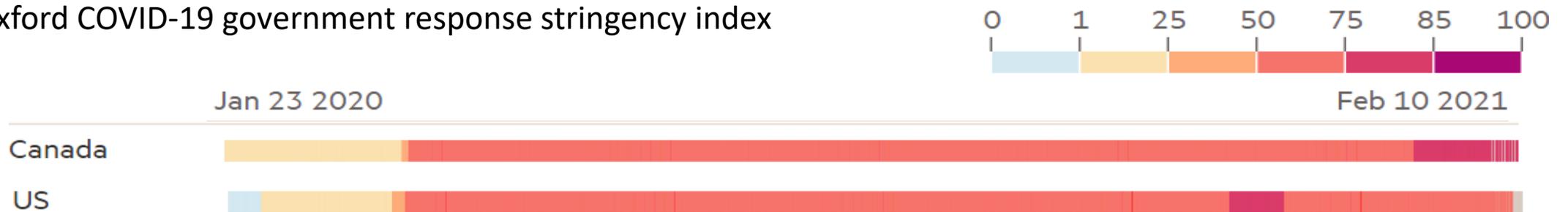
# DISCUSSION OUTLINE

- 1. COVID-19 in Canada versus US**
- 2. Canadian Consumer**
- 3. Canadian Cattle & Beef**
- 4. Canadian Hogs & Pork**
- 5. Implications**



# COVID-19 IN CANADA VS. USA

Oxford COVID-19 government response stringency index



As at Feb 15 <sup>th</sup> , 2020	Canada	USA		Canada	USA
Cases per 100,000	2,204	8,400		80th	8th
Fiscal Stimulus	\$407B CAD	\$3.9T USD		~18.5% of GDP	~20% of GDP
Vaccine Doses per 100 ppl	3.39	16.63		41st	6th

