

# Market Report

**Down,  
down,  
down,  
but an uptrend is coming**

By Kent Swisher

Vice President, International Programs, National Renderers Association

Last year was definitely a year to be remembered. In the United States (US), there was continued drought in California and parts of Texas while the northeastern part of the country saw one of its harshest winters on record. Not only did the area receive snowstorm after snowstorm, but the subfreezing temperatures lasted through most of the winter. On the bright side, global growth rebounded in 2014. According to the International Monetary Fund (IMF), global output rose from 3 percent in 2013 to 3.3 percent in 2014.

Last year saw world oil prices plummet. Crude oil prices in December 2014 reached levels not seen since the recession of 2008. Both Brent and Cushing crude oil prices dropped 44 percent between June and December 2014, pushing US gas prices to around \$2 per gallon in many areas. Commodity prices followed the downward trend with rendered fat prices seeing similar declines. These price drops, which would normally help spur exports, were contradicted by a strengthening US dollar against every major currency. *The Wall Street Journal* dollar index comparing the US dollar to other major currencies rose 12.5 percent, the second largest growth since the index started. In addition, US production of soybeans topped a record 3.9 billion bushels, putting additional pressure on prices of rendered fats and proteins.

The porcine epidemic diarrhea virus (PEDv) crisis that began in 2013 in North America started to wane toward the end of last year and production indicators show that the swine industry was rebounding toward the last quarter of 2014. However, high pathogenic avian influenza (HPAI) was reported in the Northwest in December 2014 and by March 2015, HPAI was found in multiple states on the West Coast and in states on the Mississippi flyway. Luckily, most major export markets adopted World Organization for Animal Health (OIE) recommended standards that indicate heat-treated rendered products are safe. China was the one exception, which banned processed poultry proteins from the United States shortly after the new year.

## Domestic Developments

### Supply

As has been the trend for a number of years, renderers continued to see downward pressure on their raw material supply in 2014 due to reduced livestock slaughter. Cattle inventories remained low with slaughter down 7 percent over

2013 at 30.1 million head, but slaughter weights remained on an upward trend, up 1.2 percent from 1,314 pounds in 2013 to 1,330 pounds in 2014. By comparison, slaughter weights averaged 1,277 pounds in 2011. Broiler slaughter of 8.6 billion birds remained relatively unchanged last year while hog slaughter dropped 5 percent from 112 million head in 2013 to 106.8 million in 2014, the lowest in the last seven years as a result of PEDv. However, slaughter weights increased from 276 pounds per head in 2013 to 285 pounds in 2014.

Production and consumption data for the rendering industry was traditionally reported in the US Census Bureau's *M311K – Fats and Oils: Production, Consumption, and Stocks* report, but this report was discontinued in July 2011 after government cutbacks. Hence, the data in table 2 was derived by the National Renderers Association (NRA) using historic relationships between livestock production as reported by the National Agricultural Statistics Service (NASS) and rendered product production. Yellow grease production was calculated using the relationship between yellow grease production numbers in the 2010 report titled *A Profile of the North American Rendering Industry* from Informa Economics, and cooking oil consumption as reported by the US Department of Agriculture (USDA). Poultry meal, feather meal, and poultry fat production was derived using NASS slaughter data and yield data. On a positive note, USDA/NASS is under a new mandate to start collecting the production data that the Census Bureau had discontinued. NRA staff worked with USDA/NASS statisticians to refine survey forms that are being sent out to renderers (see "Industry Data Collection to Begin Again" on page 16). Survey recipients are encouraged to respond.

In 2014, tallow production was around 2 million metric tons, down 7 percent from the previous year, while white grease production dropped just over 1.5 percent from 591,000 metric tons in 2013 to 581,000 metric tons in 2014. White grease consists of both choice white grease and lard. The higher pork slaughter weights last year compensated for the lower slaughter numbers to keep white grease production from falling further. Yellow grease production, which includes but is not limited to used cooking oil, is estimated at 932,000 metric tons in 2014, up 3.4 percent from 2013. Poultry fat production was up 1.4 percent last year, from 481,500 metric tons in 2013 to 488,200 metric tons in 2014. In total, the US rendering industry produced more than 4 million metric tons

of fat in 2014 valued at over \$3 billion dollars, a 12 percent decline from the 2013 production value.

