

Goat Industry Update 2020, Part 2

Introduction

The March 2020 issue of Goat Rancher carried Part 1 of our annual Goat Industry Update. For reader convenience, we reproduce Figure 1 from that Update herein because it best describes the status of the entire US goat industry and the latest goat meat import and U.S. federal goat slaughter, as of 12-31-19.

As shown in Figure 1, the domestic slaughter (head) and goat meat imports (as 34 lb goat carcass equivalents) were all increased from 2018 values. The pounds of goat meat imported from Australia, primarily as frozen carcasses and primal cuts, rebounded in CY 2019 (Figure 2), but did not reach the levels of imports that came to the U.S. from 2014 to 2017. See Figure 3 for comparison of import numbers and prices since 1996. Dockside prices (declared custom value) also increased compared with previous years as the droughts in Australia in 2018 decreased the supply while the ethnic consumer demand for goat meat appeared to continue. The influence of 2019 wildfires in the Australia goat production areas on feral goat numbers is not yet known as no census has yet quantified the loss.

We also speculate that the dockside prices of imported goat meat in CY 2020 will remain stable. We are told by players in the NY/PA/NJ goat markets that US consumer prices did not

closely reflect dockside prices in 1919; such may well be the case in 2020.

A majority (61 %) of the imported goat meat came into the U.S. through the Philadelphia port (Table 1), with 18% arriving through Miami. Note that no goat meat was reported to enter through New York, San Juan, or Honolulu ports, probably for various reasons. Laredo, TX, surpassed Houston-Galveston for imports, with the goat meat entering from Mexico, but it is doubtful that the goats and resulting goat meat originated there as the reported customs value was \$0.22 per pound less than the average reported customs value for all goat meat imported into the U.S. in 2019.

An indication of the domestic slaughter is in Figure 4, with numbers of goats slaughtered in federal plants and the number of federal plants given by state. The states having federal slaughter where providing the specific slaughter numbers would disclose information about specific companies are included in the other category although estimates from previous years are included on the map for some states. The federal slaughter also increased by 6% in 2019 (545,458) compared to 2018 (514,170), but is still far below the 670,000+ goats slaughtered in 2008, the year of highest meat goat inventory numbers in the U.S. The slaughter in state inspected plants was 129,700 goats, for a total reported 675,200 goats slaughtered in U.S. inspected facilities last year. The 18% increase in imported meat and 8.6% increase in domestic slaughter outpaced the 0.60% U.S. population growth from

2018 to 2019, but the approximately 16% of U.S. population reported to be foreign-born continue to drive demand for goat meat.

As we have earlier told elsewhere, domestic retail prices for domestic goat meat ranged \$8-10/lb (carcass basis) in the NY/NJ/PA ethnic markets, Thanksgiving to Easter, while prices of imported goat meat were half that much or less, depending on religious and secular holidays. Note that west coast retail prices for imported goat meat are routinely lower than east coast prices primarily because of reduced freight costs from Australia. There may also be different culturally-induced preferences (willingness to pay) between west coast and east coast ethnic buyers.

Goat industry trends

As readers know all too well, the Covid-19 virus is negatively impacting life as we know it and will do so for an unforeseen time. Its initial impact on our industry regarding consumer demand (buying practices) for goat meat first this year became noticeable in the 3-week period before Easter Sunday April 12, 2020. Normally this period sees peak prices to producers for slaughter goats, *but not so this year!*

During this period, Texas largest goat auctions posted sharp price *drops* for #1 kids from \$3.00+/lb to \$2.50/2.60/lb while #2 kids brought \$2.10-2.20/lb. We are told by auction personnel that their packer buyers were taking fewer goats and paying

less/lb because packers on both coasts were seeing reduced sales to retail outlets because ethnic consumer traffic was in erratic decline. However, Texas and other auctions in the southeast and mid-west saw an unexpected increase in slaughter prices in the weeks post-Easter. Normally, such prices decrease after Easter, are somewhat lower in May and drop sharply in the June-swoon as more and more winter-born kids come to the sales... larger volumes beget lower prices. The San Angelo market has seen bigger runs of slaughter goats from April 22 (2,520) to May 6 (4,031), with concurrent decreases in prices. However, #1 still averaged more than \$3.00 per pound and #2 averaged above \$2.75 per pound for 40 to 60 pound goats.