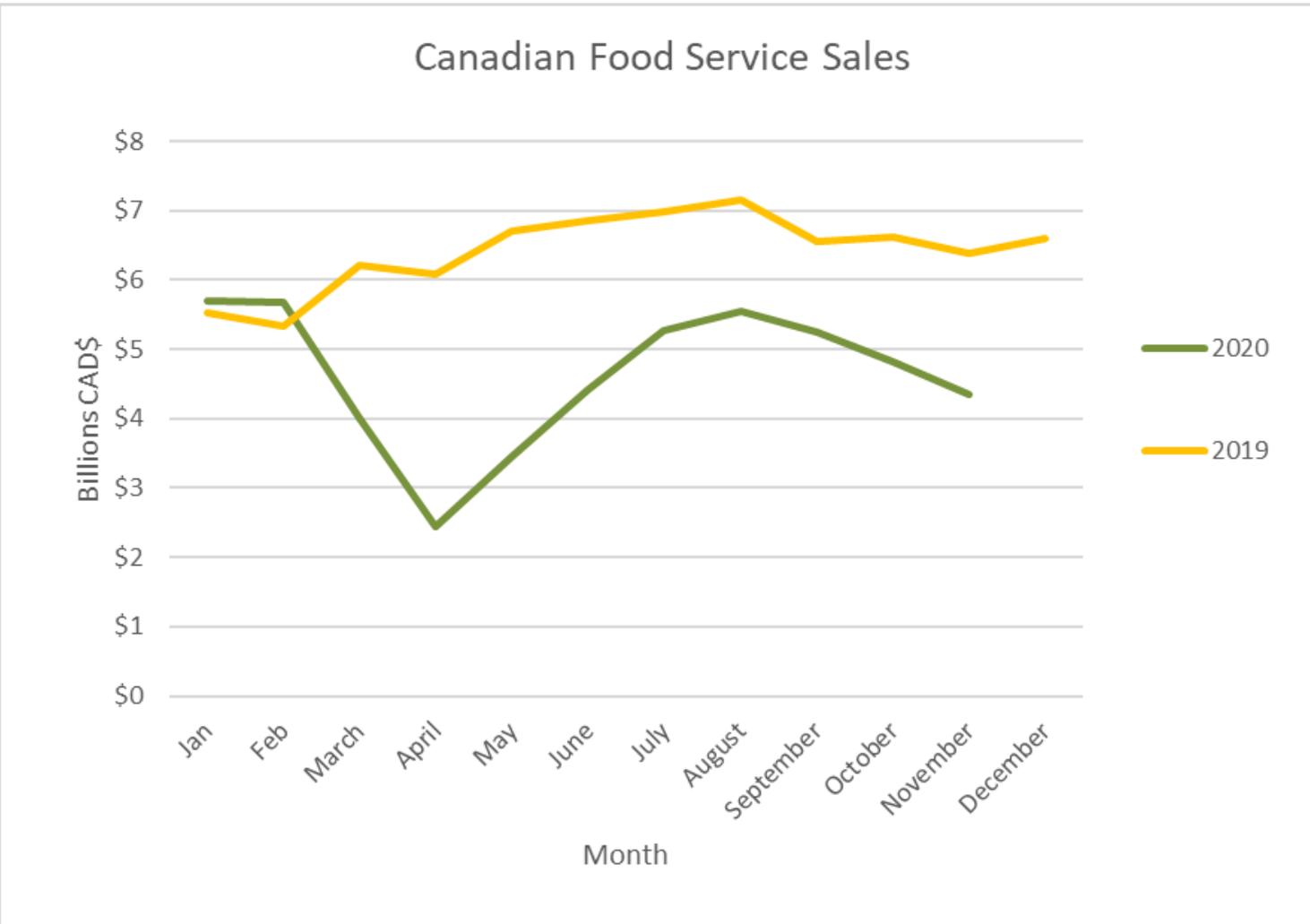


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# CANADIAN CONSUMER



# FOOD SERVICE SALES TUMBLE



## March - November

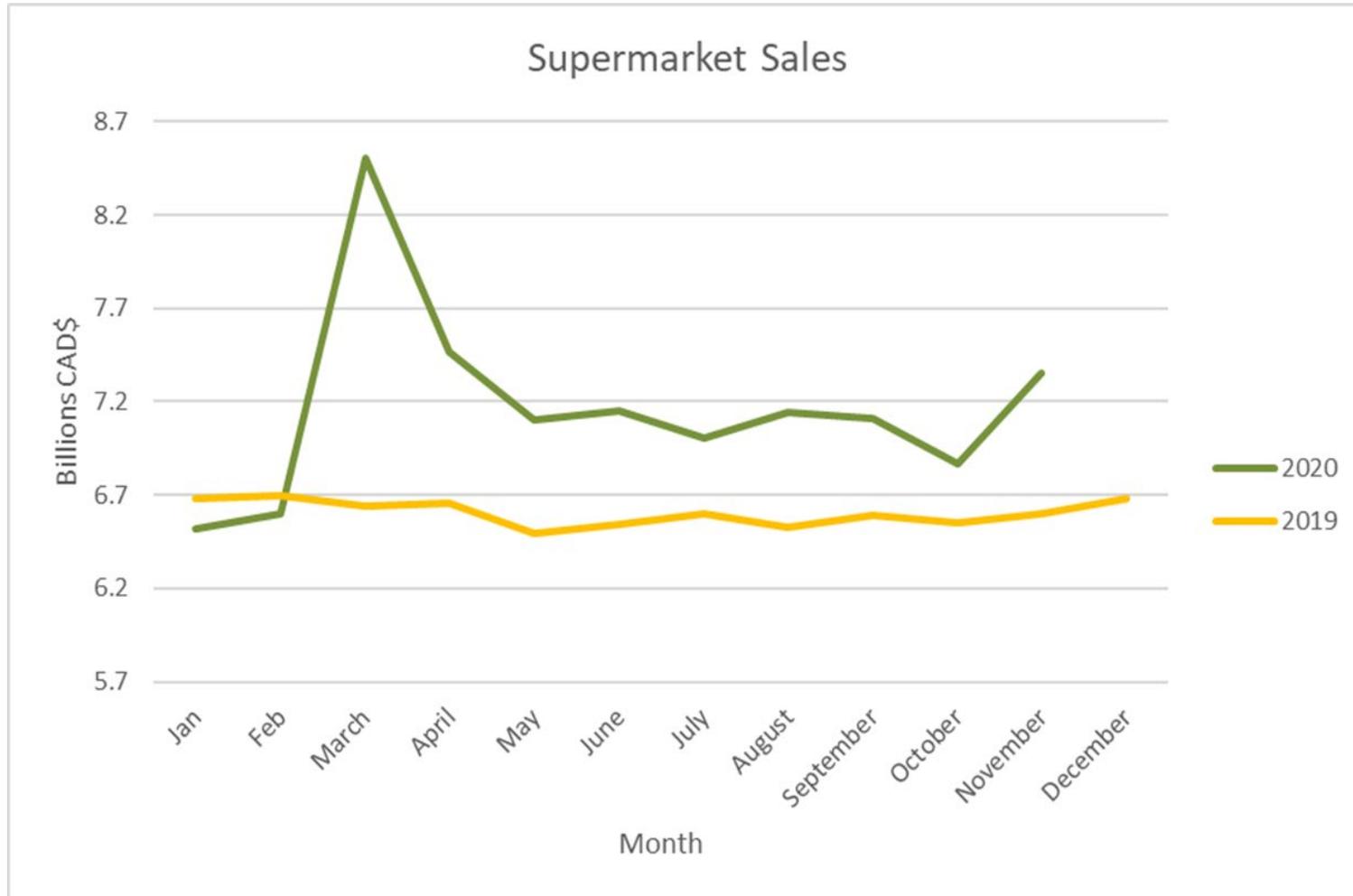
OVERALL  
-34%

- Full Service Restaurants - ↓44%
- Limited Service (QSR) - ↓17%
- Drinking places - ↓55%



