



# US Imported Beef Market

A Weekly Update

Prepared Exclusively for [Meat & Livestock Australia - Sydney](#)

Volume 20, Issue 45

November 8, 2019

Prepared by: Steiner Consulting Group | [SteinerConsulting.com](#) | 800-526-4612 | [service@steinerconsulting.com](#)

## Market Highlights for the Week:

- MICA meetings concluded last week with participants well aware of the shifting trends in global beef trade as China tries to cope with a dramatic shortfall in meat protein supplies.
- Lean imported beef supplies remain extremely tight and prices continued to escalate last week.
- US end users are currently seeking to cover some of their Q1 needs by securing fed beef cuts for grinding. USDA noted a dramatic increase in forward purchases of inside rounds and knuckles. Prices for round cuts have dramatically escalated in recent days as retailers find much of the supply they rely on for winter features no longer is available.
- Australian beef exports to were up 15% in October but all the additional supply was absorbed by the Chinese market. November shipments to China are on track to hit another record high.
- New Zealand availability remains limited and weather/dairy prices could further limit supplies in Q1 and Q2 of 2020.

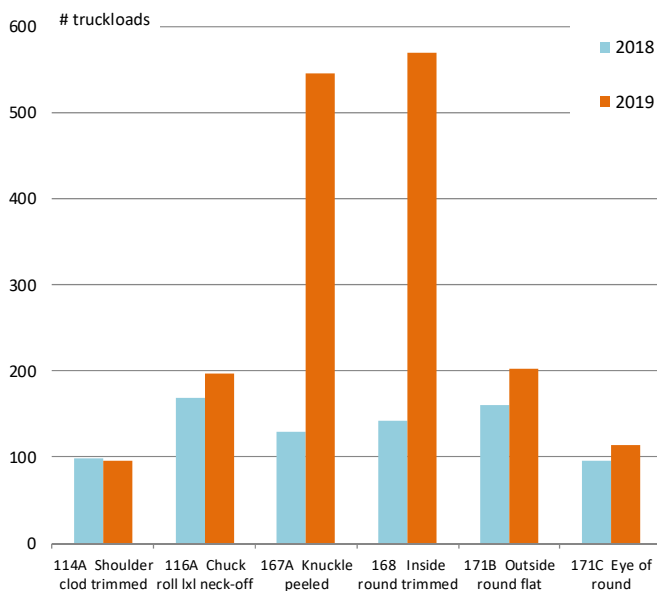
## Imported Market Activity for the Week

Trading was limited last week as many market participants attended the annual MICA meeting in Austin, Texas. Prices continued to climb the ladder as offerings have been consistently short of bids and some market participants have found it increasingly difficult to cover needs. It is important to recognize that market shorts are not just traders that have promised to deliver product at a given price even though they had yet to purchase the product. The biggest shorts in the market are processors that have committed to deliver

finished product to their customers either on a fixed price basis or, more often, on some sort of formula basis. They need to figure out a way how to make that happen. They can purchase fresh product in the domestic market but adjusting your process to using all fresh sometimes takes time. Foodservice operators that have a printed menu item but need to purchase the raw material are also said to be a “natural short”. It is those participants that are driving prices higher as they seek to find price levels that will draw offerings from Australia, New Zealand, Central America or South America. Effectively at this time we have a bidding war

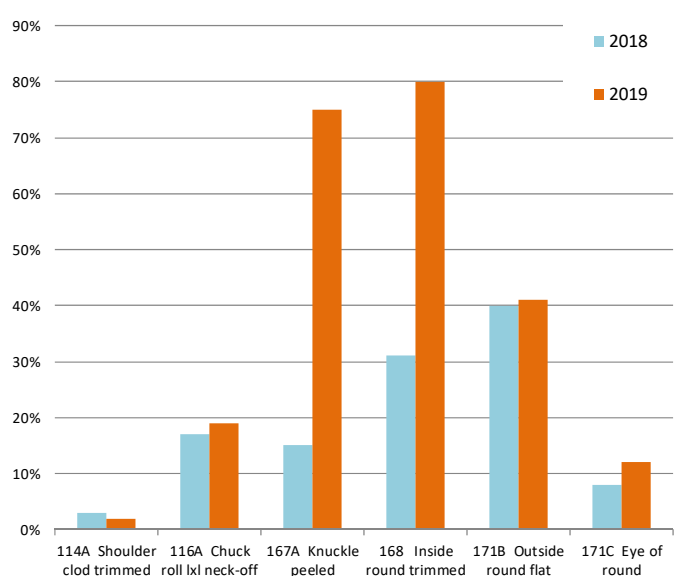
**Number of Beef Subprimal Loads Sold For wk. end. Nov.2. Spot + Forward**