We are getting increasing numbers of calls from readers inquiring about possible short-term and long-term adverse effects of the virus on goat demand *per se* and on slaughter prices at auction. In particular, prospective buyers of my brokerage goats are increasingly concerned about the advisability of purchasing goats this year and also about the procurement of loans to cover purchase and hauling costs. I speculate that they will remain indecisive until the extent of the virus invasion is clarified. In the meantime, the goats are on the ground as usual and doing their thing, virus be damned. They will be ready to load out in August and September. Only their destinations remain to be seen.

We read/hear the same public information that readers do; it predicts an uncertain date for recovery from virus. Given this

situation, we are reduced to suggesting that goat meat consumption levels will be a function of (depend on) ethnic incomes, which in turn are dependent on ethnic jobs. The pandemic has caused serious unemployment for most all citizens and ethnic groups are not immune. As ethnic household incomes diminish, they may well shift from domestic unfrozen goat meat to cheaper imported frozen goat meat or to poultry because their economic circumstances simply dictate the change. However, we confidently predict that consumption of domestic goat meat will return as soon as ethnic employment returns.

Remember, food purchases are culturally driven and changes in eating habits happen only slowly. Conversely, we are told by sellers of goat meat in NYC that younger ethnics are increasingly drawn to American fast-foods (McDonalds, KFC, and endless beef/chicken/fish tacos) and thus away from traditional ethnic fare. Accordingly, ethnic acculturation looms as a distant threat.

Recent readers of Goat Rancher know that certain producers are making changes in their management and marketing practices. For example, ever higher land prices are influencing new players to undertake confinement or semi-confinement operations while increasingly tight enterprise profit margins are causing some producers (old and new) to change from kidding once a year to kidding 3 times in 24 months to increase net profit sharply from the same number of does.

In the marketing sector, some producers are choosing to sell older, heavier slaughter goats to increase net income. Others are dividing their herd into late-spring and early-fall kidding groups to target always higher Christmas and Easter prices. Still others are making more effort to sell young breeding quality females of various ages as replacement does at premium prices. We are also getting more frequent inquiries from producers and consumers who are considering home slaughtering/processing goat meat for their deep-freezers.

Goat industry Opportunities

Assuming a recovery from the virus invasion and a return to 'new normal' by, say, late fall of 2020, the industry will again be positioned to increase numbers of goat operations, expand herd size of existing herds, and improve herd management efficiency with a view to increasing net income to producers.

Since the early nineties, there have been extensive improvements in the 'technology' of raising meat goats and this information is now widely available via University extension activities, Goat Rancher, and other publications, as well as social media. (Careful as you go, readers; not all goat information on the internet is accurate, relevant, or useful; some is erroneous, some is dangerous to man and beast).

The demand for goat meat is almost insatiable and we only produce *about half the amount* needed by current consumers. We use the italicized fudge phrase to reflect an industry reality.

We know only the federal and state slaughter numbers, but we do not know the numbers of kids and adults slaughtered by buyers who buy goats for 'backyard slaughter'. Experienced industry observers speculate that this could be as high as 30-40% of kid output. Accordingly, we simply cannot get an accurate annual domestic slaughter total. In any case, domestic goat production could expand sharply for many years without depressing prices for slaughter and breeding goats.

Goat producers within 40 miles or so of population centers nationwide have the opportunity to increase on-farm sales of slaughter goats to urban buyers. Such sales decrease hauling expenses, eliminate sales commissions, avoid body weight shrinkage, and such goats typically sell for appreciably more/head than local auctions pay—a win-win marketing channel. We urge readers to pursue this activity vigorously through advertising and by interaction with ethnic groups. Note, too, that certain ethnic groups are now taking older, heavier yearling slaughter kids (125 lb+) and some will take adult does and bucks at better prices than paid at auctions. These are exploitable markets.