Meat and bone meal production – which includes ruminant, porcine, and mixed species – was 2.1 million metric tons in 2014, down nearly 6 percent from 2013. Poultry meal production was about 1.2 million metric tons in 2014 and feather meal production was 625,200 metric tons, both up 1.4 percent from the previous year. Total protein meal production was 3.9 million metric tons in 2014 valued at nearly \$2.3 billion, a 7 percent increase from 2013.

It must be noted that livestock slaughter in the United States appears to have hit bottom in 2014. Lower commodity prices this year are increasing margins in the livestock sector and production indicators point toward a growth in cattle, poultry, and swine production in the coming years.

#### Demand

The rendering industry produces commodities for the livestock feed, pet food, energy, and oleochemical industries along with edible products for food. Demand for rendered fats was fairly strong during the first six months of 2014.

According to the *2015 Alltech Global Feed Survey*, the United States produced 172.4 million metric tons of feed in 2014, up 2.3 percent over 2013. The pork industry is recovering from PEDv while cattle producers are entering an expansion so demand for feed and feed ingredients remains strong. While non-biofuel domestic consumption of rendered fat was down 2.8 percent and tallow use was down over 6 percent in 2014, yellow grease demand rebounded 15 percent over 2013. Domestic consumption of rendered fats in the biofuel sector has seen dramatic growth in the last few years and now accounts for 25 percent of US rendered fat production.

However, total rendered fat use in biofuels last year shrank 6 percent due to uncertainty in the market over the Renewable Fuel Standard coupled with lower supplies of rendered fats and stronger export demand for tallow. In 2014, tallow use in the domestic biofuel industry was 161,000 metric tons, down 21 percent from 2013, while white grease consumption was down close to 9 percent to 194,000 metric tons. Yet yellow grease use in biofuels continued to increase and was 487,000 metric tons

last year, just over half of US production. The domestic demand for processed animal proteins in 2014 was 3.2 million metric tons, down 2.5 percent from 2013. As mentioned earlier, lower slaughter numbers led to less raw material available to renderers thus the drop in domestic use.

Exports of rendered products in 2014 were about 1.5 million metric tons, down 4.2 percent from 2013. The United States exported around 19.2 percent of all production last year, down slightly from the previous year. This decline was mainly because of lower production, but can also be attributed to a large drop in yellow grease exports to Venezuela.

As seen in table 1, prices of animal fats and yellow grease were down across the board once again in 2014, the third straight year of declines. Tallow was down 10 percent, choice white grease down 16 percent, yellow grease down 16 percent, and poultry fat down 17 percent from 2013 prices. Compared to the high prices of 2011, tallow has dropped 27 percent, choice white grease is down 30 percent, yellow grease is down 34 percent, and poultry fat is down 33 percent. However, fat prices were fairly strong in the first six months of 2014 led mostly by strong export demand. Exports of tallow alone were around 250,000 metric tons in the first half of last year, up 17 percent over the same time period in 2013. Yet prices plummeted in the second half of last year mostly as a result of a continued oversupply of palm oil in the global marketplace coupled by falling oil prices and a stronger US dollar at the same time. Processed animal protein prices were up substantially in 2014 due to lower supply and strong global demand. The price of ruminant meat and bone meal was up 8 percent over 2013 to a record \$502 per metric ton. The price of porcine meat and bone meal rose 6 percent, feed grade poultry meal was up 5 percent, pet food grade poultry meal rose 6 percent, and feather meal was up 10 percent.

#### Outlook

The beef industry is beginning a growth cycle due to reduced feed costs and increased profit margins. Beef cow inventory bottomed out in 2014 and is expected to increase

