



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- Imported lean beef values continue to trade higher as domestic lean beef availability falls short of demand. End users now chasing other lean points, with more 75s and 65s now trading.
- Market for 85CL beef has been more active, resulting in a tighter spread between 90CL and 85CL product.
- While current high prices for lean beef have caught market participants by surprise, they are consistent with the demand in the last three year and other years of strong demand.
- Cow/bull slaughter in the US last week was down almost 14% y/y and down 10% in the last four weeks. Current slaughter is down by more than 22% from two years ago.
- Projections for Australian shipments to the US in March are little changed, still on track to be around 28k MT, up 62% from a year ago and up 83% for Q1.
- Cattle on feed estimates beat estimates, pegged up 1.3% y/y and up 6% for cattle that have been on feed for +120 days.

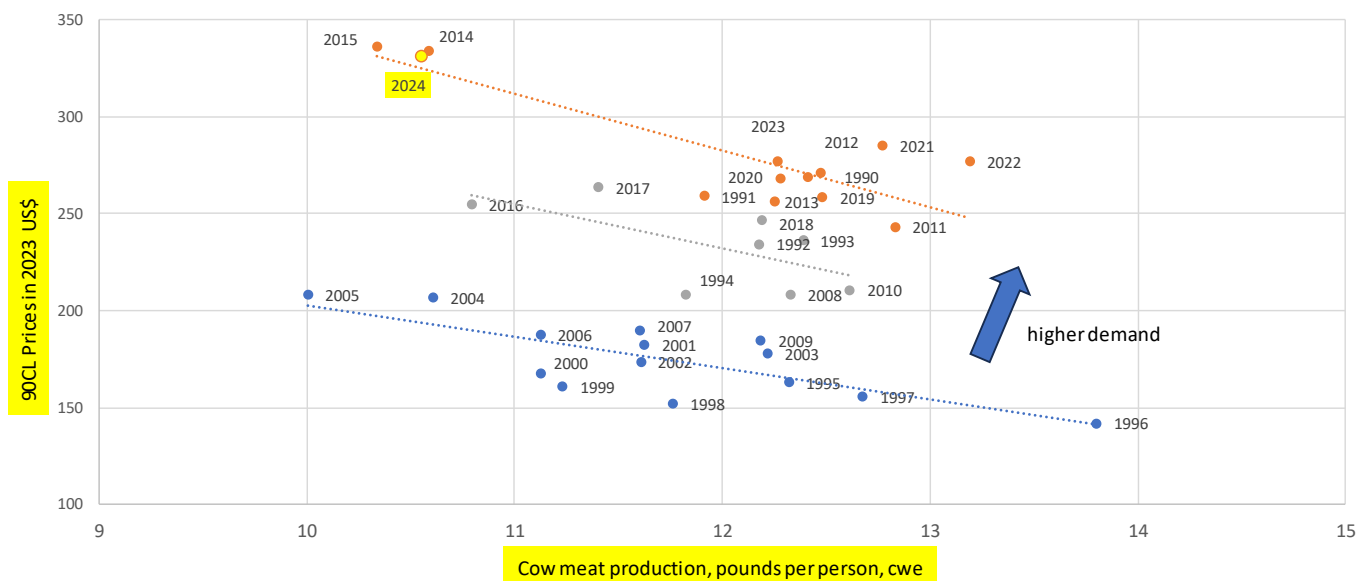
Imported Market Activity for the Week

Imported beef market holds a firm undertone as domestic lean beef supply continues to fall short of demand. Current market action has caused market participants to re-assess price potential for Q2 and Q3 (higher). End users and traders continue to actively bid on imported product for delivery not just in late April and May but also further out. On their part, imported suppliers, be this from Australia or New Zealand, have steadily

increased asking prices. Market participants in the US currently have a blind spot with regard to supply availability in Australia and New Zealand. New Zealand weekly slaughter data a few years back was embargoed and reported with a significant delay (4 weeks). Australian slaughter, on the other hand, was reported by MLA a week later. However, slaughter data in Australia has not been reported since early March. Different from the US, where slaughter data is collected by USDA

Per Capita Cow Meat Production vs. 90CL Value (Inflation Adjusted in 2023 Dollars)

Data source: USDA-AMS and Federal Reserve. Inflation adjusted using PCE. Analysis by Steiner Consulting



inspectors, in Australia slaughter data is submitted on voluntary basis. Missing data so far has delayed reported by MLA and it's unclear when or whether slaughter data will be available as previously. As for official statistics from Australia, that is reported only quarterly, which provides little commercial benefit for US traders and end users.