Source: USDA-AMS. Analysis by Steiner Consulting



**Forward sales (22 or more days in the future). % of total sales**

Source: USDA. Analysis by Steiner Consulting



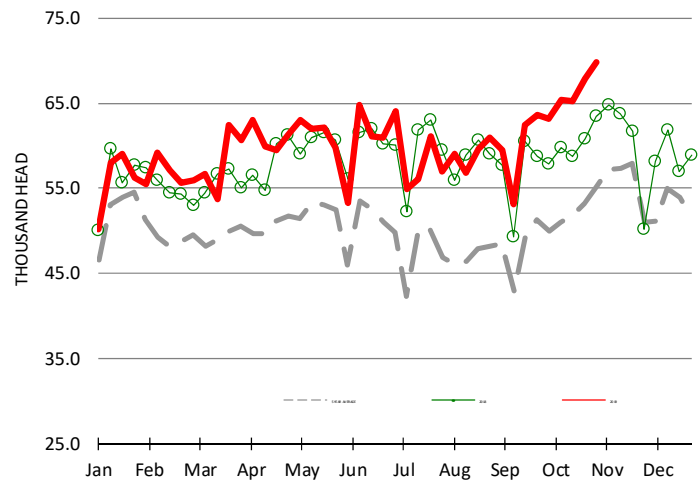
between US and Chinese buyers for what is an uncertain supply in the next three to four months. **This is a good time to be a New Zealand or Australian packer.** Some US end users appear to have concluded that the best thing to do, at least in the short term, is to dip in the domestic fed beef supply in order to supplement any potential shortages. While it may be necessary to pay up in order to buy fed beef cuts to make that happen, this is necessary to relieve the pressure. Otherwise the bids for what is an non-existent supplies will simply keep going up. The chart on page 1 illustrates what was being openly talked about the previous week—a large package of lean fed beef cuts purchased for delivery in Q1, presumably to foodservice operators. According to USDA, packers sold 1115 loads of insider rounds and peeled knuckles for the week ending November 1. Data for week ending November 8 will be released on Monday. The supply sold was several times higher than the comparable week a year ago and about 80-90% of those loads were sold for delivery in the future, largely in Q1 of next year. The average price paid for cap on inside rounds (all sales) was \$232.77 and the average price of all peeled knuckles sold was \$243/cwt. Those price levels may have been at a premium to what domestic 90CL beef was trading at a time but appear to be a bargain at this time when imported 90CL values are pushing over \$270/cwt. For end users worried about supply availability in Q1 having that supply booked forward offers relatively cheap protection.

Since the purchase of that big package of domestic insides and knuckles prices for those two cuts have increased substantially. Seasonally retailers look to feature round cuts in the winter, especially after the year-end holidays when consumers are looking for inexpensive beef following the holiday spending splurges. Choice peeled knuckles on Friday were as high as \$275/cwt and forward prices for January are even higher while insider rounds on Friday traded around \$267/cwt.

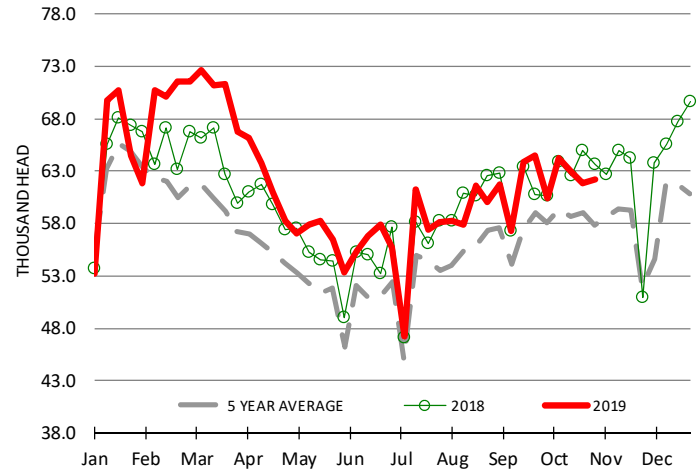
**Domestic supply availability concerns for Q1**

US domestic cow slaughter is seasonally higher, mostly due to more beef cows coming to market. Last week cow and bull slaughter was estimated at 145,000 head, 4% higher than a year ago and the highest weekly slaughter so far this year. In the last four weeks we estimate cow and bull slaughter was 2.8% higher than a year ago. Detailed data on beef and cow slaughter is reported with a two week