*Continued on page 13*

**Table 1. Average annual prices of select rendered products, 2009-2014 (per metric ton)**

Product (Location)	2009	2010	2011	2012	2013	2014	% Change 13/14
<b>Fats</b>							
Beef tallow, packer (Chicago)	\$553	\$737	\$1,095	\$963	\$887	\$801	-10
Choice white grease (Missouri River)	\$511	\$657	\$1,020	\$926	\$846	\$711	-16
Edible tallow (Chicago)	\$608	\$775	\$1,176	\$1,068	\$946	\$865	-9
Edible tallow (Gulf)	\$606	\$787	\$1,180	\$1,034	\$966	\$803	-17
Lard (Chicago)	\$631	\$849	\$1,093	\$1,279	\$1,081	\$959	-11
Poultry fat (Mid-south)	\$510	\$628	\$992	\$864	\$793	\$660	-17
Yellow grease (Missouri River)	\$448	\$577	\$932	\$788	\$727	\$612	-16
<b>Protein meals</b>							
Blood meal, porcine (Midwest)	\$974	\$937	\$1,047	\$1,214	\$1,308	\$1,643	26
Blood meal, ruminant (Missouri River)	\$829	\$818	\$949	\$1,122	\$1,232	\$1,580	28
Feather meal (Mid-south)	\$594	\$540	\$565	\$715	\$701	\$772	10
Meat and bone meal, porcine (Missouri River)	\$441	\$387	\$462	\$552	\$527	\$556	6
Meat and bone meal, ruminant (Missouri River)	\$406	\$364	\$413	\$473	\$464	\$502	8
Poultry by-product meal (57% protein, Mid-south)	\$507	\$448	\$524	\$594	\$582	\$610	5
Poultry by-product meal (67% protein, Mid-south)	\$761	\$742	\$795	\$919	\$821	\$871	6

Source: The Jacobsen.

**Table 2. US production, consumption, and export of rendered products, 2009-2014 (000 metric tons)**

Category	2009	2010	2011	2012	2013	2014	% Change 13/14
<b>Production</b>							
Tallow	2,364.5	2,338.8	2,373.5	2,265.1	2,248.0	2,094.6	-6.8
Inedible tallow	1,531.1	1,511.2	1,486.8	1,453.2	1,442.2	1,356.7	-5.9
Edible tallow	833.4	827.6	886.7	812.0	805.8	737.8	-8.4
Yellow grease/used cooking oil	872.9	868.8	906.4	884.4	900.8	931.8	3.4
White grease	586.4	572.7	580.7	594.0	590.7	581.4	-1.6
Choice white grease	523.6	511.3	518.4	530.3	527.4	519.1	-1.6
Poultry fat	458.0	471.4	475.2	474.8	481.5	488.2	1.4
Lard	62.9	61.4	62.2	63.7	63.3	62.3	-1.5
Subtotal	4,281.8	4,251.8	4,335.7	4,218.3	4,221.0	4,096.0	-3.0
Meat and bone meal	2,266.0	2,244.7	2,272.9	2,261.5	2,250.0	2,116.0	-6.0
Poultry by-product meal	1,145.0	1,178.6	1,188.1	1,186.9	1,203.8	1,220.6	1.4
Feather meal	586.2	603.5	608.5	608.0	616.6	625.2	1.4
Subtotal	3,997.3	4,026.7	4,069.5	4,056.4	4,070.4	3,961.8	-2.7
<b>Total</b>	<b>8,279.1</b>	<b>8,278.5</b>	<b>8,405.2</b>	<b>8,274.7</b>	<b>8,291.4</b>	<b>8,057.7</b>	<b>-2.8</b>
<b>Consumption</b>							
Feed, food, fatty acids, carryover, other	3,004.1	2,463.9	2,314.1	2,434.4	2,426.9	2,357.8	-2.8
Tallow	1,564.7	1,396.9	1,519.7	1,528.3	1,587.8	1,490.0	-6.2
Poultry fat	458.0	471.4	366.4	394.9	394.0	391.3	-0.7
White grease	547.4	387.4	301.6	382.7	348.5	365.5	4.9
Yellow grease	434.0	208.2	126.5	128.5	96.6	111.1	15.0
Methyl ester	562.0	422.3	886.8	896.3	1,070.9	1,005.2	-6.1
Animal fat	484.9	292.6	584.7	461.3	489.9	433.5	-11.5
White grease	151.5	151.0	241.8	185.1	212.3	193.8	-8.7
Tallow	240.9	77.1	195.5	174.6	205.0	161.0	-21.5
Poultry fat	61.2	45.4	108.9	79.8	72.6	78.7	8.4
Other	31.3	19.1	38.6	21.8	n/a	13.8	-
Recycled oils	77.1	129.7	302.1	435.0	581.1	571.7	-1.6
Yellow grease	70.8	111.6	213.6	303.9	443.2	487.3	10.0
Other	6.4	18.1	88.5	131.1	137.9	84.4	-38.8
Subtotal	3,004.1	2,463.9	2,314.1	3,330.7	3,497.8	3,363.0	-3.9
Animal protein meals	2,963.8	2,883.7	2,842.2	2,896.4	2,876.3	2,771.0	-3.7
Feather meal	532.9	554.6	545.7	515.8	437.8	459.2	4.9
Subtotal	3,496.7	3,438.3	3,387.9	3,412.3	3,314.1	3,230.3	-2.5
<b>Total</b>	<b>6,500.8</b>	<b>5,902.2</b>	<b>5,702.0</b>	<b>6,743.0</b>	<b>6,811.9</b>	<b>6,593.3</b>	<b>-3.2</b>
<b>Exports</b>							
Inedible tallow	726.5	782.0	598.3	486.7	384.1	402.8	4.9
Yellow grease	438.9	549.1	566.2	452.1	361.0	333.4	-7.7
Edible tallow	73.4	82.9	60.0	75.4	71.1	40.8	-42.7
Lard	37.9	32.5	34.8	24.8	29.4	21.5	-27.0
Poultry fat	n/a	n/a	n/a	14.5	14.9	18.2	22.4
Choice white grease	1.2	1.8	2.5	1.4	0.5	0.6	30.1
Subtotal	1,277.7	1,448.1	1,261.8	1,040.4	861.1	817.3	-5.1
Animal protein meals	447.2	539.5	618.8	552.0	577.5	565.5	-2.1
Feather meal	53.3	48.9	62.8	92.2	178.8	166.0	-7.2
Subtotal	500.5	588.4	681.6	644.2	756.3	731.5	-3.3
<b>Total</b>	<b>1,778.3</b>	<b>2,036.6</b>	<b>1,943.4</b>	<b>1,684.6</b>	<b>1,617.4</b>	<b>1,548.8</b>	<b>-4.2</b>

