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

### Fiscal Stimulus
- **Canada**: $407B CAD (~18.5% of GDP)
- **USA**: $3.9T USD (~20% of GDP)

### Vaccine Doses per 100 ppl
- **Canada**: 3.39
- **USA**: 16.63

### Cases per 100,000
- **Canada**: 2,204 (80th)
- **USA**: 8,400 (8th)

### Oxford COVID-19 government response stringency index

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<th>Jan 23 2020</th>
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As at Feb 15th, 2020

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FOOD SERVICE SALES TUMBLE

March - November

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

• 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

- Fresh or frozen beef: 7%
- Fresh or frozen pork: 5%
- Fresh or frozen poultry: 2%
Canadian Beef Packing Capacity

- Cargill High River: ~85%
- JBS Brooks: ~70%
- Others: 17%

WEEKLY CANADIAN SLAUGHTER

Average Weekly Cattle Slaughter

- APR 20 – MAY 4: -61%
- APR - MAY: -27%
- MAR - DEC: -4.9%
• Chart shows the relative impact of COVID-19 Western Canadian cattle versus Nebraska market.
USDA Choice Beef Cutout

March-Dec

8.7%
CANADIAN BEEF/VEAL IMPORTS

March - December

- US Origin (tonnage) - ↑8.6%
- UK & EU Origin (tonnage) - ↑211%
CANADIAN BEEF DISAPPEARANCE (MAR – NOV)

DOMESTIC PRODUCTION

+46,199 Tonnes

AVERAGE COLD STORAGE STOCKS

+14,733 Tonnes

IMPORTS

EXPORTS

-3.6%

-3.6%

3.5%

40%

3%

CANADIAN BEEF DISAPPEARANCE

%
CANADIAN HOGS & PORK
CANADIAN HOG SLAUGHTER

Average Weekly Slaughter

March-Dec
2.5%
CANADIAN PORK EXPORTS

5 of top 6 destinations

- USA - ↓3.5%
- Japan - ↓3.0%
- Mexico - ↓38.5%
- Philippines - ↓10.6%
- South Korea - ↓18.6%
Starting on Aug 6th - Jan 15th China barred Canadian pork imports from 8 plants representing ~60% of Canadian production, due to COVID-19 packaging concerns.
CANADIAN PORK DISAPPEARANCE (MAR – NOV)

DOMESTIC PORK PRODUCTION: 4.1%

AVERAGE COLD STORAGE STOCKS: -4.4%

IMPORTS: 12%

EXPORTS: 22%

CANADIAN PORK DISAPPEARANCE: -18.4%

+24,256 Tonnes

-225,013 Tonnes
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.
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.

Subscribe Now

www.jsferraro.com
Sources


14) Statistics Canada. Canadian International Trade Database. https://www5.statcan.gc.ca/cimt-cicm/commodities-marchandises?lang=eng&chapterId=2&chapterName=Meat+and+edible+meat+offal&sectionId=1&sectionLabel=1+-+Live+animals+and+animal+products.&refMonth=12&refYear=2020&freq=6&countryId=998&usastate=0&provId=1&dataTransformation=0&searchStr=&monthStr=December


15) Statistics Canada. Canadian International Trade Database.


19) Statistics Canada. Canadian International Trade Database.

20) Statistics Canada. Canadian International Trade Database.


ALEXANDER CAVE

ALEXANDER CAVE, BA Econ, CFA
President & CEO,
J.S. Ferraro
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 unchartered 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.