**US WEEKLY BEEF COW SLAUGHTER**

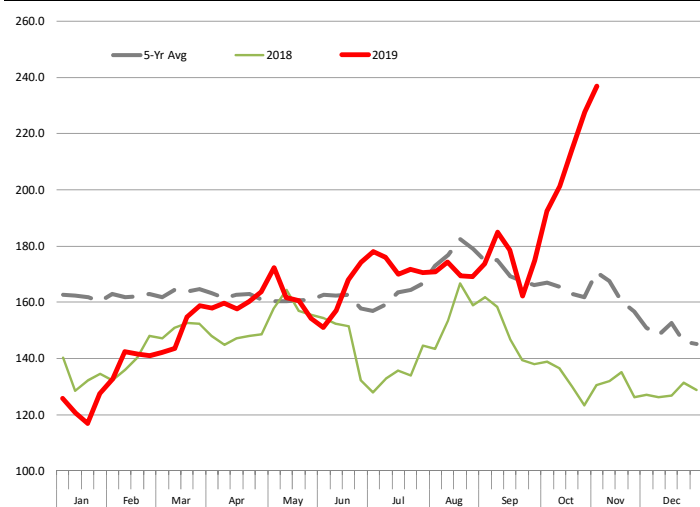


**US WEEKLY DAIRY COW SLAUGHTER**



**CME BARREL CHEESE PRICE, US CENTS PER POUND**

Source: CME. Analysis by Steiner Consulting



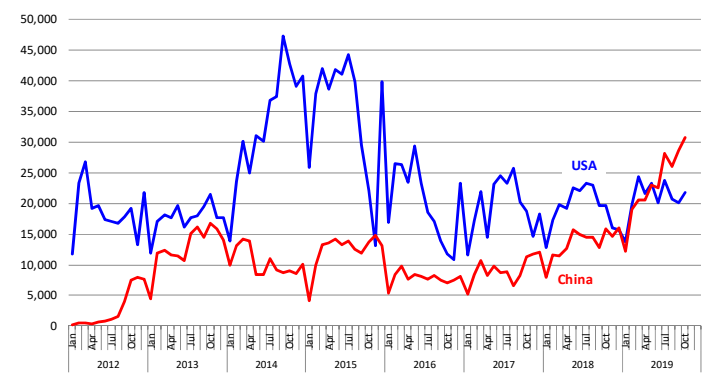
lag but it shows that during October beef cow slaughter was about 10% higher than a year ago. The increase in beef cow slaughter should not come as a surprise considering that good pasture conditions limited the number of cull cows coming to market

during the summer months. Conditions in some parts of the country, especially in some northern states have deteriorated quickly and producers have accelerated the culling pace. Dairy cow slaughter, on the other hand, has been running under year ago levels due to a combination of a smaller dairy herd and a dramatic improvement in dairy prices. Cheese and milk prices in the US are currently at five year highs and well above breakevens, even for smaller producers. The main concern for users of lean grinding beef is what happens in Q1. Beef cull cow numbers will be seasonally lower and higher calf prices will slow down the push towards more liquidation. Sharply higher dairy prices and speculation for strong China dairy demand will likely keep dairy culling in check as well. While overall cow slaughter in 2020 is expected to be slightly higher than in 2019, it is possible that cow slaughter in Q1 may be down as much as 5% from a year ago.