Sources: Global Trade Atlas for exports. US Energy Information Agency for biodiesel inputs. USDA/NASS slaughter data to derive production.  
Note: n/a = not available.

**Table 3. US annual livestock and poultry slaughter, 2009-2014 (thousand head)**

Species	2009	2010	2011	2012	2013	2014	% Change 13/14
Broilers/Mature chickens	8,658,603	8,790,479	8,683,643	8,576,195	8,648,756	8,666,662	0.2
Cattle	33,338	34,265	34,087	32,951	32,462	30,171	-7.1
Hogs	113,618	110,257	110,860	113,163	112,077	106,878	-4.6
Turkeys	245,812	242,619	246,844	250,192	239,404	236,617	-1.2

Source: USDA/NASS.

300,000 head this year, with total beef production forecasted to recover by 2018, according to USDA/NASS estimates. In addition, US swine production is projected to rebound 4 percent this year and poultry slaughter should increase 3 percent. Low commodity prices are a key to better margins and increased production in the livestock sector, which in turn will lead to higher production of rendered products and increased demand for feed ingredients. For fats, the glut of cheap petroleum and low fuel prices will continue to dampen fat prices in the near term. The wild card is how long the oil producing nations in the Middle East can continue to flood the market with cheap oil. According to Morgan Stanley Commodity Research, Middle Eastern oil producers break even when crude oil ranges from \$10 to \$37 per barrel while US shale oil production has a breakeven of between \$50 and \$80 per barrel. Some analysts argue the technologies that have expanded oil production in the United States are here to stay and that will keep oil prices low. In the near term, with low oil prices and a strong US dollar, fat prices are likely to stay down for some time.

**International Market Conditions**

*Protein Meals*

As the global economy improved in 2014, the global feed industry expanded. According to the *2015 Alltech Global Feed Survey*, global feed production increased from 960 million metric tons in 2013 to 980 million metric tons in 2014, a 2 percent increase. China is the largest feed market in the world, but its feed production declined for the second straight year, from 189 million metric tons in 2013 to 183 million metric tons last year. In the last two years, feed production in China has dropped 8 percent, most likely due to avian influenza issues along with a decline in hog production. By region, Asia is the largest feed producer in the world at 351 million metric tons in 2014, up from 348 million metric tons in 2013.

