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Spain's Cattle and Beef Production Report 2015

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Report Highlights:

Spain's cattle and beef production shows in 2015 a rebound after several years following a downward trend. The rise in cattle is mainly due to the strong demand of live animals from third countries such as Lebanon, Libya and Algeria, reasonable feed costs and better profitability margins. Beef production in Spain may increase by 5 percent due to an increase market. Beef consumption in Spain may continue during this year the downward trend.

General Information:

In Spain, relevant official data of the Spanish Ministry of Agriculture, Food and Environment (MAGRAMA) in 2014 shows that Spanish cattle sector accounts for 15 percent of the final livestock production and near 6 percent of final agricultural production. In Spain, the percentage of the final cattle production has decreased 13 percent since 2008 in favor of the final swine production that has increased 22 percent since the same period. Besides, in 2015 the Spanish cattle sector started with 117,369 farms, thus 1.05 percent lower than previous year and 40 percent lower than 2006. Instead, the total herd has increased 6.3 percent in 2014 compared to previous year, after following a downward trend since 2007, reaching 6,079 thousand heads. The main regions are Castile Leon, Galicia, Extremadura, Castile La Mancha, Catalonia and Andalusia. Spain is the fifth within the EU28 accounting for 6.9 percent of the total EU herd.

Cattle production in Spain in 2014 started to recover due to more reasonable feed costs and better profitability margins, and may continue with this upward trend in 2015 due to the higher demand from third countries. Total cattle beginning stocks in January 2015 increased 3.8 percent, with dairy cows and beef cows beginning stocks at 1.5 and 2.1 percent respectively. Fertility may remain flat at 0.68 calf/cow ratio.

Slaughter is expected to rise in 2015. According to the Spanish Ministry of Agriculture, Food and Environment (MAGRAMA), in the first quarter of 2015, total slaughter grew 5.8 percent compared to the same quarter of previous year due to the strong demand from third countries such as Lebanon, Libya and Algeria, especially for the Ramadan season.

In 2014 live cattle imports were 31 percent higher (+126,000 animal heads) mainly coming from France. Exports in 2015 to third countries may increase by 60 percent more than 2014, mainly to Lebanon, Libya and Algeria.

In 2014 in Spain, beef consumption continued to decline due to the Spanish economic crisis and the meat prices. In 2015 this downward trend may continue due also to the decrease in population by immigrants leaving Spain. Beef consumption has decreased 10.7 percent since 2006, from 7 kg per capita in 2006 to 5.96 kg per capita in 2013

According to MAGRAMA, in the first quarter of 2015, beef production increased 9.4 percent compared to the same quarter of previous year. Thus, in 2015 beef production may grow 5 percent reaching 607,000 MT CWE, starting a recovery after several years following a downward trend. In 2015 average carcass weight may remain stable at 265 kg / head.

In the first 6 months of 2015, Spanish beef exports grew 25.75 percent with 79,129 MT CWE. Spanish beef exports were 31 percent higher to third countries in this same period and 25.75 percent higher to EU 28. Almost 90 percent of total Spanish beef exports go to EU 28. Exports to third countries may

increase in 2015 due to more competitive prices. The main destinations within the EU 28 are Portugal, Italy (+51%), France and The Netherlands (+ 92%). To third countries Spanish beef exports mainly go to African countries such as Algeria and Morocco and Hong Kong with an increase of 162 percent in this period.

Between January and June 2015 Spain has produced a total meat quantity of 3,059,908 tons of pork, beef and poultry meat. This is the first time that in the first half of the year more than 3 million tons of meat have been produced following an upward trend since 2013 (Figure 1).

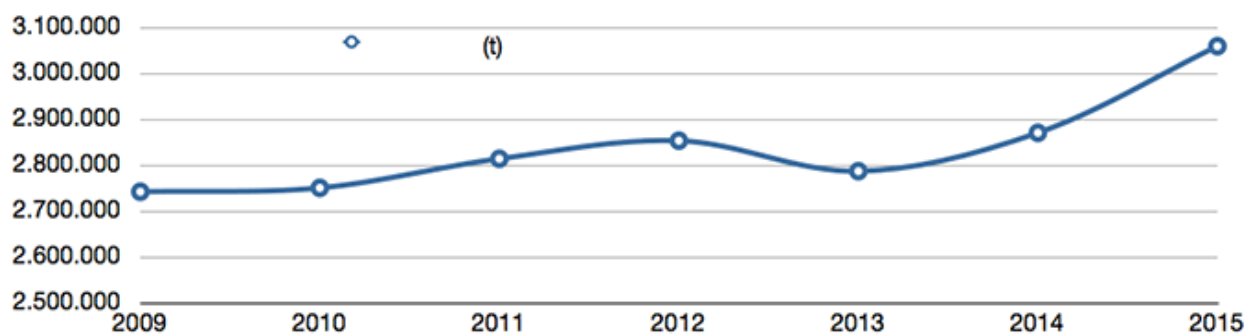


Figure 1: Total meat production in Spain in the first half of 2015
Source: MAGRAMA

In this first semester of 2015, Spain has produced 1.96 million tons of pork, 9.1 more than the same period of 2014, 300,000 tons of beef and 701,305 tons of poultry meat among others.

As shown in the Figure 2, after following 3 years of reduced production of beef, in the first half of 2015 Spanish production of beef has recovered the levels recorded at 2011, close to 300,000 t.

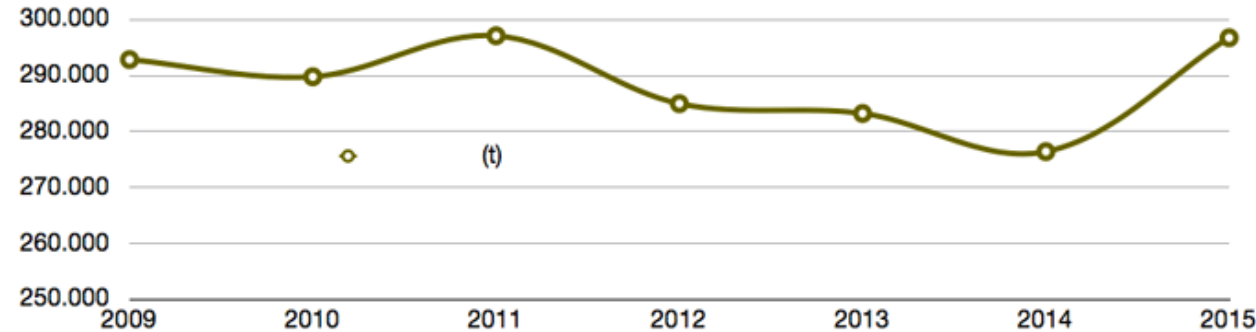


Figure 2: Beef production in Spain in the first half of 2015
Source: MAGRAMA