



US Imported Beef Market Weekly Report

Prepared for: Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- Prices for imported beef generally steady this week but a somewhat weaker undertone towards the end of the week on lower domestic product.
- End users remain apprehensive about jumping into the current market and remain very short bought, purchasing on a hand to mouth basis
- Entries of imported beef remain sharply lower than a year ago and they are about half of what they were in 2007
- Cow slaughter in Australia and New Zealand is well below year ago levels,
- Slaughter in Australia and New Zealand will be driven by pasture conditions, herd rebuilding
- US cattle prices continue to advance on tight supplies and somewhat better demand, especially at retail.

Inside this issue:

Market Comments	1-3
CME Index	4
CIF Prices	5
FOB Import Prices	6
US Beef Prices	7
US Futures & Slaughter	8
Quota Situation	9

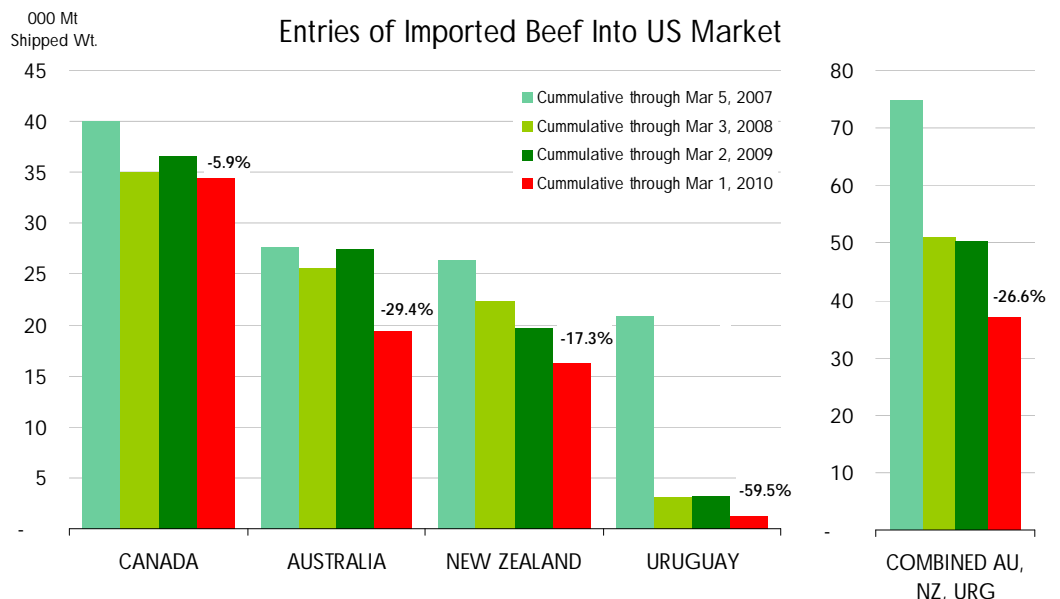
Imported Beef Market:

Market Activity Recap

The US market for imported beef traded for the most part sideways this week on very light trading. End users continue to be short bought but they are also fearful of the current market, afraid of jumping in at the wrong time and locking in prices before a possible correction. It is also not see as very prudent to try and chase product for delivery in April and May at a time when Australian and New Zealand packers simply do not have the meat to sell. On page 2 we show the progress of weekly cattle slaughter in Australia and New Zealand and cow slaughter in the US. Overall volumes overseas are very tight. Prices were also chased higher by some short covering. It seems like a very difficult market to take short positions but that

does not mean that it is not happening. Especially on the fat trim there seems to be some short selling, considering that 65CL trim is offered at 108-110 CIF in NZ and Australia while it is being sold at 112 FOB in the US for future delivery. Demand from other markets for Australian and New Zealand product is reportedly fair and more than adequate considering current supply levels.