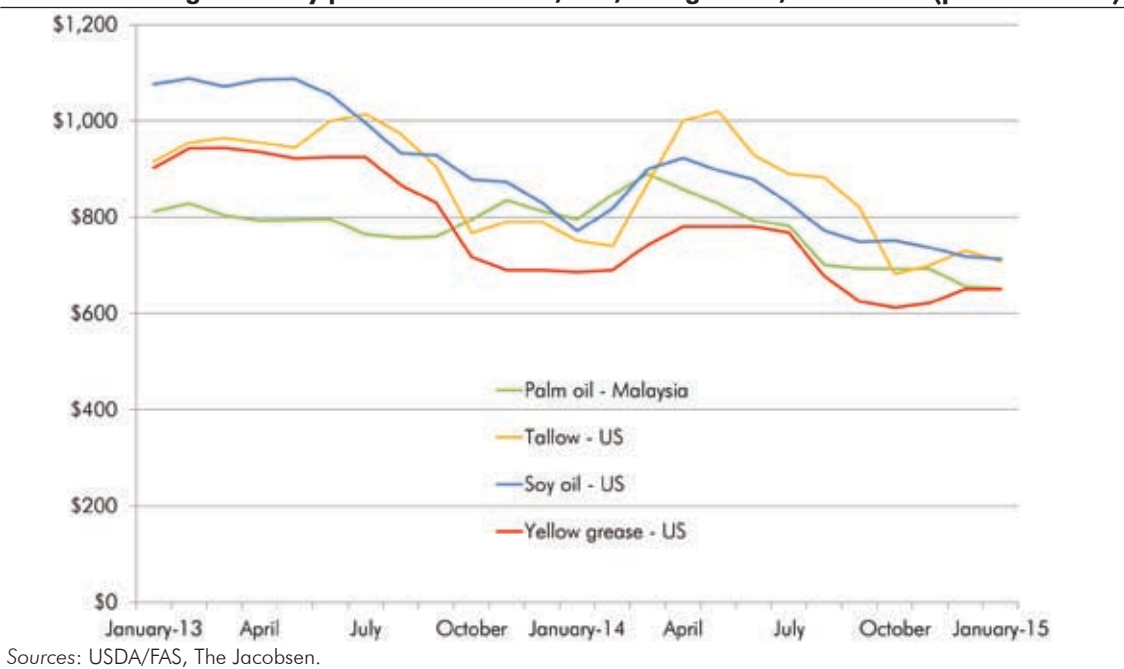
Feed production in Europe rose from 227 million metric tons in 2013 to 233 million metric tons last year, North American production went up from 189 million metric tons in 2013 to 193 million metric tons in 2014, and Latin American feed production rose 2 percent last year to 145 million metric tons. These increases in feed production continue to fuel demand for rendered products. NRA targets the poultry, aquaculture, and pet food industries in export markets. Aquaculture feed is a growth market, expanding from 29.7 million metric tons in 2011 to 41 million metric tons in 2014. Processed animal proteins have a niche in aquafeed because they can replace fish meal in certain rations. Poultry feed is the largest market at 45 percent of total global feed production, with production dropping slightly from 444 million metric tons in 2013 to 439 million metric tons last year. Pet food is another growth market for processed animal proteins, growing from 21 million metric tons in 2013 to 22 million metric tons in 2014.

Total exports of US processed animal proteins declined 2 percent in 2014 to 566,000 metric tons primarily because of lower production and strong demand domestically. In addition, US feather meal exports dropped 7 percent in 2014. Indonesia continues to be the largest importer of processed animal proteins, importing 225,000 metric tons from the United States in 2014, down 4 percent from the previous year. Indonesia also imported about 99,000 metric tons of US feather meal in 2014, down 10 percent from 2013. US exports of processed animal proteins to China exploded in 2014 as more companies gained the proper approvals and became more comfortable exporting to the region. Exports increased 81 percent between 2013 and 2014, totaling 77,000 metric tons last year, making China the second largest importer. At around 75,000 metric tons, Mexico was the third largest importer of US processed animal proteins in 2014, down 10 percent from 2013.