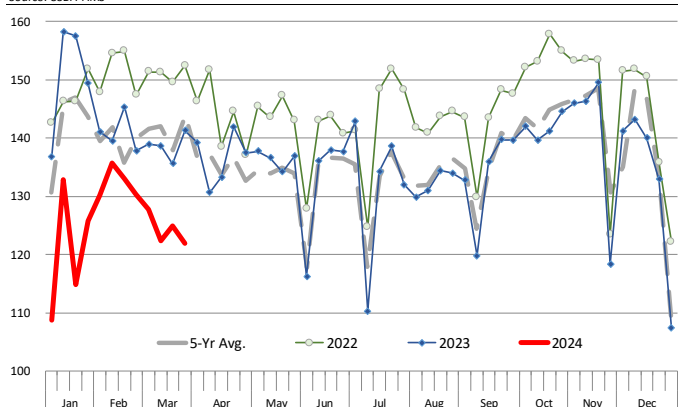
Market notes

Fresh domestic lean beef prices... Last week we looked at the price trend for lean beef and cow prices in the past 15 years. We adjusted prices for inflation to better compare current values with the last cyclical price peak. However, what was missing was the relationship between prices and supply availability. In other words a demand assessment. The chart on page 1 offers a rough view of this. While this illustrates the demand for domestic cow meat over time, it does not tell you the factors driving that demand. To do that a more detailed analysis is needed, with specifications for the impact of different variables. However, the chart is still useful in two regards. First, provides some context for expected supply availability in 2024. Our working assumption for 2024 is that cow meat production will be down 13.5% y/y. Supply is further adjusted for population growth. Second, it notes that current demand remains stout but it is consistent with the level of demand experienced in the last three years (see 2021-23). Will demand continue to hold up? Is there more upside for prices, especially if production declines further in 2025? All good questions and the answer will depend economic conditions going forward and broader beef and protein availability. Final thing to note is that we have converted all prices to 2023\$ equivalent. That's also the case for 2024, using an expected 2.7% increase in personal consumption expenditures (the deflator). In other words, an expected \$345/cwt price for 2024 would be the equivalent of \$331 in 2023 dollars. The reason for this is to properly assess demand, taking out the effect of inflation.

Weekly cow/bull slaughter... We don't have all the data points but our estimate is that slaughter for week ending March 23 was 122k head, 13.6% lower than a year ago. In the last four weeks, cow and bull slaughter has averaged 10% under last year and 21.6% lower than two years ago. Market par-

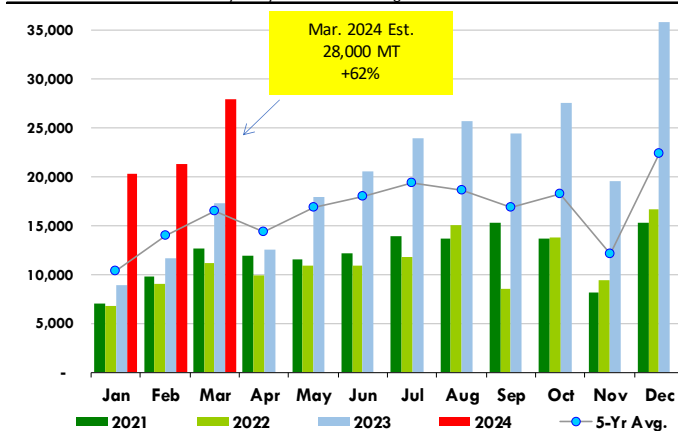
WEEKLY COW & BULL SLAUGHTER, '000 HEAD

Source: USDA-AMS



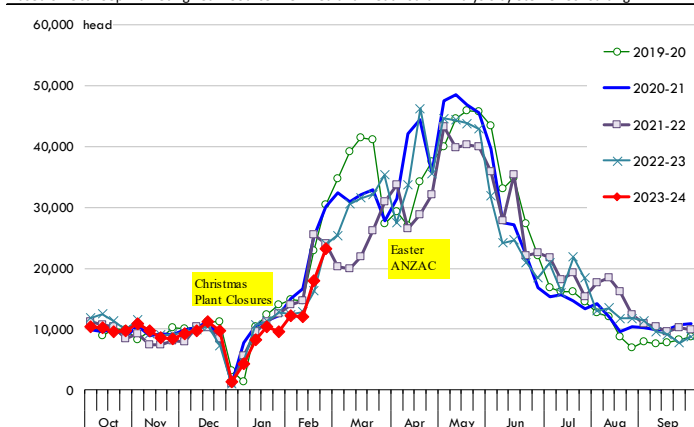
AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