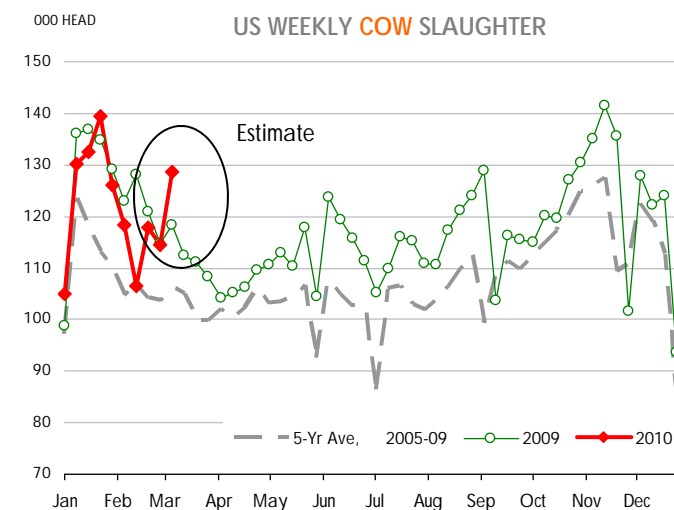
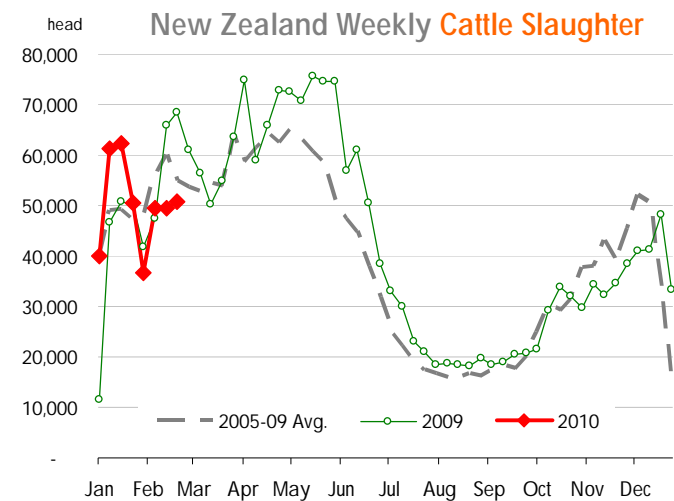
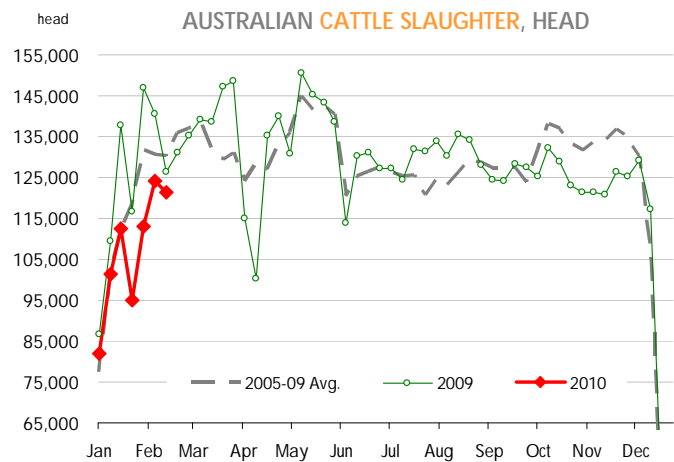
The chart below illustrates the current difficulties in the US imported beef market. We have noted often how little beef was being shipped from Australia and New Zealand. As the chart notes, through March 1, US customs had cleared for entry into US commerce just 19,400 MT of beef, about 30% less than a year ago. Also, the supply of New Zealand beef is down 17.3% compared to a year ago and 38.3% lower than in 2007. Uruguay continues to ship minimal amounts at



this time. The combined supply of Australian, New Zealand and Uruguayan beef cleared through March 1 was just 36,969 MT, down 26.6% compared to a year ago and now down 50.6% from 2007 levels. Comparisons to 2007 are instructive since one has to account for the negative impact on US consumer demand during the 2008-09 recession. As that demand slowly begins to improve, the reality of the much shorter imported beef supply becomes increasingly obvious.