Many producers also have opportunities to improve the genetic quality of their herds by engaging in performance testing to better distinguish between keepers and cullers. Comparison of adjusted litter weaning weights at 90-120 days post-parturition would allow optimum selection/retention and, consequently, improved net profit/herd. Owners can send their data set to Dr. Ken Andries at KY SU-Frankfort for analysis and ranking of all

does and bucks. There is no cost for this service; contact him for enrollment: kenneth.andries@kysu@edu.com.

Goat industry constraints

Currently, meat goat operations are mostly small scale (well under 50 does), widely scattered across the nation, and owned by folks who are not, for whatever reasons, interested in increasing herd size. Some are admitted hobbyists, but most aspire to profit-making or at least breaking-even. Commercial production from herds with 100-1,000 does contribute materially to national supply as do the few herds with several thousand does. We simply need many more producers with larger operations in order to increase domestic supply and decrease dependence on imports of goat meat.

A second constraint is the widely held misconception that meat goat operations have low rates of return to labor, management, and capital. While some small, 'hobby-like' herds and some Show Goat herds do lose a little, or a lot, of money, *properly managed* herds of various sizes can and do yield quite acceptable rates of return. Unfortunately, there is very little published information on the economics of meat goat operations. Universities have detailed budgets for producer use, but they do not collect and disseminate data because of privacy concerns.

A third constraint is the ever-rising cost of land. The prevailing high cost of grazing and crop lands needed to support a meat

goat enterprise can rarely be repaid even by well-managed herds. Those that currently buy land and establish a goat operation can pay the taxes and all or some portion of the interest on the loan. Accordingly, they realize a profit only when they later sell the land at prices that will have appreciated in value over time.

A fourth constraint is predator loss which is most prevalent in extensively managed goat herds. Coyotes are the major killer with feral and the neighbor's porch-dogs in second place. Predator losses range 5-40% or more per annum depending on location, season, and age of animals. Control of predators by various means is a socio-political concern of some magnitude, particularly by those whose who are animal lovers with no experience in animal husbandry. Guardian dogs are the most useful and legal way for lowering predator losses. But, for some, shooting straight, burying deeply, and being closed-mouthed solves the problem.