Metric Ton. Source: DAWE. Analysis by Steiner Consulting



New Zealand Weekly Cow Slaughter

Based on Oct - Sep Marketing Year. Source: New Zealand Meat Board. Analysis by Steiner Consulting

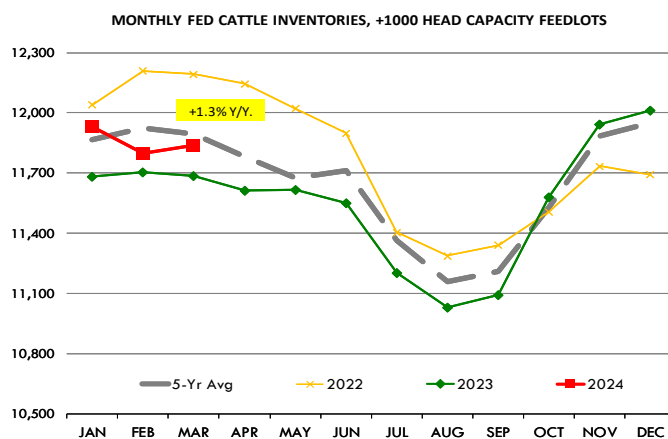


ticipants are slowly coming to terms with the fact that cow meat availability will remain limited, especially as dairy cow slaughter seasonally declines in Q2 while beef cow culling rate reflects the decline in the cow herd.

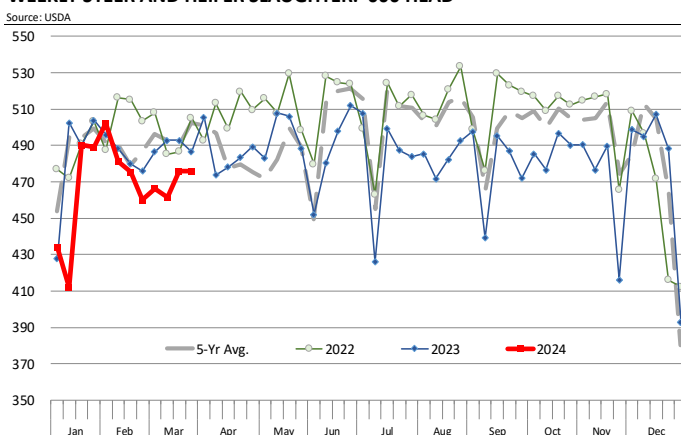
Australian shipments in March... We have made only minor adjustments to our projections for Australian shipments to the US in March. Exports are

currently on track to be around 28k MT, 62% higher than a year ago. This is the highest March export volume to the US since March 2015. Illustrating the differences in both slaughter and export markets since then, in March 2015 Australian shipments to the US were around 42k MT. There is a lot of talk recently about the impact that more Brazilian beef could have on imported lean beef values. While more Brazilian beef clearly is a factor, that needs to be balanced against the fact that ten years ago China was a non-factor while today it is the biggest beef buyer in the world. More significant for the market, in our view, is the demand trend in that market rather than the fact that Brazil now has access to the US market.

Feedlot inventories up 1.3% y/y... Our projections of the March feedlot survey proved to be too conservative. According to USDA, the total inventory of cattle on feed as of March 1 was estimated at 11.838 million head, **41k head more than the previous month (+0.3%) and 153k head (+1.3%) higher than a year ago.** Futures have been trading lower the last few days even as cash prices have held up, with market participants likely reacting to both the expected increase in feedlot inventories and the increase in weights. One could argue that the feedlot survey results are already priced in the market. Fed cattle weights are currently +2% above year ago levels. Front end supply has been heavy and that was again the case in this latest report. The inventory of cattle that on March 1 had been on feed for more than 120 days was 4.845 million head, 272k head (+5.9%) more than a year ago. The inventory of cattle with +150 days on feed at 2.730 million head was estimated 187k head (+7.4%) higher than last year. **What's a bit surprising is that packers**