Much of the talk in the US trade has focused on the supply picture in Australia and New Zealand. As we noted in our report last week, ample rainfall has put the brakes on the number of cattle going to market. Our data on Australian slaughter shows that for the week ending February 27 was 122,418 head (does not include Tasmania), down 6.6% compared to year ago levels. Based on weekly data, Australian February slaughter is down 11.3% compared to a year ago and down 8.9% from the five year average for the month. Also, New Zealand slaughter has been trending well below year ago and five year average levels in recent weeks. For the week ending February 27, total cattle slaughter in New Zealand was down 17,700 head or 25.9% compared to a year ago. Cow slaughter in New Zealand for the last reported week was down a whopping 45.4% while bull slaughter was down 27.6%. It is possible that the cows not coming to market at the moment will simply show up later in March and April, when supplies seasonally improve. The question to ask, however, is why would that happen. One reason why producers will decide to send cows to market is because there is a lack of feed due to drought conditions. There has been plenty of rainfall in recent days, however. Some areas in Queensland have received as much as 600 mm of rainfall in February alone (about 23.6 inches of rainfall), a truly staggering amount. If current weather patterns continue, it will be difficult for producers to simply let go of their animals, especially when considering that the exchange rate has erased much of the price gains made in key markets such as the US. Another factor that will tend to limit Australian slaughter is that Australian producers are selling a lot more live animals than they used to into Asian markets. The shortage of animals has caused some plants to run reduced hours and it has contributed to the lack of product availability to the US. New Zealand also faces the possibility that after a very strong slaughter year in 2009, supplies this year could be lower into the fall and winter of the Southern Hemisphere.

As for US cow meat supplies, cow slaughter seems to have recovered following the sharp decline in mid February. We currently estimate that for the



week ending March 4, US cow slaughter will likely be around 129,000 head, 8.5% higher than a year ago and well above the five year average. We do not have enough data yet to see how much of this is due to more dairy cows coming to market but would not be