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# SUPERMARKET SALES SOAR

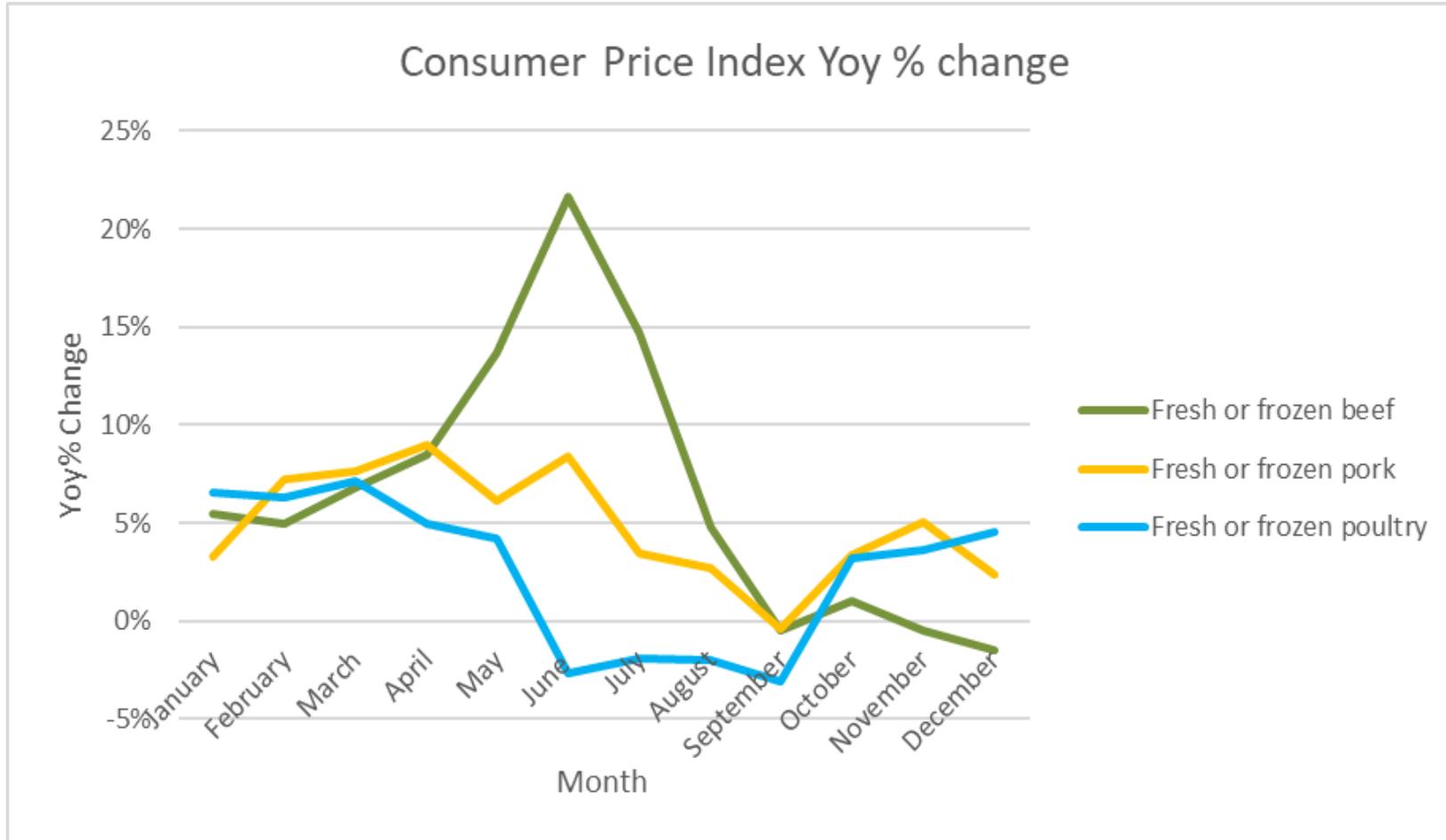


March-Nov  
**11%**

- Lower foot traffic in stores, bigger basket sizes and less frequent outings as Canadian consumers adapt to 'stay at home' orders
- Increase in one stop shopping and e-commerce grocery options



# CANADIAN CONSUMER PRICE INDEX



## March - December

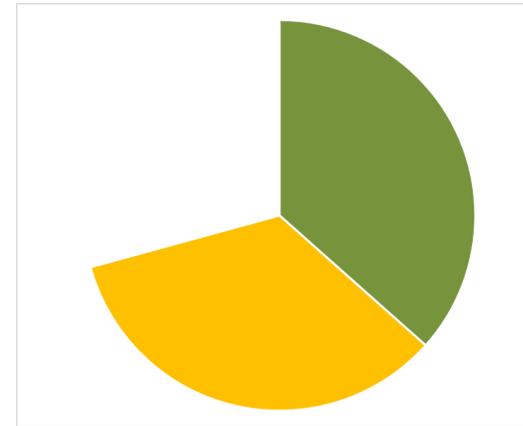
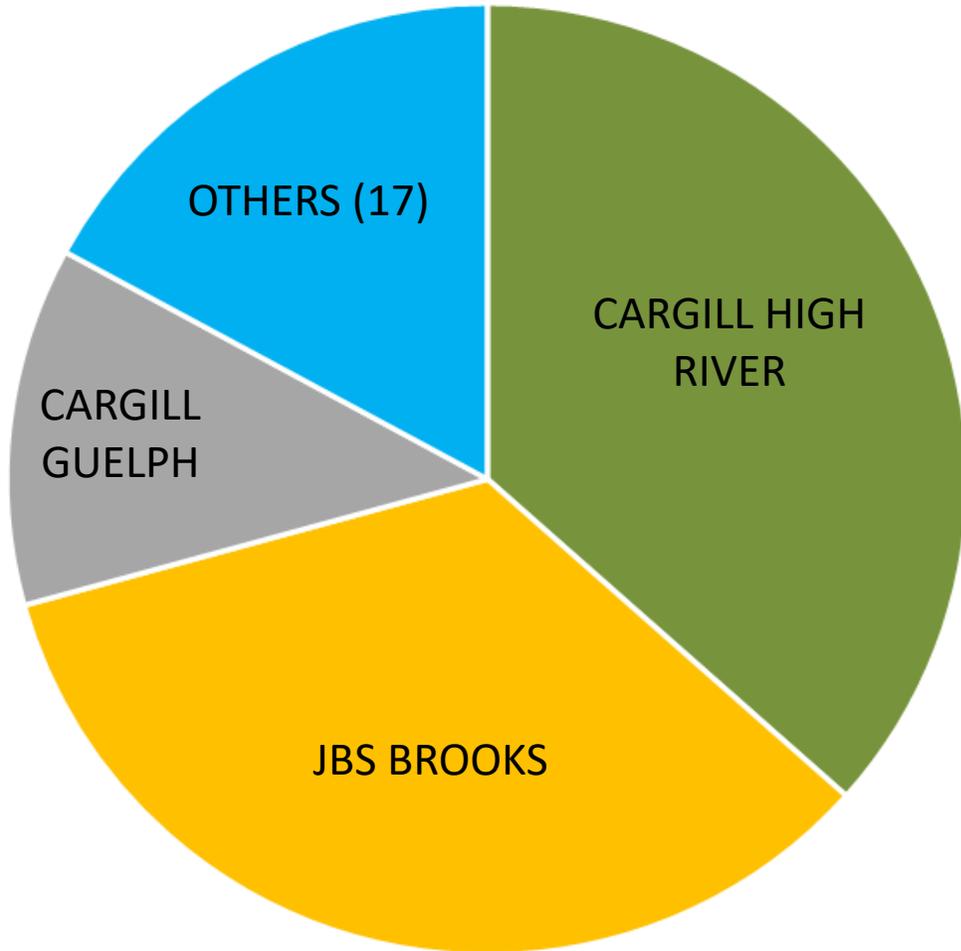