WEEKLY STEER AND HEIFER SLAUGHTER, '000 HEAD



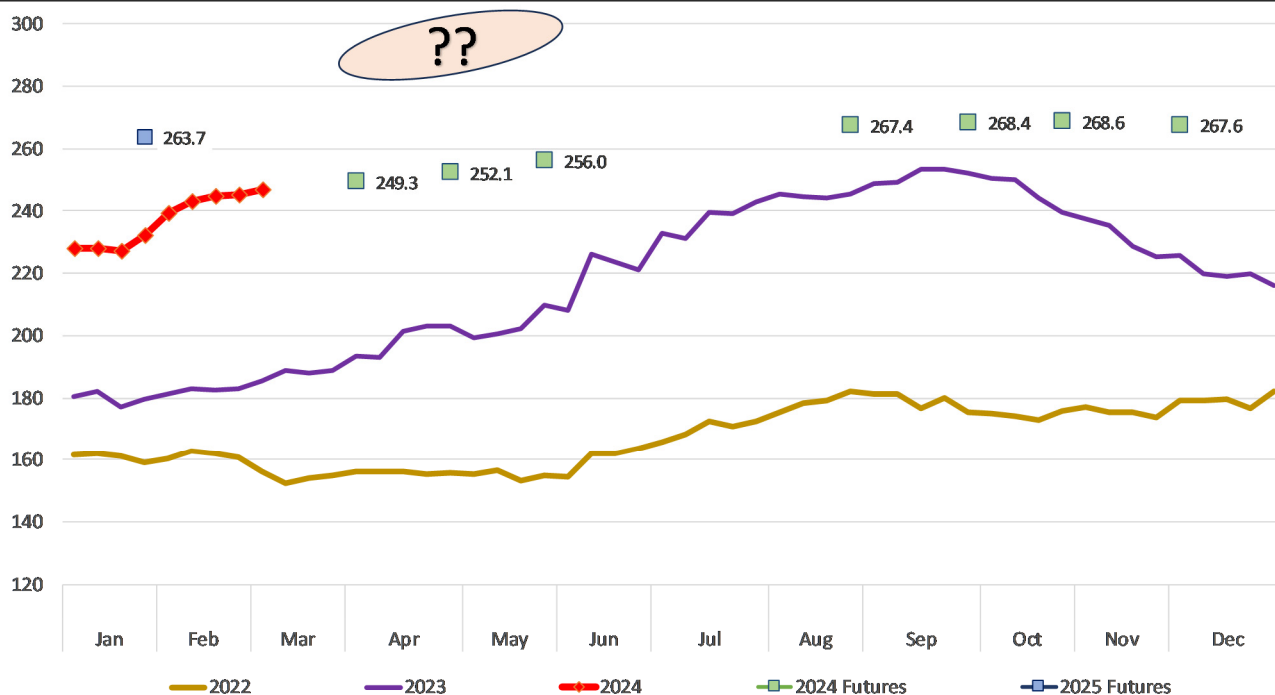
continue to pay up for cattle despite the supposedly large front end supplies. Could the survey be wrong? Or maybe feedlots are willing to hold on to their inventory and add more pounds given lower cost of gain and high cost of replacement cattle. Higher weights point to this. **The latest survey suggests that fed beef supply may not decline as much as some fear in Q2.** But the trend in beef supply availability is unmistakable, it's heading lower.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	21-Mar-24	14-Mar-24		23-Mar-23	
CME FEEDER CATTLE INDEX	251.38	249.00	1.0%	188.85	33.1%
	22-Mar-24	15-Mar-24		24-Mar-23	
FED STEER (5-MKT AVG)	188.86	187.69	0.6%	164.40	14.9%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	214.50	204.00	5.1%	169.00	26.9%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	219.50	207.50	5.8%	169.50	29.5%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	212.00	203.00	4.4%	175.50	20.8%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	257.10	255.80	0.5%	215.50	19.3%