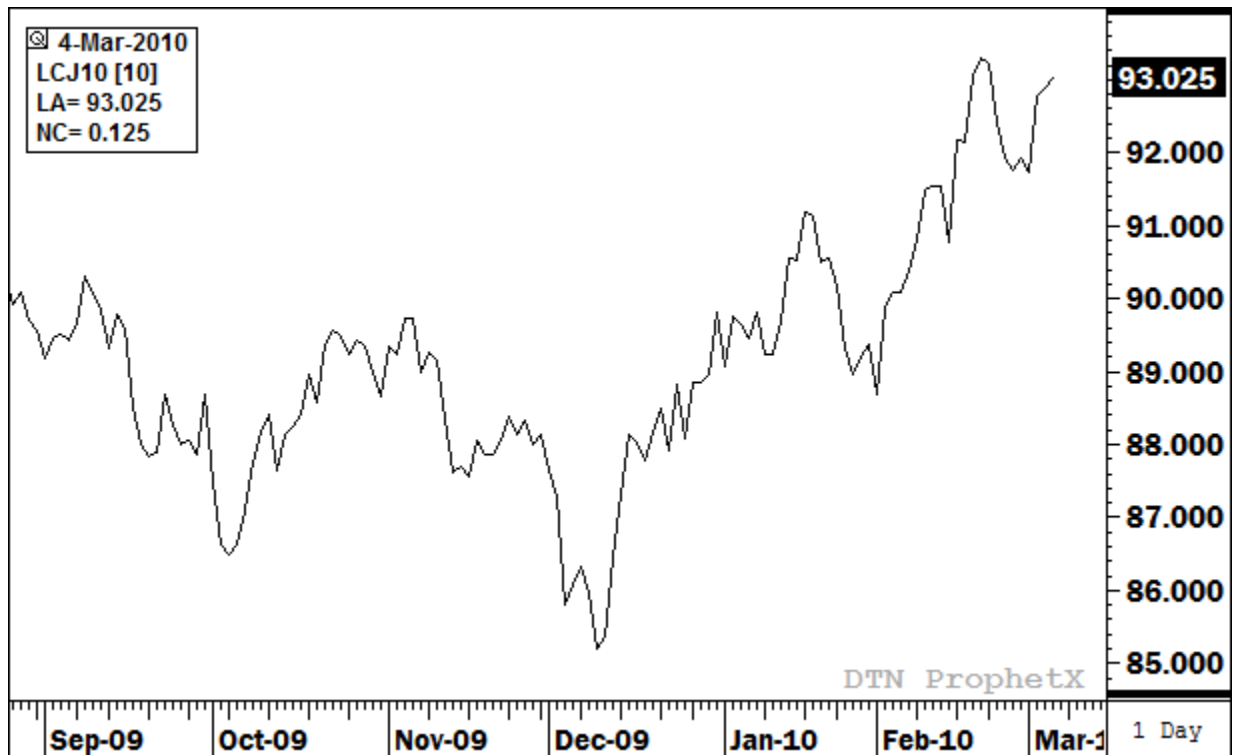
surprised if more dairy animals begin to arrive given the recent deterioration in milk prices. Also important to consider in the US cow slaughter data is the increase in Canadian cows in the mix. Weekly shipments of Canadian slaughter cows to the US since the beginning of the year have been on average 44% above year ago levels, boosting US weekly cow slaughter by about 1700 head per week. Overall, however, US grinding beef supplies remain tight, in part also because US fed cattle supplies are tight and some of the end users that source fed trimmings for US retail ground beef production now are looking to supplement their supply using domestic cow grinding beef. In all, it makes for a very interesting market dynamics going into April and May, seasonally the peak for grinding beef prices in the US.

year ago. Prices for 85CL boneless beef this week were quoted at 148 cents per pound, 4.3 cents lower compared to the previous week but 22 cents higher than a year ago. Domestic 50CL beef trimmings at 92.8 US c/lb (topside) were 1.8 US c/lb. higher compared to the week before and now 7.8 US c/lb. higher than year ago levels. Prices for pork trimmings were mixed this week. 42CL pork trim prices at 50 c/lb. were unchanged compared to the week before but they are 25 cents higher than a year ago. 72CL pork trim prices at 82 c/lb. were 10 cents higher compared to a week ago and 38 US c/lb. higher than a year ago.

US Domestic Pricing:

The market for fresh US domestic grinding beef was lower this week. Prices for 90CL boneless beef were 162 cents per pound on the top side, 4 cents lower than the week before but still 23 cents higher than a

US Live Cattle Futures - April 2010 Contract



Meat Market Highlights:

Imported Beef Market - Imported 90CL CIF East Coast trading at 159 CIF cents per pound on the topside, 41 c/lb. higher than a year ago.