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# CANADIAN CATTLE & BEEF

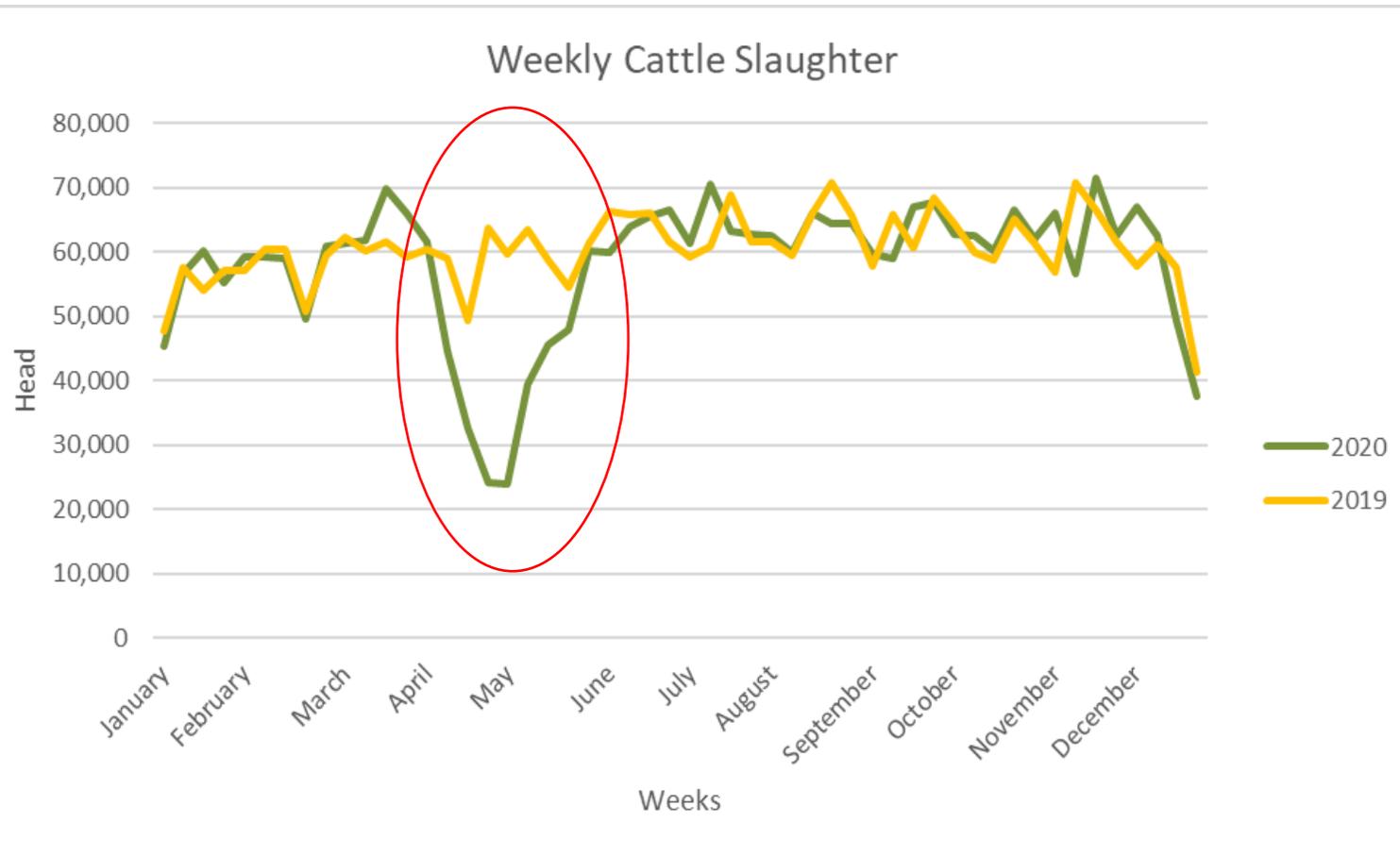


# CANADIAN BEEF PACKING CAPACITY

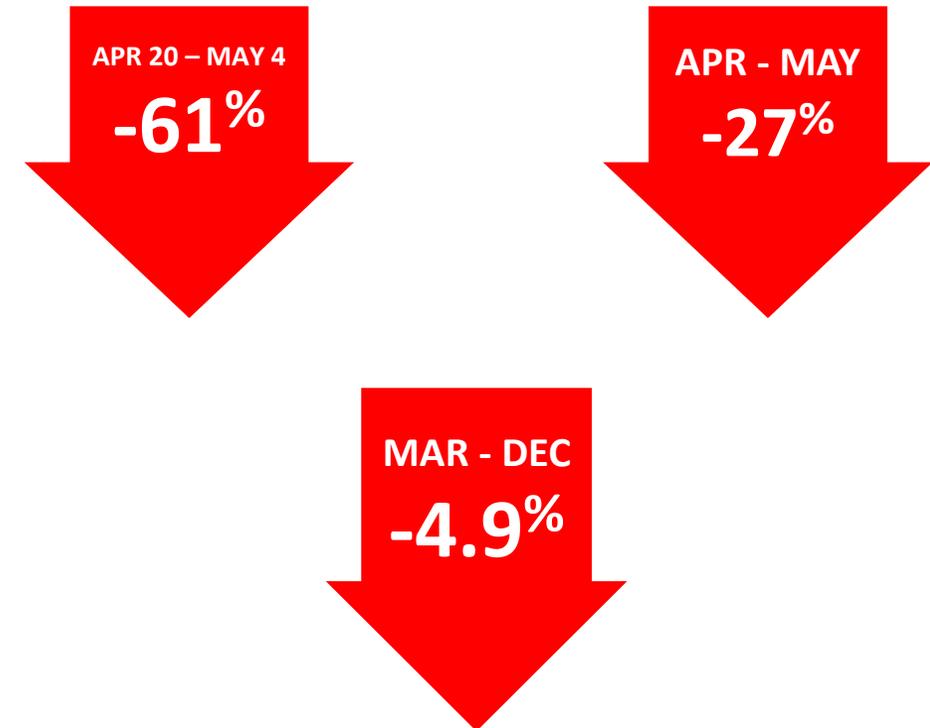


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# WEEKLY CANADIAN SLAUGHTER