CME Feeder Cattle Index. Actual + Futures for 2024 and 2025

Source: CME. Analysis by Steiner Consulting



Source: Chicago Mercantile Exchange

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

					Change From Last Week			Change From Last Year
Current Week			Prior Week			Last Year		
22-Mar-24			15-Mar-24			24-Mar-23		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	284.0	285.0	280.0	281.0	4.0	275.0	276.0	9.0
	265.0	270.0	262.0	263.0	7.0	257.0	258.0	12.0
90 CL Blended Cow	265.0	270.0	262.0	263.0	7.0	257.0	258.0	12.0
90 CL Shank	265.0		260.0		5.0	UNQ		N/A
85 CL Fores	255.0	258.0	253.0	254.0	4.0	244.0	245.0	13.0
85 CL Chucks	UNQ		UNQ		N/A	UNQ		N/A
95 CL Bull, W. Coast	282.0	284.0	278.0	279.0	5.0	275.0		9.0
Uruguay CFH 90CL, E. Coast	UNQ		UNQ		N/A	UNQ		N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	255.0	257.0	252.0	253.0	4.0	243.0	244.0	13.0
80 CL Trimmings	220.0	225.0	212.0	215.0	10.0	213.0	215.0	10.0
75 CL Trimmings	200.0		190.0	192.0	8.0	200.0	205.0	-5.0
65 CL Trimmings	140.0		UNQ		N/A	UNQ		N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	350.0	355.0	335.0	345.0	10.0	310.0	320.0	35.0
Steer Insides 14/18	UNQ		UNQ		N/A	UNQ		N/A
Steer Flats	325.0		315.0	320.0	5.0	UNQ		N/A
Steer Knuckles	320.0		310.0	315.0	5.0	295.0	300.0	20.0

TABLE 3 – IMPORTED BEEF PRICES, 7:45 DAYS, US WAREHOUSE

					Change From Last Week			Change From Last Year
Current Week			Prior Week			Last Year		
22-Mar-24			15-Mar-24			24-Mar-23		
US East Coast Australian/NZ Lean, FOB US Port								
95 CL Bull, E. Coast	294.0	295.0	290.0	294.0	1.0	285.0	287.0	8.0
	277.0	279.0	272.0	275.0	4.0	265.0	266.0	13.0
90 CL Blended Cow	270.0	275.0		270.0	5.0	257.0	260.0	15.0
90 CL Shank	268.0	270.0	264.0	265.0	5.0	254.0	256.0	14.0
85 CL Fores		UNQ		UNQ	N/A		UNQ	N/A
85 CL Chucks	293.0	294.0	290.0	292.0	2.0	283.0	285.0	9.0
95 CL Bull, W. Coast								
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
US East Coast, Trimmings, FOB US Port								
85 CL Trimmings	267.0	268.0	262.0	264.0	4.0	254.0	255.0	13.0
80 CL Trimmings	230.0	235.0		225.0	10.0	223.0	225.0	10.0
75 CL Trimmings	205.0	210.0		200.0	10.0	208.0	210.0	0.0
65 CL Trimmings	150.0	155.0		UNQ	N/A		UNQ	N/A
US East Coast Australian Cuts, FOB US Port								
Cap Off Steer Insides	370.0	275.0	365.0	375.0	-100.0	325.0	330.0	-55.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	340.0	345.0	340.0	345.0	0.0		UNQ	N/A
Steer Knuckles		330.0	325.0	330.0	0.0	300.0	310.0	20.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	22-Mar-24			15-Mar-24				24-Mar-23			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout		310.72			311.90		-1.2		279.88		30.8
Select Cutout		301.47			302.40		-0.9		268.75		32.7
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	316.0	351.0	334.8	313.0	358.0	323.4	11.4	265.4	292.0	272.5	62.3
85 CL Beef Trimmings	290.0	331.3	311.9	292.8	326.0	304.5	7.4	241.5	260.1	251.9	60.0
50 CL Beef Trim	87.0	126.0	105.8	84.0	126.0	104.9	1.0	126.0	153.0	139.7	-33.9
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	51.0	80.0	58.9	38.7	74.0	56.3	2.7	60.0	91.0	65.5	-6.5
72 CL Pork Trim	84.5	117.6	93.6	85.8	128.0	94.8	-1.2	73.8	119.9	83.4	10.2
<u>Point of Lean Values</u>											
90 CL Domestic		372.0			359.4		12.6		302.8		69.2
50 CL Beef Trimming		211.7			209.7		1.9		279.5		-67.8
42 CL Pork Trim		140.3			133.9		6.4		155.8		-15.5
72 CL Pork Trim		130.0			131.7		-1.7		115.9		14.2
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg.</u> <u>price)</u>		188.86			187.69		1.2		164.40		24.5