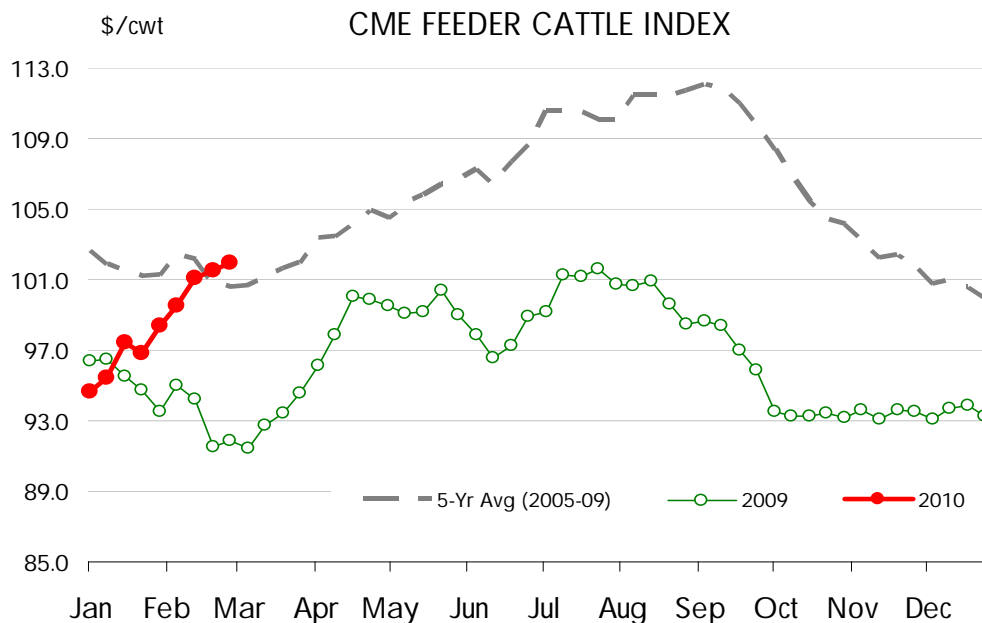
Domestic Beef Market - Domestic Midwest 90CL trimmings are trading at 162 cents per pound FOB Central US on the **topside**, 23 US c/lb. higher than a year ago. Domestic 50CL beef trimmings are trading at **92.8 US cents per pound FOB Central US** on the topside, 7.8 c/lb. higher than a year ago. The US choice cutout values are trading at 150.09 \$/cwt, 14.6 \$/cwt higher than last year.

The US National Direct Live Steer 5-day wt average is currently at US \$89.66 per cwt., \$8.2/cwt HIGHER than last year.

CME Cattle Feeder Index and US Cattle Markets

Special Live Animal Reference Price

	Current Week	Prior Week	Change from Last Week	Last Year	Change from Last Year
	3-Mar-10	24-Feb-10		4-Mar-09	
CME FEEDER CATTLE INDEX	101.97	101.48	0.49	91.87	10.10
NATIONAL DIRECT FED STEER	89.66	91.21	-1.55	81.48	8.18
FOB OMAHA, CUTTER 1-2 350#/UP, COW CARCASS	89.00	89.00	0.00	76.00	13.00
FOB OMAHA, UTILITY, BNG 1-3 400#/UP, COW CARCASS	89.00	89.00	0.00	76.00	13.00



Source: Chicago Mercantile Exchange

TABLE 2 – IMPORTED BEEF PRICES, 7:45 DAYS, CIF

	<i>Current Week</i>		<i>Prior Week</i>		<i>Change From Last Week</i>	<i>Last Year</i>		<i>Change From Last Year</i>
	<i>4-Mar-10</i>		<i>25-Feb-10</i>			<i>5-Mar-09</i>		
<i>US East Coast Australian Lean, CIF</i>								
<i>95 CL Bull, E. Coast</i>	169.0	170.0	170.0	171.0	-1.0	123.0	124.0	46.0
<i>90 CL Blended Cow</i>	158.0	159.0	158.0	159.0	0.0	117.0	118.0	41.0
<i>90 CL Shank</i>		159.0	157.0	158.0	1.0	116.0	117.0	42.0
<i>85 CL Fores</i>	149.0	151.0	150.0	151.0	0.0	107.0	108.0	43.0
<i>85 CL Chucks</i>		UNQ		UNQ	N/A		UNQ	N/A
<i>95 CL Bull, W. Coast</i>		169.0	168.0	170.0	-1.0	122.0	123.0	46.0
<i>Uruguay CFH 90CL, E. Coast</i>	157.0	159.0	157.0	158.0	1.0	114.0	115.0	44.0
<i>US East Coast, Trimmings, CIF</i>								
<i>85 CL Trimmings</i>	148.0	150.0	148.0	150.0	0.0	106.0	107.0	43.0
<i>80 CL Trimmings</i>	135.0	137.0	135.0	138.0	-1.0	99.0	100.0	37.0
<i>75 CL Trimmings</i>		127.0	126.0	127.0	0.0	92.0	93.0	34.0
<i>65 CL Trimmings</i>	108.0	110.0	103.0	107.0	3.0	82.0	83.0	27.0
<i>US East Coast Australian Cuts, CIF</i>								
<i>Cap Off Steer Insides</i>	198.0	200.0	194.0	196.0	4.0	160.0	165.0	35.0
<i>Steer Insides 14/18</i>		UNQ		UNQ	N/A		UNQ	N/A
<i>Steer Flats</i>		UNQ		UNQ	N/A	125.0	130.0	N/A
<i>Steer Knuckles</i>	189.0	192.0	185.0	187.0	5.0	140.0	142.0	50.0