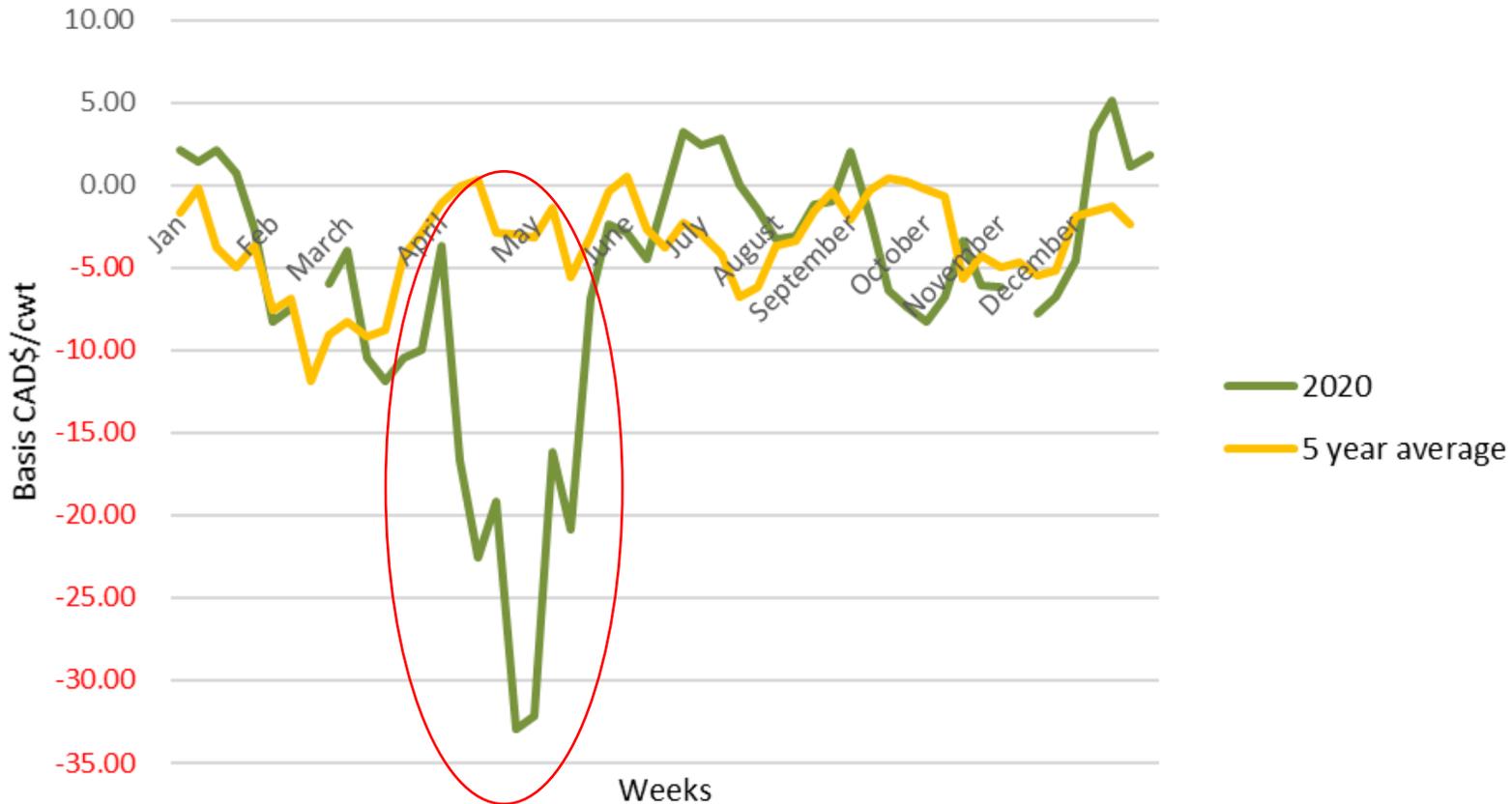
## Average Weekly Cattle Slaughter



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# WESTERN FED STEER BASIS

Alberta/Nebraska Fed Steer Basis (Cash to Cash)



- Chart shows the relative impact of COVID-19 Western Canadian cattle versus Nebraska market