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

<i>Futures Contracts</i>	<i>Current Week</i>	<i>Prior Week</i>	<i>Change From Last Week</i>		<i>Last Year</i>	<i>Change From Last Year</i>
	22-Mar-24	15-Mar-24			24-Mar-23	
<u><i>Live Cattle Futures</i></u>						
<i>April '24</i>	187.500	187.250	↑	0.25	163.000	↑ 24.50
<i>June '24</i>	182.900	183.600	↓	-0.70	156.600	↑ 26.30
<i>August '24</i>	181.500	182.625	↓	-1.13	156.425	↑ 25.08
<i>October '24</i>	184.450	185.675	↓	-1.22	160.625	↑ 23.83
<u><i>Feeder Cattle Futures</i></u>						
<i>March '24</i>	249.950	249.275	↑	0.68	189.650	↑ 60.30
<i>April '24</i>	251.500	252.125	↓	-0.63	194.800	↑ 56.70
<i>May '24</i>	253.775	256.000	↓	-2.22	197.550	↑ 56.23
<i>August '24</i>	264.550	267.375	↓	-2.82	214.125	↑ 50.43
<u><i>Corn Futures</i></u>						
<i>May '24</i>	439.250	436.750	↑	2.50	643.000	↓ -203.75
<i>July '24</i>	452.000	449.000	↑	3.00	623.000	↓ -171.00
<i>September '24</i>	461.750	458.000	↑	3.75	569.250	↓ -107.50
<i>December '24</i>	475.250	470.750	↑	4.50	560.250	↓ -85.00
<u><i>Ch Wheat Futures</i></u>						
<i>May '24</i>	554 3/4	528 1/2	↑	26.25	688 1/2	↓ -133.75
<i>July '24</i>	569 1/2	544	↑	25.50	700	↓ -130.50
<i>September '24</i>	585	560	↑	25.00	711 1/4	↓ -126.25
<i>December '24</i>	606 1/4	582	↑	24.25	727 1/2	↓ -121.25

<i>Slaughter Information</i>	<i>7 Days Ending</i>	<i>7 Days Ending</i>	<i>Change From Last Week</i>		<i>7 Days Ending</i>	<i>Change From Last Year</i>
	23-Mar-24	16-Mar-24			25-Mar-23	
<u><i>Total Cattle Slaughter</i></u>	598,000	601,000	↓	-3,000	627,844	↓ -29,844
	9-Mar-24	2-Mar-24			11-Mar-23	
<i>Total Cow Slaughter</i>	113,486	118,761	↓	-5,275	129,232	↓ -15,746
<i>Dairy Cow Slaughter</i>	59,376	59,826	↓	-450	67,344	↓ -7,968
<i>Beef Cow Slaughter</i>	54,110	58,935	↓	-4,825	61,888	↓ -7,778