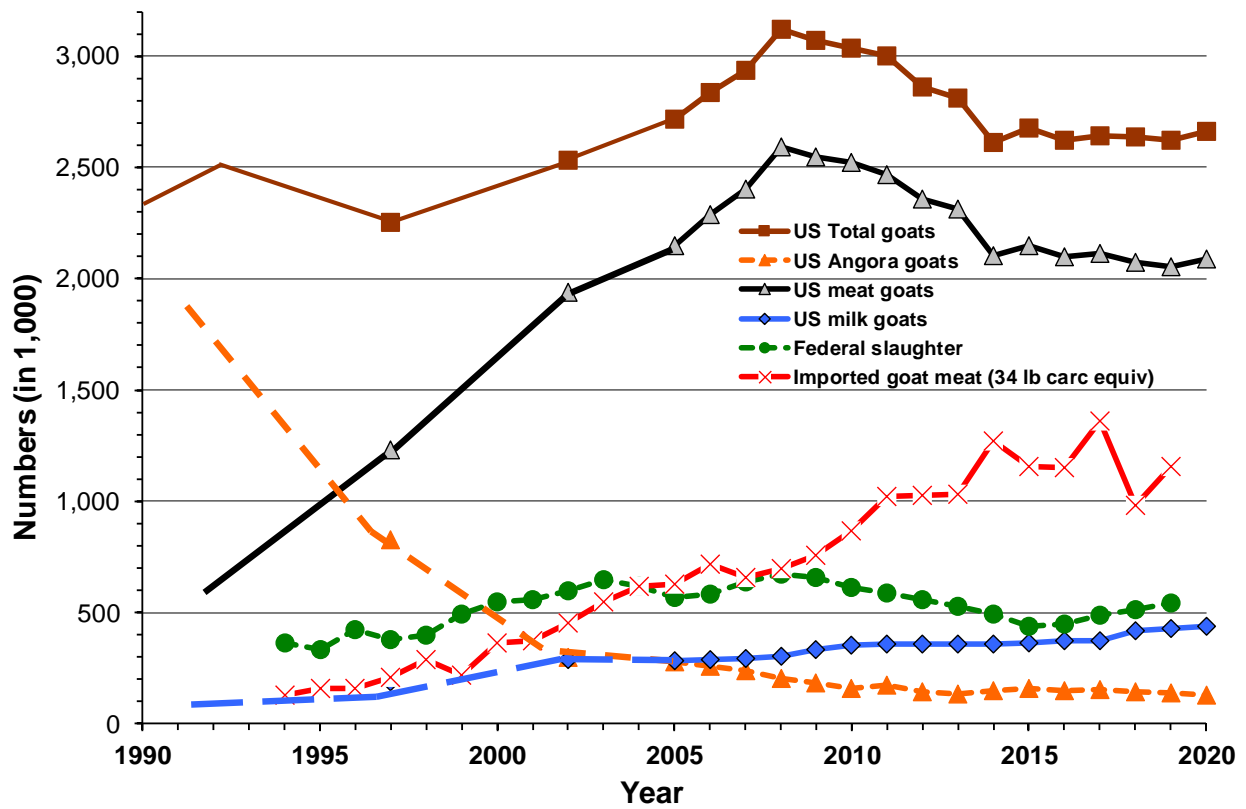


Figure 1. Trends in goat inventory numbers, slaughter, and imports of goat meat in the U.S.

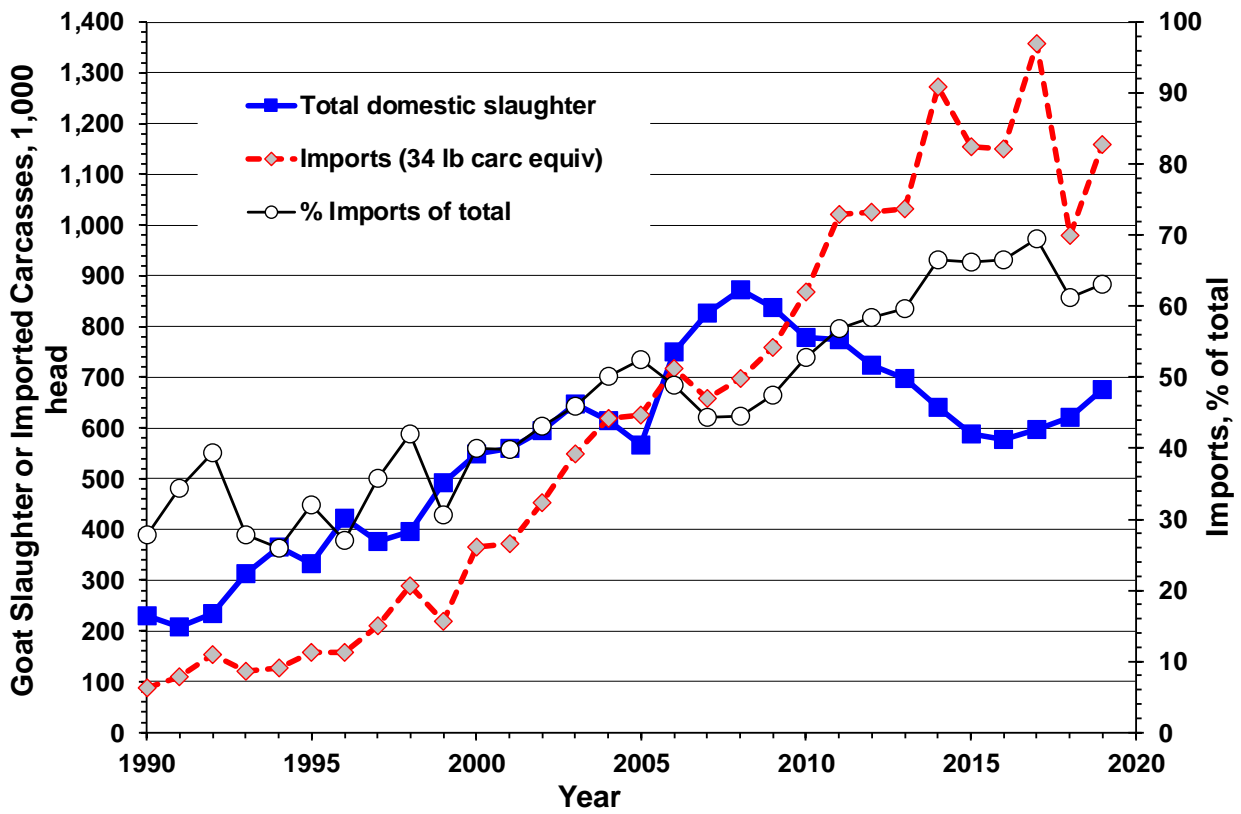


Figure 2. Domestic slaughter (head), goat meat imports (as 34 lb carcass equivalents), and percent of imports as total amounts of goat meat from available data from 1990 to 2019.