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# CANADIAN BEEF CUTOUT

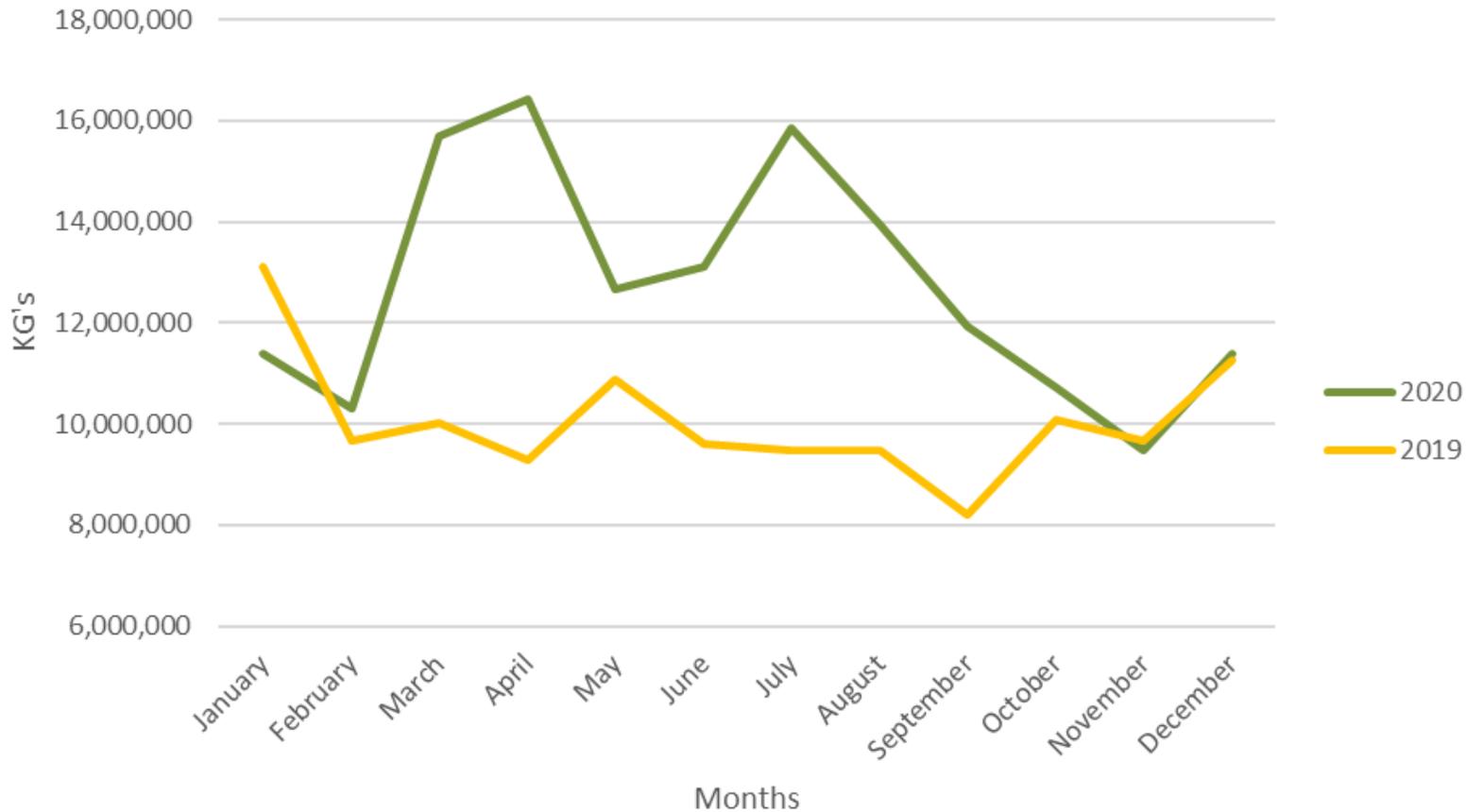
USDA Choice Beef Cutout



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# CANADIAN BEEF/VEAL IMPORTS

Canadian Beef/Veal Imports



March - December

**34%**  
OVERALL  
TONNAGE

- US Origin (tonnage) - ↑8.6%
- UK & EU Origin (tonnage) - ↑211%

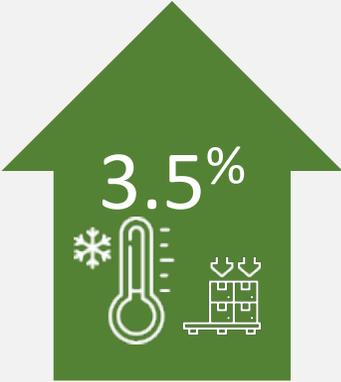


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# CANADIAN BEEF DISAPPEARANCE (MAR – NOV)