TABLE 3 – IMPORTED BEEF PRICES, 7:45 DAYS, FOB

	<i>Current Week</i>		<i>Prior Week</i>		<i>Change From Last Week</i>	<i>Last Year</i>		<i>Change From Last Year</i>
	<i>4-Mar-10</i>		<i>25-Feb-10</i>			<i>5-Mar-09</i>		
<i>US East Coast Australian Lean, FOB US Port</i>								
<i>95 CL Bull, E. Coast</i>	175.0	176.0	175.0	176.0	0.0	129.0	130.0	46.0
<i>90 CL Blended Cow</i>	164.0	165.0	163.0	165.0	0.0	123.0	125.0	40.0
<i>90 CL Shank</i>	163.0	165.0	162.0	164.0	1.0	122.0	124.0	41.0
<i>85 CL Fores</i>	154.0	155.0		155.0	0.0	113.0	114.0	41.0
<i>85 CL Chucks</i>		UNQ		UNQ	N/A		UNQ	N/A
<i>95 CL Bull, W. Coast</i>	174.0	175.0	173.0	175.0	0.0	128.0	129.0	46.0
<i>Uruguay CFH 90CL, E. Coast</i>								
	164.0	165.0	162.0	164.0	1.0	119.0	120.0	45.0
<i>US East Coast, Trimmings, FOB US Port</i>								
<i>85 CL Trimmings</i>	153.0	154.0	153.0	154.0	0.0	112.0	113.0	41.0
<i>80 CL Trimmings</i>	141.0	142.0	140.0	141.0	1.0		106.0	36.0
<i>75 CL Trimmings</i>	131.0	132.0	131.0	132.0	0.0		99.0	33.0
<i>65 CL Trimmings</i>		112.0	108.0	112.0	0.0	88.0	89.0	23.0
<i>US East Coast Australian Cuts, FOB US Port</i>								
<i>Cap Off Steer Insides</i>	200.0	205.0	200.0	202.0	3.0	165.0	170.0	35.0
<i>Steer Insides 14/18</i>		UNQ		UNQ	N/A		UNQ	N/A
<i>Steer Flats</i>		UNQ		UNQ	N/A	135.0	136.0	N/A
<i>Steer Knuckles</i>	194.0	195.0	192.0	195.0	0.0	145.0	150.0	45.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	<i>Current Week</i>		<i>Prior Week</i>		<i>Change From Last Week</i>	<i>Last Year</i>		<i>Change from Last Year</i>
	4-Mar-10		25-Feb-10			5-Mar-09		
<u><i>Domestic Cutouts</i></u>								
<i>Choice Cutout</i>	150.09		150.39		-0.3	135.47		14.6
<i>Select Cutout</i>	148.61		149.75		-1.1	134.12		14.5
<u><i>Domestic Lean Grinding Beef</i></u>								
<i>90 CL Boneless</i>	153.1	162.0	159.0	166.0	-4.0	131.0	139.0	23.0
<i>85 CL Beef Trimmings</i>	141.9	148.0	143.5	152.3	-4.3	120.2	126.0	22.0
<i>50 CL Beef Trim</i>	87.5	92.8	86.9	91.0	1.8	83.0	85.0	7.8
<u><i>Domestic Pork Trim</i></u>								
<i>42 CL Pork Trim</i>	50.0		50.0		0.0	24.0	25.0	25.0
<i>72 CL Pork Trim</i>	80.0	82.0	72.0		10.0	41.0	44.0	38.0
<u><i>Point of Lean Values</i></u>								
<i>90 CL Domestic</i>	180.0		184.4		-4.4	154.4		25.6
<i>50 CL Beef Trimming</i>	185.6		182.0		3.6	170.0		15.6
<i>42 CL Pork Trim</i>	119.0		119.0		0.0	59.5		59.5
<i>72 CL Pork Trim</i>	113.9		100.0		13.9	61.1		52.8
<u><i>National Direct Fed Steer</i></u>	89.66		91.21		-1.6	81.48		8.2