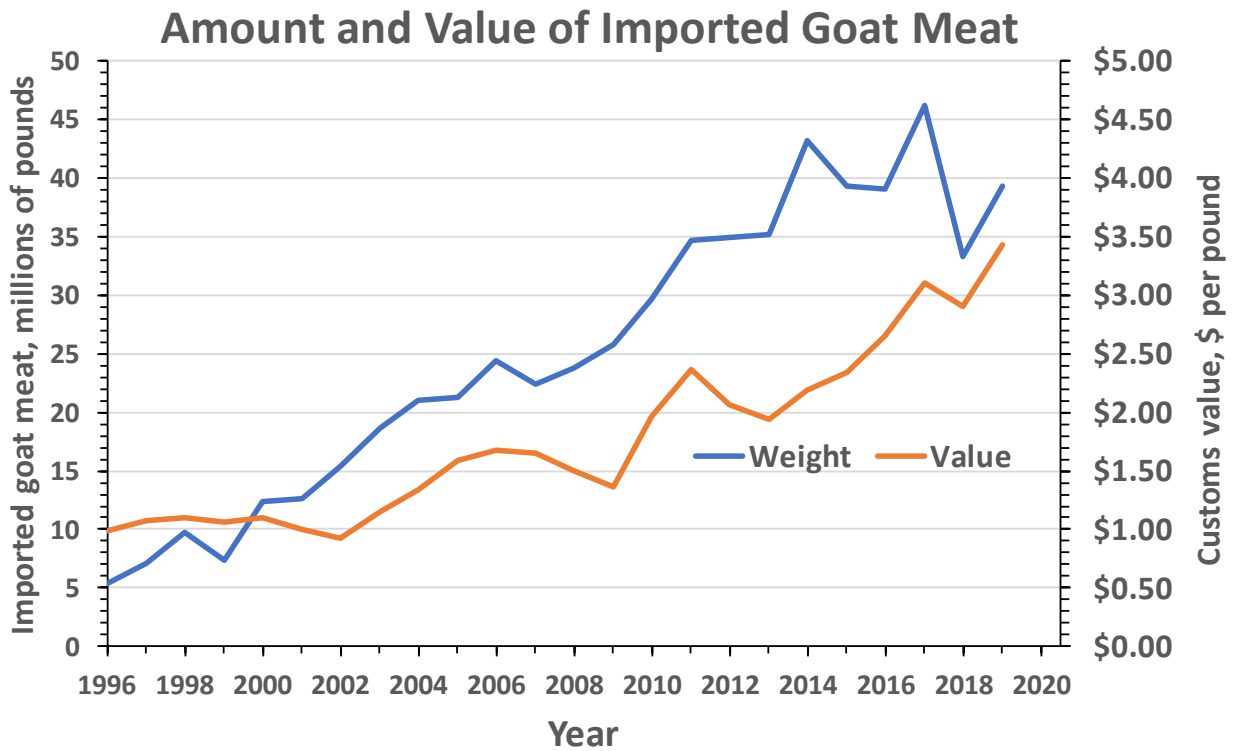


Figure 3. Amounts (pounds) and customs value (\$ per pound) of goat meat imports into the U.S. from 1996 to 2019.