**DOMESTIC PRODUCTION**



**AVERAGE COLD STORAGE STOCKS**



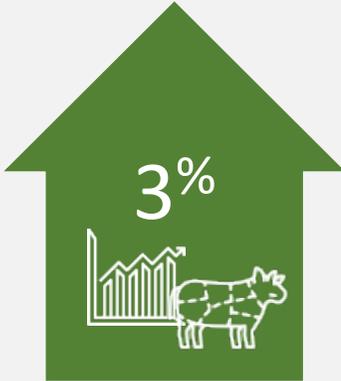
**IMPORTS**

**+46,199 Tonnes**



**EXPORTS**

**+14,733 Tonnes**



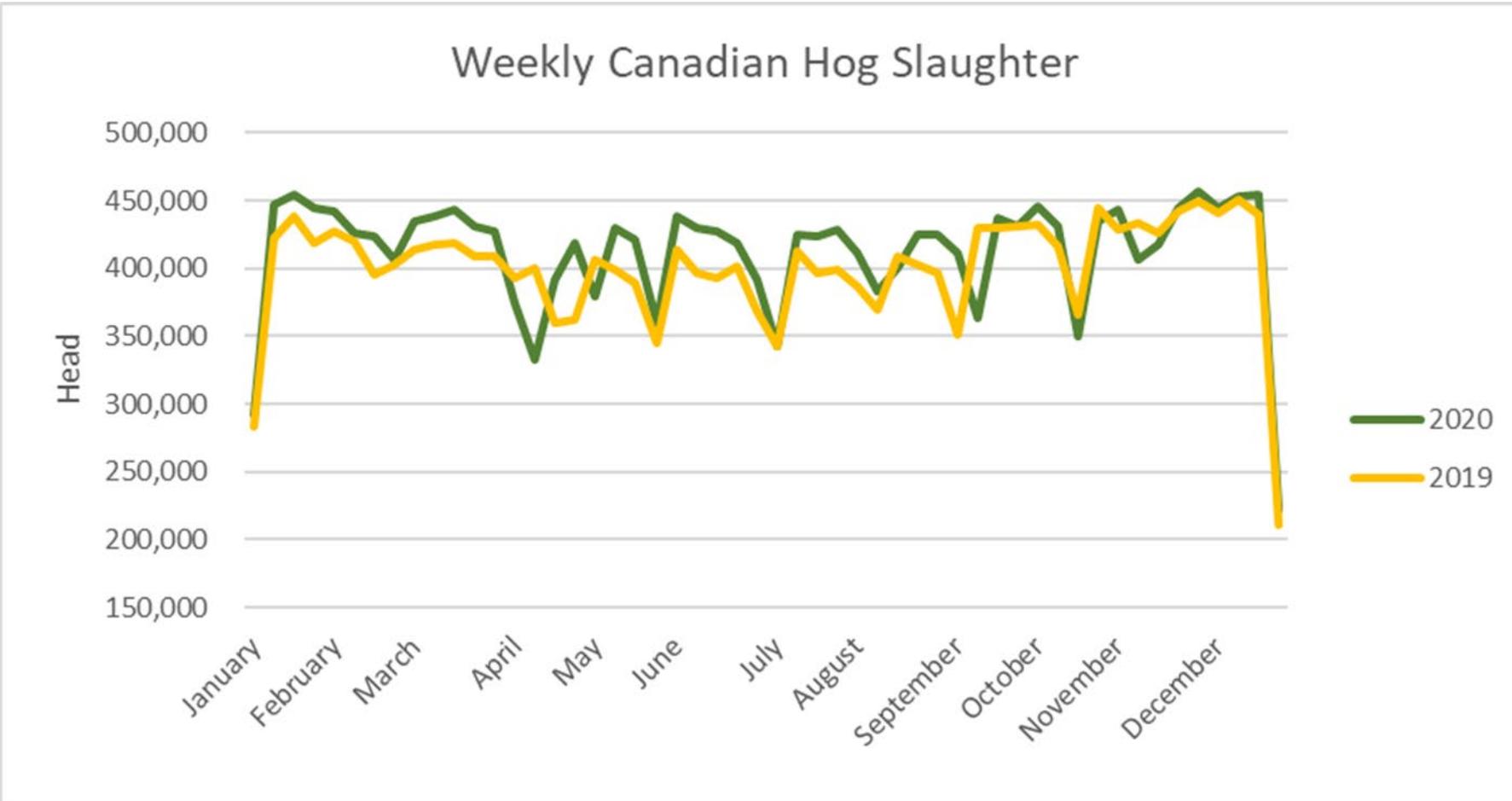
**CANADIAN BEEF DISAPPEARANCE**



# CANADIAN HOGS & PORK



# CANADIAN HOG SLAUGHTER



Average Weekly Slaughter

March-Dec  
2.5%



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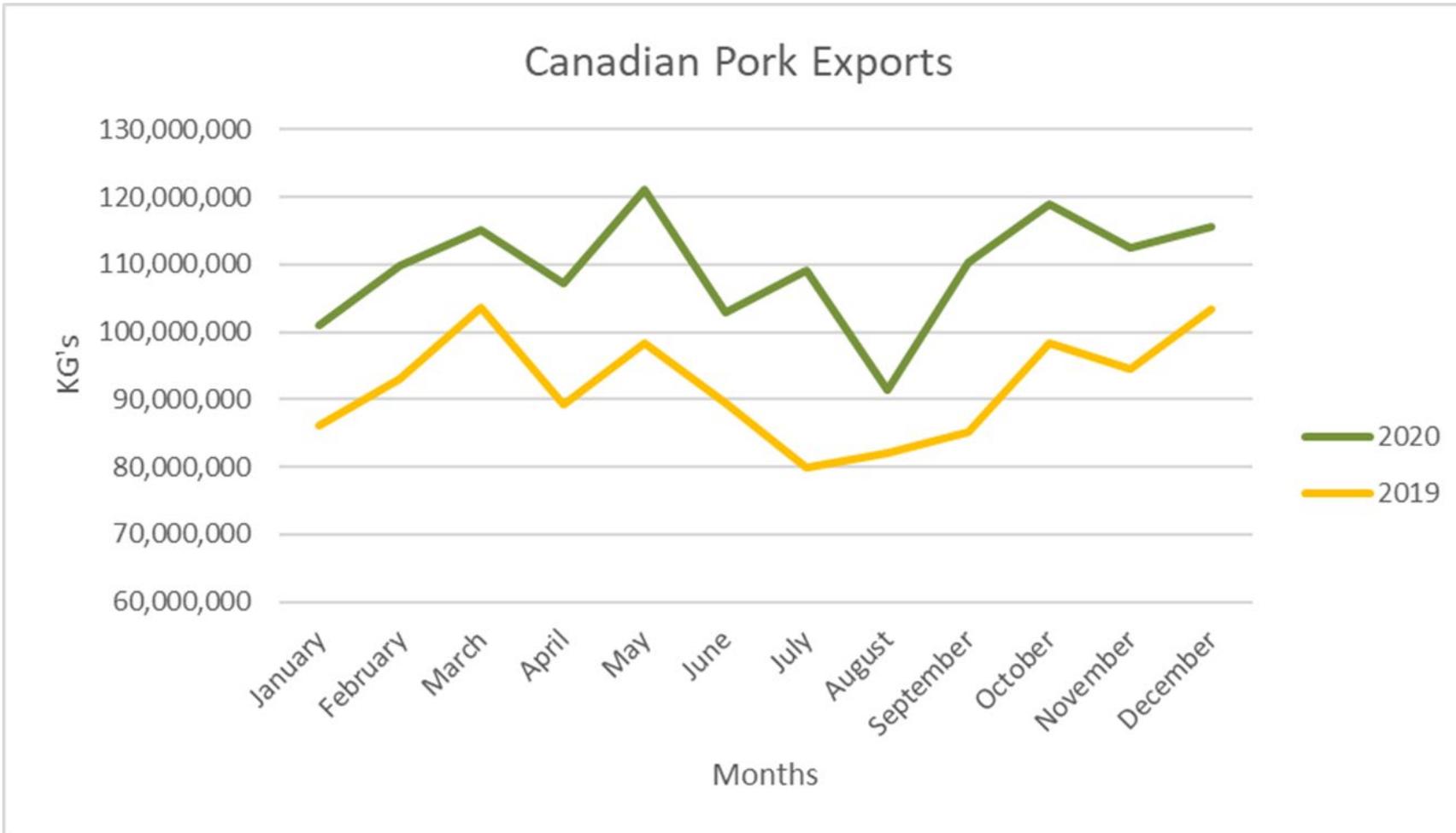
# Canadian Pork Cutout