(5-day accum. wt. avg. price)

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

<i>Futures Contracts</i>	<i>Current Week</i>	<i>Prior Week</i>	<i>Change From</i>		<i>Change From</i>	
			<i>Last Week</i>	<i>Last Year</i>	<i>Last Year</i>	
	4-Mar-10	26-Feb-10		5-Mar-09		
<i>Live Cattle Futures</i>						
<i>April '10</i>	93.025	91.725	↑ 1.30	83.900	↑ 9.13	
<i>June '10</i>	91.675	90.125	↑ 1.55	82.350	↑ 9.33	
<i>August '10</i>	90.200	88.400	↑ 1.80	83.325	↑ 6.88	
<i>October '10</i>	92.825		↑ 92.83	86.950	↑ 5.88	
<i>Feeder Cattle Futures</i>						
<i>March '10</i>	102.525	100.950	↑ 1.58	92.200	↑ 10.33	
<i>April '10</i>	105.125	102.250	↑ 2.88	92.825	↑ 12.30	
<i>May '10</i>	106.100	103.050	↑ 3.05	93.875	↑ 12.23	
<i>August '10</i>	108.125	104.700	↑ 3.43	96.950	↑ 11.18	
<i>Corn Futures</i>						
<i>March '10</i>	357 1/4	357 1/4	↓ 0.00	349 1/4	↑ 8.00	
<i>May '10</i>	383	383	↓ 0.00	358 1/2	↑ 24.50	
<i>July '10</i>	394	393	↑ 1.00	367 3/4	↑ 26.25	
<i>September '10</i>	401 1/2	399 3/4	↑ 1.75	376 1/4	↑ 25.25	
<i>Wheat Futures</i>						
<i>March '10</i>	490 1/2	490	↑ 0.50	504	↓ -13.50	
<i>May '10</i>	502 1/4	505	↓ -2.75	515	↓ -12.75	
<i>July '10</i>	514 1/2	514	↑ 0.50	527	↓ -12.50	
<i>September '10</i>	529	541 1/2	↓ -12.50	551 1/4	↓ -22.25	