The growth of the Asian and Latin American markets has been vital to the health of US processed animal protein

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**Chart 1. Average monthly prices of select oils, fats, and greases, 2013-2014 (per metric ton)**



**Table 4. US export customers by product, 2009-2014 (metric tons)**

<b>Product/Country</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>% Change 13/14</b>
<b>Inedible tallow</b>							
Mexico	343,315	343,870	314,069	271,378	239,879	236,091	-1.6
Turkey	112,569	133,176	90,649	79,495	45,871	59,474	29.7
Guatemala	26,142	43,723	29,584	19,117	13,332	21,470	61.0
Canada	23,373	27,458	20,013	12,772	14,855	18,496	24.5
Honduras	23,088	32,971	19,457	24,597	14,097	11,499	-18.4
Morocco	13,841	15,425	16,913	10,501	5,000	9,000	80.0
Haiti	3,199	12,048	7,540	1,750	4,519	8,348	84.7
Pakistan	11,882	7,995	4,000	0	4,000	8,000	100.0
Colombia	10,998	10,298	8,099	7,199	3,899	6,100	56.5
Singapore	0	0	0	5,000	0	5,000	-
Nicaragua	7,599	10,148	8,098	7,749	3,199	4,325	35.2
Venezuela	18,847	14,599	23,369	18,589	18,799	3,800	-79.8
El Salvador	6,563	5,299	7,499	4,699	4,199	3,750	-10.7
Dominican Republic	3,649	0	0	2,000	2,499	3,000	20.0
Dominica	3,199	4,699	2,799	4,199	4,649	2,800	-39.8
Panama	400	900	400	400	0	800	-
Guyana	11	0	0	0	20	496	2,380.0
Trinidad and Tobago	1,500	500	997	122	179	264	47.5
Jamaica	0	0	0	85	0	86	-
Korea, South	45,150	43,295	17,800	2,000	0	0	0.0
Peru	16,951	22,498	21,981	15,000	4,080	0	-100.0
South Africa	3,980	5,479	5,088	0	1,000	0	-100.0
Niger	79	0	0	84	0	0	0.0
<b>Total</b>	<b>726,459</b>	<b>781,980</b>	<b>598,334</b>	<b>486,736</b>	<b>384,076</b>	<b>402,799</b>	<b>4.9</b>
<b>Yellow grease</b>							
European Union-28	43,023	120,843	222,637	152,030	147,273	154,005	4.6
Mexico	136,039	161,305	131,831	113,534	95,892	95,632	-0.3
Venezuela	102,879	118,243	91,490	104,869	56,896	19,851	-65.1
Dominican Republic	37,651	39,945	30,460	17,629	18,082	15,518	-14.2
Canada	22,238	15,392	26,547	15,604	11,533	10,513	-8.8
Jamaica	6,289	7,845	6,630	4,802	6,991	7,300	4.4
Guatemala	12,985	19,023	10,224	7,611	3,799	7,125	87.5
Honduras	4,640	5,989	7,236	6,920	3,605	5,890	63.4
El Salvador	9,973	10,784	11,239	3,695	3,599	3,526	-2.0
Singapore	5	539	706	1,656	2,594	2,675	3.1
Nicaragua	800	264	1,149	2,449	1,052	1,932	83.7
Haiti	7,833	4,998	5,292	5,284	1,250	1,250	0.0
Trinidad and Tobago	1,653	1,787	1,572	1,455	2,447	1,144	-53.2
Australia	42	100	196	36	551	852	54.6
Costa Rica	5,343	3,620	1,991	2,705	287	812	182.9
<b>Total</b>	<b>438,851</b>	<b>549,053</b>	<b>566,246</b>	<b>452,067</b>	<b>361,034</b>	<b>333,375</b>	<b>-7.7</b>
<b>Edible tallow</b>							
Mexico	67,879	75,020	54,379	70,205	66,278	35,846	-45.9
Canada	3,444	3,011	5,283	5,163	4,870	4,804	-1.4
Guatemala	75	0	0	0	0	128	-
Panama	10	38	0	0	0	6	-
South Africa	0	0	0	0	0	2	-
<b>Total</b>	<b>73,398</b>	<b>82,893</b>	<b>59,963</b>	<b>75,399</b>	<b>71,148</b>	<b>40,786</b>	<b>-42.7</b>
<b>Lard</b>							
Mexico	36,040	27,461	32,878	23,487	28,347	18,950	-33.1
Japan	0	0	16	0	0	1,499	-
Canada	715	4,085	1,016	598	596	612	2.7
<b>Total</b>	<b>37,861</b>	<b>32,468</b>	<b>34,776</b>	<b>24,826</b>	<b>29,445</b>	<b>21,492</b>	<b>-27.0</b>
<b>Poultry fat</b>							
Canada	-	-	-	10,667	11,065	13,084	18.2
Mexico	-	-	-	806	854	1,731	102.7
Thailand	-	-	-	58	461	1,044	126.5
Dominican Republic	-	-	-	513	644	577	-10.4
Guatemala	-	-	-	287	370	458	23.8
Honduras	-	-	-	770	392	410	4.6
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,536</b>	<b>14,895</b>	<b>18,226</b>	<b>22.4</b>