USDA Pork Cutout



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# CANADIAN PORK EXPORTS



March-Dec  
**19.5%**  
 OVERALL

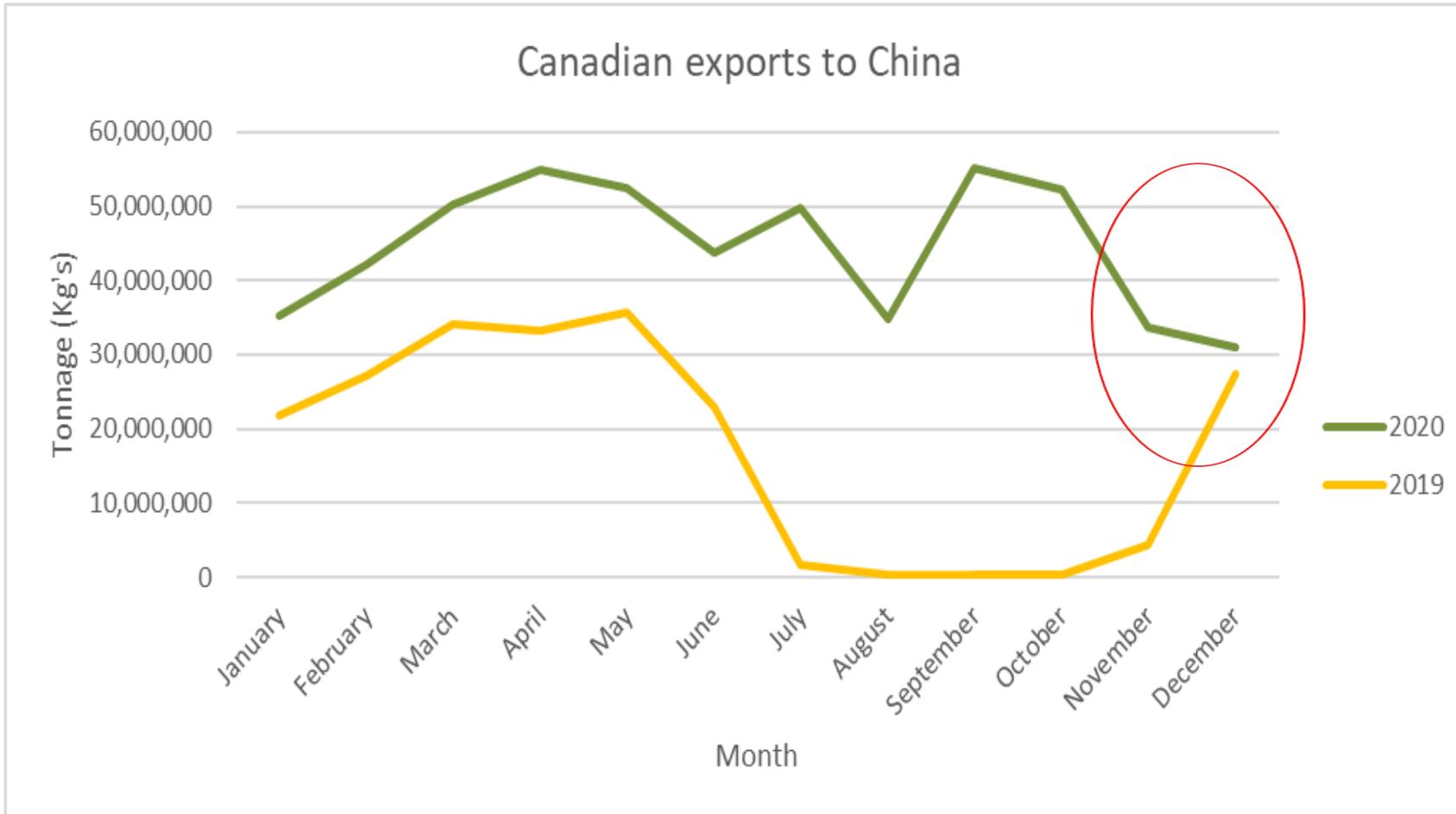
## 5 of top 6 destinations

- USA - ↓3.5%
- Japan - ↓3.0%
- Mexico - ↓38.5%
- Philippines - ↓10.6%
- South Korea - ↓18.6%



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# CANADIAN PORK EXPORTS TO CHINA



YOY  
**155%**  
TONNAGE

Starting on Aug 6<sup>th</sup> - Jan 15<sup>th</sup> China barred Canadian pork imports from 8 plants representing ~60% of Canadian production, due to COVID-19 packaging concerns.



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# CANADIAN PORK DISAPPEARANCE (MAR – NOV)



# IMPLICATIONS



# IMPLICATIONS

## 1 | VULNERABILITY OF OUR PRODUCTION PLANTS

*The market will push to reduce labor dependency from the meat packing level to the Canadian consumer.*

## 2 | FINDING ALIGNMENT BETWEEN PRODUCERS AND PACKERS

*Fewer independent Canadian hog producers, more vertical integration.*

## 3 | CANADIAN MARKET OUTLOOK

*More of the same.*



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# JSF MARKET INTELLIGENCE SERVICES

We provide members of the **meat & livestock industry** with complimentary **market intelligence** to make smarter procurement decisions. As part of our service suite, access:



## WEEKLY MEAT WRAP NEWSLETTERS:

Weekly analysis on beef and pork markets delivered right to your inbox.



## RED MEAT OUTLOOK:

monthly market intelligence reports for both Cattle & Beef and Hogs & Pork markets.



## BIG PICTURE MARKET OUTLOOK:

quarterly market outlook webinars featuring prominent North American meat & livestock analysts.



## AUTOMATED MARKET ALERTS:

reliable and timely information (supply, demand & pricing) to stay abreast of the market.



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# THANK YOU

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# ALEXANDER CAVE



## ALEXANDER CAVE, BA Econ, CFA

President & CEO,  
J.S. Ferraro

[www.jsferraro.com](http://www.jsferraro.com)



Alexander Cave is the President and Chief Executive Officer of J.S. Ferraro, a full-service meat brokerage firm. Growing up in the farming and financial services industries Alexander gained an astute understanding of the agricultural industry and a love of the financial markets. Alexander graduated from McGill University with a B.A. in Economics and quickly turned his sights on the financial markets. In the early days of his career, Alexander was an Equities Trader with SwiftTrade Securities before pivoting into derivatives. He spent 6 years at Mapleridge Capital as a Senior Derivatives Trader before joining the team at J.S. Ferraro. Throughout that period, Alexander achieved a number of securities designations including his Chartered Financial Analyst designation.

Over the last 8 years at J.S. Ferraro, Alexander has worked his way up the organization. As a Director he has led both the Risk Management division as well as Meat Trading and Distribution divisions. Having raised cattle growing up, understanding and navigating meat and livestock markets are a natural fit for Alexander. His results driven nature, ability to navigate uncharted waters, and ease building cohesive teams has allowed him to lead the organization into the next phase of business evolution.

### About J.S. Ferraro

J.S. Ferraro is a North American full-service meat brokerage firm offering: end to end meat supply chain solutions, customized benchmarking and industry leading forward forecasting for all beef and pork cuts. Their experience spans OTC meat swaps market, meat distribution, ad planning and risk management solutions for meat and meat products, servicing: packers, retailers, food service distributors and VAP client segments.



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