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

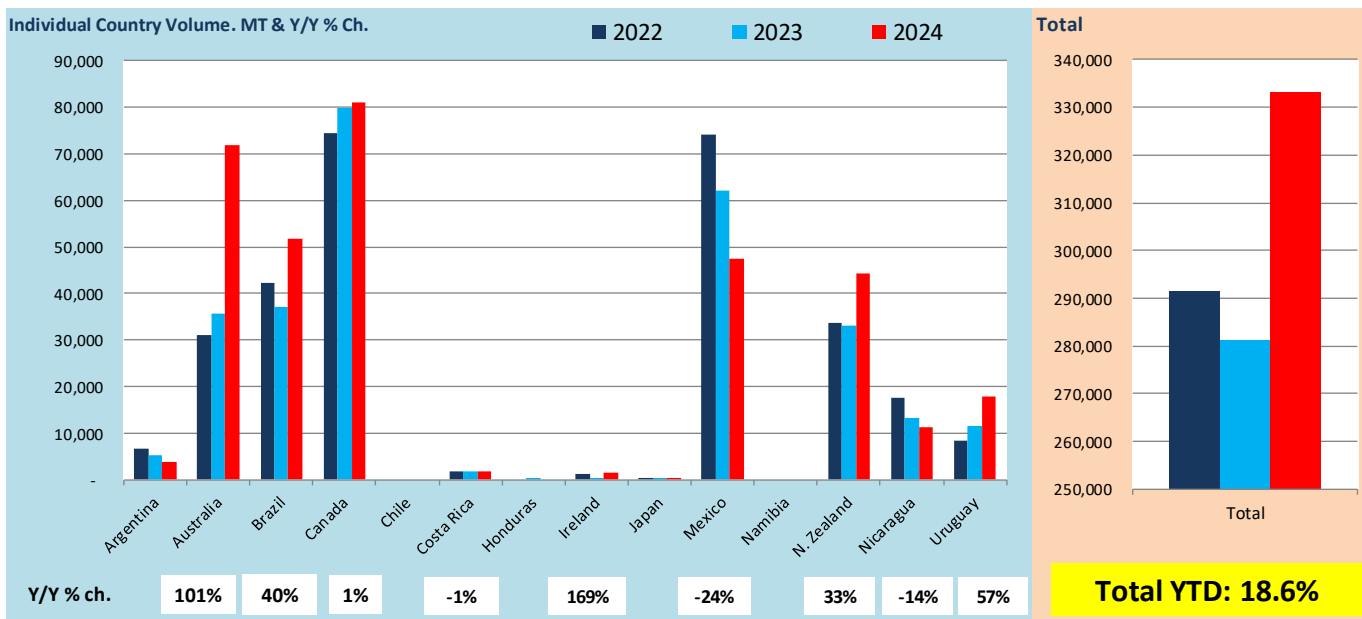
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 11	3/18/2023	3/16/2024		
Argentina	5,211	3,741	(1,470)	-28.2%
Australia	35,649	71,781	36,132	101.4%
Brazil	37,050	51,722	14,672	39.6%
Canada	79,902	81,036	1,134	1.4%
Chile	-	-	-	
Costa Rica	1,945	1,921	(24)	-1.2%
France	-	-	-	
Honduras	19	-	(19)	-100.0%
Ireland	539	1,452	913	169.4%
Japan	527	462	(65)	-12.3%
Mexico	62,146	47,468	(14,678)	-23.6%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	33,253	44,264	11,011	33.1%
Nicaragua	13,292	11,403	(1,889)	-14.2%
Spain	-	-	-	
Uruguay	11,517	18,034	6,517	56.6%
Total	281,071	333,286	52,215	18.6%

Source: AMS - USDA

US Fresh/Frozen Beef Imports. Metric Ton. Data Source: USDA/Agricultural Marketing Service

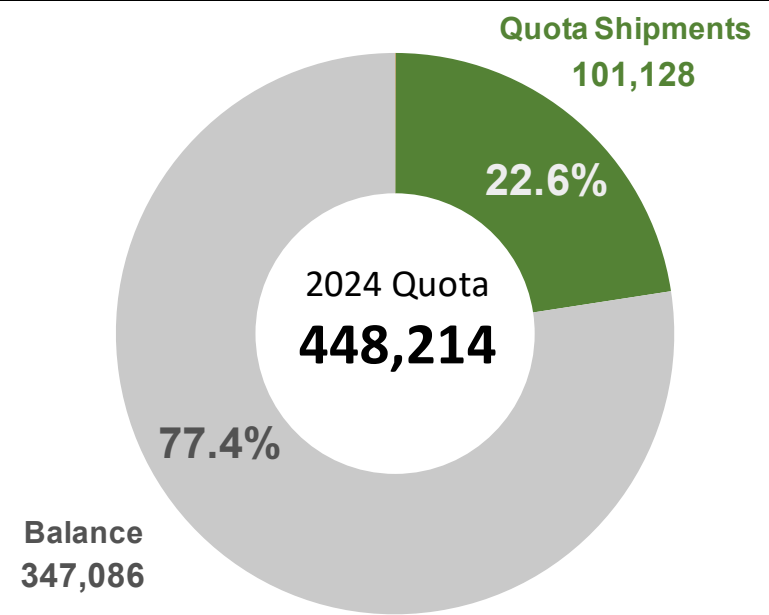
Imports as of March 16, 2024



Australian Beef Quota Position

18-Mar-24

Metric Ton. Australian Department of Agriculture Statistics



Australia still has a quota in place even though beef no longer faces a quota based tariff. The over quota product is now subject to a safeguard duty. Due to this DAFF continues to report volume shipped against quota.

USA Quota Entries through Week Ending March 18. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