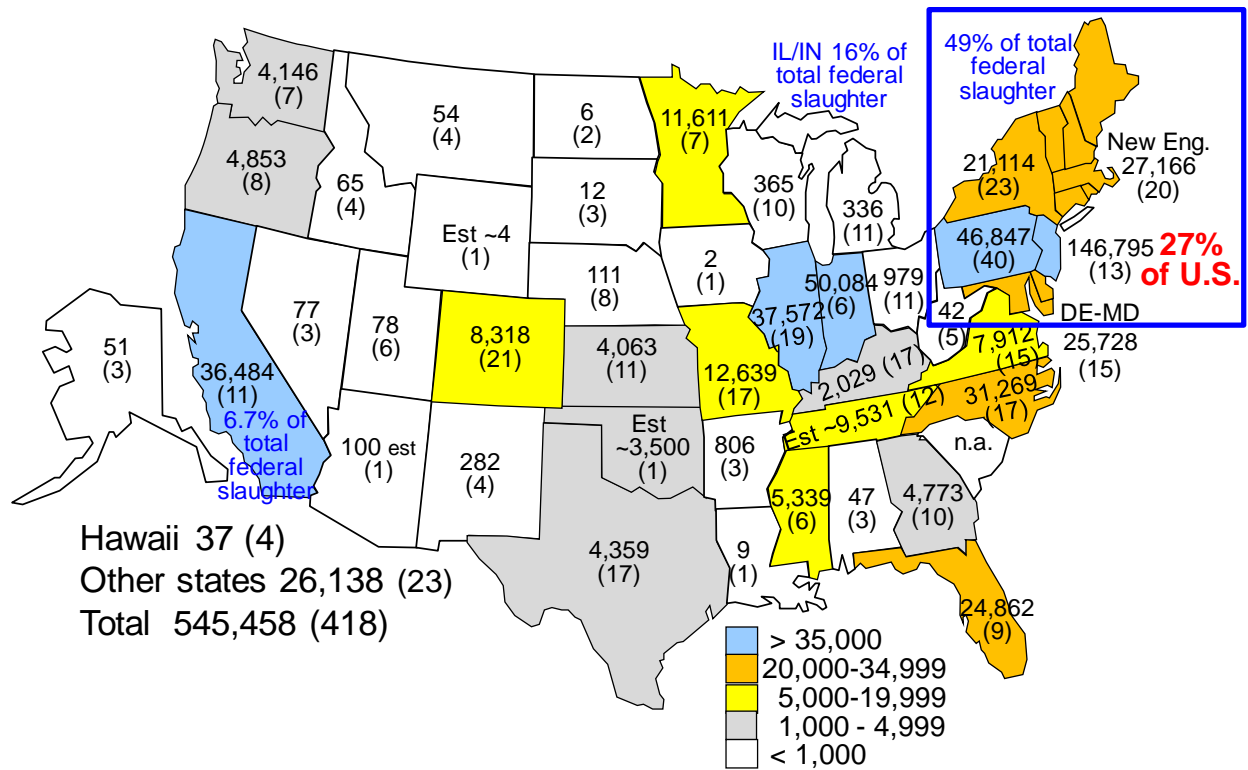


Figure 4. Numbers of goats slaughtered in federal plants (and numbers of federal goat slaughter plants) by state in 2019.

Table 1. Ports of entry for imported goat meat in pounds from Australia, New Zealand, and Mexico for selected years.

Port of Entry	2000	2005	2010	2015	2018	2019
Philadelphia, PA	3,518,613	9,627,357	16,340,214	21,378,136	19,526,599	24,066,807
Miami, FL	2,135,893	3,763,011	3,927,145	6,342,879	5,636,576	7,042,972
Los Angeles, CA	1,568,578	2,522,114	5,333,518	6,589,311	2,920,028	2,618,342
San Francisco, CA	3,317,342	2,702,104	1,450,741	2,060,269	2,369,577	2,112,265
Laredo, TX	0	0	273,933	0	740,810	1,794,860
Houston-						
Galveston, TX	96,375	770,665	104,792	945,643	1,240,008	978,168
Seattle, WA	0	185,483	398,254	801,943	657,998	643,408
Savannah, GA	952,826	890,792	105,868	154,333	100,466	115,417
New York, NY	0	0	1,259,270	152,294	0	0
San Juan, PR	534,193	534,914	268,212	112,554	76,068	0
Honolulu, HI	29,529	57,849	90,641	88,894	28,880	0
Total U.S.	12,437,776	21,055,752	29,552,587	39,283,679	33,297,009	39,372,238