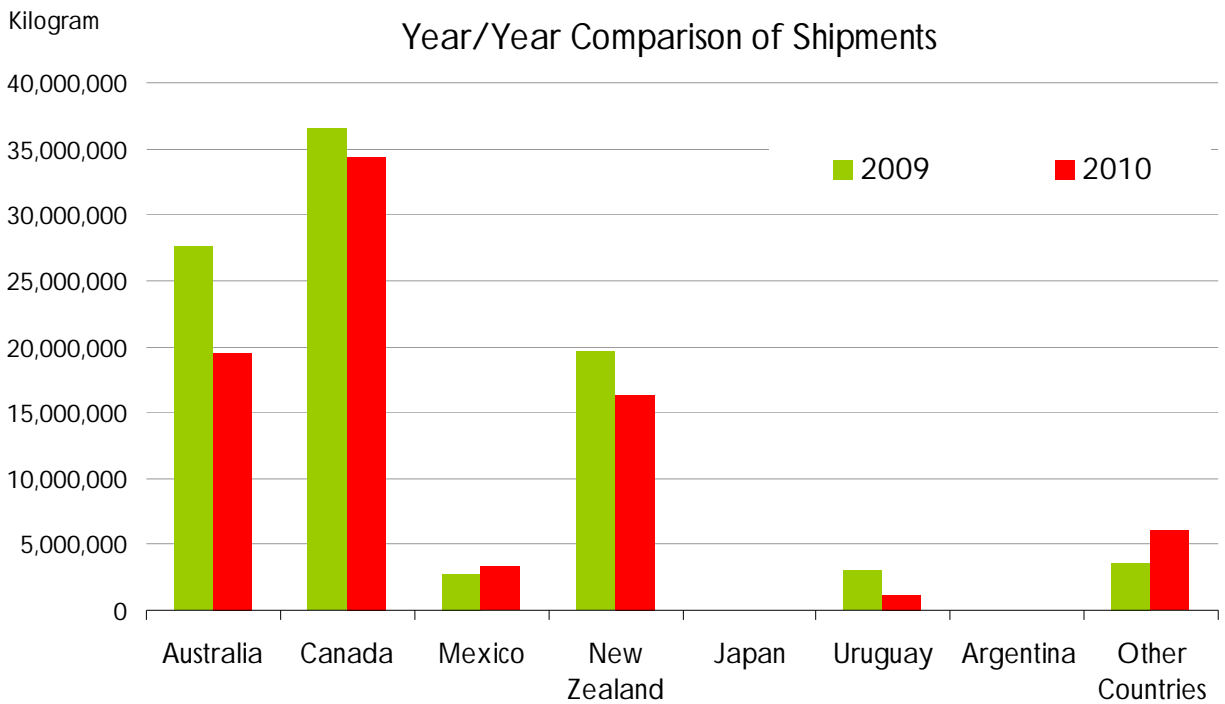
<i>Slaughter Information</i>	<i>7 Days Ending</i>	<i>7 Days Ending</i>	<i>Change From</i>		<i>Change From</i>	
			<i>Last Week</i>	<i>7 Days Ending</i>	<i>Last Year</i>	
	4-Mar-10	25-Feb-10		5-Mar-09		
<i>Total Cattle Slaughter</i>	630,000	626,000	↑ 4,000	609,000	↑ 21,000	
	20-Feb-10	13-Feb-10		21-Feb-09		
<i>Total Cow Slaughter</i>	117,899	106,563	↑ 11,336	120,891	↓ -2,992	
<i>Dairy Cow Slaughter</i>	57,288	51,980	↑ 5,308	59,491	↓ -2,203	
<i>Beef Cow Slaughter</i>	60,611	54,583	↑ 6,028	61,400	↓ -789	

TABLE 6 - US BEEF IMPORTS, IN-QUOTA ENTRIES

(Source: US Customs Bureau)

Amount YTD in Kilograms as of March 1, 2010

Country	3/2/09	3/1/10	% Change	Quota Levels 2009	% Filled Year to Date
Australia	27,539,285	19,433,458	-29%	398,214,000	4.9%
Canada	36,503,019	34,341,370	-6%	N/A	
Mexico	2,720,366	3,388,000	25%	N/A	
New Zealand	19,646,480	16,254,903	-17%	213,402,000	7.6%
Japan	9,294	12,624	0%	200,000	6.3%
Uruguay	3,011,102	1,209,996	-60%	20,000,000	6.0%
Argentina	0	0		20,000,000	0.0%
Other Countries	3,644,145	6,082,648	67%	64,805,000	9.4%



Out of Quota Entries	12/15/08	12/14/09
Uruguay	2,173,928	1,499,552
Australia	258	202
New Zealand	1,768	2,281