**Table 4. US export customers by product, 2009-2014 (metric tons), continued**

Product/Country	2009	2010	2011	2012	2013	2014	% Change 13/14
<b>Animal protein meals</b>							
Indonesia <sup>1</sup>	281,276	336,728	388,150	225,742	235,209	225,395	-4.2
China	4,453	13,584	16,326	33,817	42,568	76,908	80.7
Mexico <sup>2</sup>	83,729	72,710	91,425	99,049	83,334	74,866	-10.2
Canada	38,051	43,488	30,333	38,044	43,373	48,719	12.3
Chile <sup>3</sup>	3,045	13,128	21,587	57,394	35,970	37,852	5.2
Vietnam	20,672	30,436	36,729	26,125	27,306	35,727	30.8
Malaysia	225	6	0	2,060	16,902	14,162	-16.2
Philippines	4,456	9,629	4,466	33,035	29,704	12,462	-58.0
Ecuador <sup>3</sup>	5,270	7,000	7,200	6,400	9,400	10,034	6.7
Guatemala	0	18	10	1,037	12,595	7,399	-41.3
Netherlands	833	2,211	3,502	5,518	5,675	6,878	21.2
Thailand	3,646	7,019	11,512	12,884	14,951	5,730	-61.7
Argentina	0	0	0	0	0	1,762	-
Colombia	253	310	1,001	724	2,276	1,523	-33.1
Bangladesh	0	0	0	1,277	3,425	1,505	-56.1
Honduras	315	253	167	900	3,406	1,100	-67.7
Peru	10	27	337	680	1,156	994	-14.0
Costa Rica	515	1,603	1,948	349	781	749	-4.1
Korea, South	0	0	0	168	116	402	246.6
<b>Total</b>	<b>447,182</b>	<b>539,510</b>	<b>618,760</b>	<b>551,989</b>	<b>577,509</b>	<b>565,512</b>	<b>-2.1</b>
<b>Feather meal</b>							
Indonesia	43,207	36,131	36,011	46,929	110,087	98,990	-10.1
Chile	0	0	13,697	25,667	52,972	48,135	-9.1
Canada	6,311	9,497	11,632	17,035	8,961	16,227	81.1
China	0	0	0	0	183	1,265	591.3
Costa Rica	65	0	0	0	51	440	762.7
Panama	0	0	0	0	0	400	-
Ecuador	557	150	0	0	0	296	-
<b>Total</b>	<b>53,340</b>	<b>48,924</b>	<b>62,791</b>	<b>92,195</b>	<b>178,815</b>	<b>165,952</b>	<b>-7.2</b>

Source: Global Trade Atlas.

<sup>1</sup>NRA estimates.<sup>2</sup>From Mexico customs office.<sup>3</sup>From Data Sur.**Market Report** *Continued from page 13*

producers. In late December 2014, a case of HPAI was reported in the Pacific Northwest of the United States. The positive news is that most export markets adopted OIE guidelines allowing for the safe trade of heat-treated products. The bad news is that China banned all US poultry products, causing a 50 percent drop in US high protein (pet food grade) meal prices. NRA, in coordination with the US Animal and Plant Health Inspection Service and Foreign Agricultural Service (FAS), has put much effort into negotiating with Chinese officials to reopen the market to China. As of this writing, an agreement was close.

**Fats and Greases**

The global market for fats and greases continues to evolve. Palm oil production is expanding, putting more supply into the market and additional downward pressure on prices. However, on the demand side, many producing nations now have an additional market in their domestic biofuels sector. In 2014, the top three rendering industries in the world saw about 25 percent of production used in domestic biofuel production as seen in table 5. In addition, the vast majority of tallow exports from Australia went to a renewable fuel producer in Singapore. There is a constant tug of war for these products between export markets and domestic use in biofuel.

As mentioned earlier, US exports of tallow were about 250,000 metric tons in the first six months of 2014, up 17 percent over the same time period in 2013. However, the strengthening dollar made exports during the latter half of 2014 more difficult. Last year, US tallow exports increased 5 percent, from 384,000 metric tons in 2013 to 403,000 metric tons in 2014, stopping a trend of declining tallow exports that has occurred since 2006. Mexico, Turkey, and Guatemala were the top US tallow importers last year. For yellow grease/used cooking oil, the 28 countries of the European Union remain the largest importer at 154,000 metric tons, up well over 4 percent from 2013. These exports are approved solely for the biofuel industry in the region. Overall, US exports of yellow grease/used cooking oil declined 8 percent in 2014 over 2013 mainly due to a drop of 35,000 metric tons of yellow grease exports to Venezuela because of the instability in that country. Overall, US exports of rendered fats were down 5 percent in 2014.

**Outlook**

The IMF predicts world output growth of 3.5 percent in 2015, up from 3.3 percent last year, correlating into increased demand for inputs such as rendered products. On the flip side, competing products are flooding the global markets

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and increasing the global supply of proteins and fats. In the 2014/2015 marketing year, USDA/FAS projects global soybean production will be up 11 percent to a record 315 million metric tons. This follows a record year in 2014 and translates to continued downward pressure on rendered product exports as a result of excessive supply of competing fats and proteins. In addition, low fuel prices will keep fat prices down as they are more and more linked to biofuel production. Furthermore, the strengthening dollar will continue to make US exports less competitive in the international marketplace.

On a more upbeat note, processed animal proteins continue to be used to replace fish meal in aquatic and terrestrial animal rations. Fish meal production will remain flat if not decline over the next few years. As certain processed animal proteins become more correlated to fish meal prices, some products will be buffered from the overproduction of vegetable proteins and fats. In addition, at some point crude oil production will be cut to raise oil prices once again and that will strengthen rendered fat prices as well. **R**

**Table 5. Global production/use of rendered fats**

	Rendered fat production (000 metric ton)	% Exported	% Biodiesel/ Renewable fuels
United States	4,096.0	21	25
Brazil	1,970.0	2	28
European Union	2,500.0	n/a	25
Australia	600.0	72	5

Notes: n/a = not available.  
 Figures for United States are for 2014, other countries are for 2013.

## Industry Data Collection to Begin Again

The United States (US) Department of Agriculture’s National Agricultural Statistics Service (NASS) has launched the Current Agricultural Industrial Reports (CAIR) – Fats & Oils program, which includes the rendering industry as a key component in the survey program. A monthly census of all rendering companies will begin this summer.

Fats and oils statistics were previously published by the US Census Bureau in the CIR-M311K report but discontinued in 2011 due to budget constraints. This report was a valuable source of information to the National Renderers Association and used in the industry’s annual market report published each April in *Render* magazine.

In preparation for the new monthly report, NASS is in the process of contacting all rendering companies to complete an operation profile. For integrated firms or firms with multiple locations, NASS is making contact at the corporate office level. For all other contacts, a local NASS representative has been assigned.

The primary purpose of the operation profile interview is to establish the primary and secondary contacts for the monthly report, which is slated to begin in June with the first publication scheduled for August 3, 2015. The *Fats & Oils: Production, Consumption, and Stocks* publication will be available at [www.nass.usda.gov](http://www.nass.usda.gov).

For more information on the new data collection program, contact Mistie Salmon at (202) 690-3226 or David Colwell at (202) 690-3233. **R**