### **Imported supply availability**

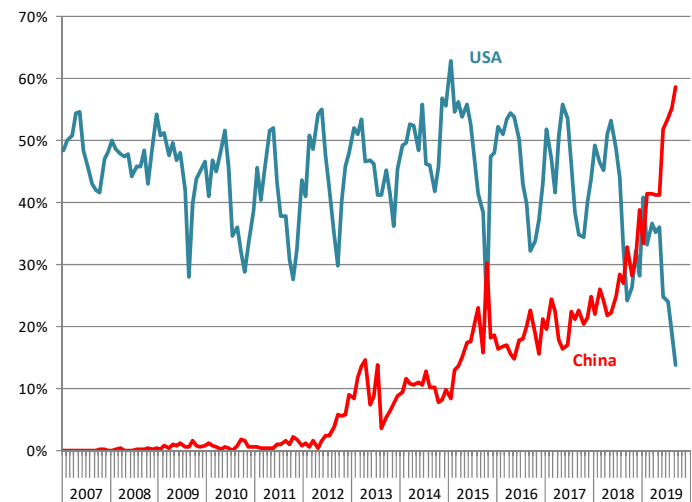
In October total Australian beef exports were 113,719 MT, 14,831 MT or 15% higher than a year ago. Exports to China in October were 30,724 MT, 14,815 MT or 93% higher than a year ago. All the increase in Australian beef exports in October was absorbed by strong China demand. At this time Australian beef exports to China are on track to exceed 35,000 MT in November although it is a bit early to project total monthly volume. It is clear, however, that China will once again be the top market for Australian beef this month and we should see a robust shipment pace in December as well. So far shipments to the US have been near year ago levels. What is highly uncertain, however, is what happens if/when Australian production declines. New Zealand exports to China were sharply higher in September, accounting for about 60% of all New Zealand beef exports. By all accounts this export pace will be sustained through the end of the year and New Zealand suppliers are currently indicating that there is strong interest from China for product delivering past the Chinese New Year in late January. During the period Oct-2018 through Jan-2019 New Zealand beef shipments to the US were a total of 40,583 MT. A 25% reduction in that volume, which appears quite likely at this time, would represent a reduction of about 10,145 MT or the equivalent of about 560 full truckloads of product. The peak of New Zealand cow meat production takes place between

Australian Beef Exports to USA and China: 2012 - 2019. Fresh/Frozen Beef  
Metric ton. Source: Australian Department of Agriculture



Share of New Zealand Beef Exports to USA and China

Data Source: Stats NZ. Analysis by Steiner Consulting



February and May. Last year New Zealand shipments to the US market during that period were 66,720 MT. Even a 20% reduction in that volume, which again would fit with the current trends in the market, represents a shortfall of about 735 loads of product. And there is the potential for an even more significant shortfall in the supply of beef coming to the US, be this due to fewer cattle coming to market (function of weather and dairy prices) and very inelastic China demand.

# CME Cattle Feeder Index and US Cattle Markets

## Special Live Animal Reference Price

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	7-Nov-19	31-Oct-19		8-Nov-18	
CME FEEDER CATTLE INDEX	145.84	145.98	-0.1%	151.63	-3.8%
	8-Nov-19	1-Nov-19		9-Nov-18	
FED STEER (5-MKT AVG)	113.93	111.29	2.4%	114.88	-0.8%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	79.00	77.00	2.6%	83.00	-4.8%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	89.50	88.50	1.1%	80.00	11.9%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	84.50	83.50	1.2%	76.50	10.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	182.49	182.86	-0.2%	154.79	17.9%

### CME Feeder Cattle Index



Source: Chicago Mercantile Exchange

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	8-Nov-19		1-Nov-19			9-Nov-18		
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	280.0	285.0	278.0	280.0	5.0	193.0	195.0	90.0
<b>90 CL Blended Cow</b>	260.0	265.0	255.0	256.0	9.0	183.0	185.0	80.0
<b>90 CL Shank</b>	260.0	265.0	250.0	255.0	10.0	181.0	184.0	81.0
<b>85 CL Fores</b>	234.0	235.0	225.0	230.0	5.0	169.0	170.0	65.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	280.0	285.0	275.0	277.0	8.0	191.0	194.0	91.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast, Trimmings, CIF</u></b>								
<b>85 CL Trimmings</b>	230.0	235.0	225.0	226.0	9.0	168.0	169.0	66.0
<b>80 CL Trimmings</b>		UNQ	210.0	215.0	N/A	159.0	160.0	N/A
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A	156.0	157.0	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, CIF</u></b>								
<b>Cap Off Steer Insides</b>	320.0	325.0		305.0	20.0		270.0	55.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>		UNQ		UNQ	N/A	210.0	215.0	N/A
<b>Steer Knuckles</b>	275.0	280.0		UNQ	N/A	240.0	245.0	35.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	8-Nov-19		1-Nov-19			9-Nov-18		
<b><i>US East Coast Australian/NZ Lean, FOB US Port</i></b>								
<b>95 CL Bull, E. Coast</b>	295.0	300.0	285.0	286.0	14.0	203.0	205.0	95.0
<b>90 CL Blended Cow</b>	265.0	279.0	260.0	265.0	14.0	188.0	190.0	89.0
<b>90 CL Shank</b>		270.0	260.0	265.0	5.0	188.0	189.0	81.0
<b>85 CL Fores</b>	250.0	255.0	235.0	240.0	15.0	178.0	179.0	76.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	295.0	300.0	284.0	285.0	15.0	202.0	203.0	97.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><i>US East Coast, Trimmings, FOB US Port</i></b>								
<b>85 CL Trimmings</b>	250.0	255.0	236.0	237.0	18.0	177.0	178.0	77.0
<b>80 CL Trimmings</b>	230.0	235.0	220.0	225.0	10.0	166.0	167.0	68.0
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A	161.0	162.0	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><i>US East Coast Australian Cuts, FOB US Port</i></b>								
<b>Cap Off Steer Insides</b>	335.0	340.0		315.0	25.0		275.0	65.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>		UNQ		UNQ	N/A	220.0	225.0	N/A
<b>Steer Knuckles</b>		300.0		UNQ	N/A	250.0	255.0	45.0

**TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES**

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	8-Nov-19	1-Nov-19		9-Nov-18							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<b><u>Domestic Cutouts</u></b>											
Choice Cutout	239.12			233.20			5.9	215.20			23.9
Select Cutout	213.26			207.51			5.8	198.72			14.5
<b><u>Domestic Lean Grinding Beef</u></b>											
90 CL Boneless	221.3	253.5	231.8	216.0	251.0	227.3	4.5	181.0	200.0	189.5	42.4
85 CL Beef Trimmings	194.0	230.0	207.9	189.0	216.0	199.4	8.5	152.0	166.0	154.4	53.5
50 CL Beef Trim	80.0	95.5	87.9	66.0	85.5	75.6	12.3	58.0	75.6	69.1	18.8
<b><u>Domestic Pork Trim</u></b>											
42 CL Pork Trim	25.0	38.3	29.6	25.0	44.3	29.6	0.0	20.0	37.7	23.5	6.1
72 CL Pork Trim	41.0	75.8	47.7	39.1	64.3	45.4	2.4	40.0	63.5	45.8	1.9
<b><u>Point of Lean Values</u></b>											
90 CL Domestic	257.6			252.5			5.0	210.5			47.1
50 CL Beef Trimming	175.8			151.2			24.6	138.3			37.5
42 CL Pork Trim	70.5			70.5			0.0	56.0			14.5
72 CL Pork Trim	66.3			63.0			3.3	63.7			2.7
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	113.93			111.29			2.6	114.88			-0.9

**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>	
	<b>8-Nov-19</b>	<b>1-Nov-19</b>			<b>9-Nov-18</b>		
<b><u>Live Cattle Futures</u></b>							
October '19	119.250	119.525	↓	-0.28	114.575	↑	4.68
December '19	125.025	124.225	↑	0.80	117.800	↑	7.23
February '20	126.100	125.450	↑	0.65	120.250	↑	5.85
April '20	118.275	117.750	↑	0.53	112.700	↑	5.58
<b><u>Feeder Cattle Futures</u></b>							
October '19	147.000	149.125	↓	-2.13	149.000	↓	-2.00
November '19	145.875	146.000	↓	-0.13	143.800	↑	2.07
January '20	145.500	145.125	↑	0.38	142.175	↑	3.32
March '20	147.350	147.175	↑	0.17	143.900	↑	3.45
<b><u>Corn Futures</u></b>							
December '19	377.250	389.250	↓	-12.00	369.750	↑	7.50
March '20	386.500	398.500	↓	-12.00	381.250	↑	5.25
May '20	393.500	404.500	↓	-11.00	389.250	↑	4.25
July '20	399.750	410.000	↓	-10.25	396.000	↑	3.75
<b><u>Ch Wheat Futures</u></b>							
December '19	510 1/4	516	↓	-5.75	502	↑	8.25
March '20	514 1/4	521 3/4	↓	-7.50	512 1/4	↑	2.00
May '20	519 3/4	526 1/2	↓	-6.75	519 1/2	↑	0.25
July '20	524	531	↓	-7.00	526	↓	-2.00

<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>	
	<b>9-Nov-19</b>	<b>2-Nov-19</b>			<b>10-Nov-18</b>		
<b><u>Total Cattle Slaughter</u></b>	651,000	658,000	↓	-7,000	649,000	↑	2,000
	<b>26-Oct-19</b>	<b>19-Oct-19</b>			<b>27-Oct-18</b>		
<b><u>Total Cow Slaughter</u></b>	132,011	129,607	↑	2,404	127,000	↑	5,011
<b><u>Dairy Cow Slaughter</u></b>	62,250	61,784	↑	466	63,600	↓	-1,350
<b><u>Beef Cow Slaughter</u></b>	69,761	67,823	↑	1,938	63,400	↑	6,361



# TABLE 7 - US BEEF IMPORTS (Source: USDA/AMS)

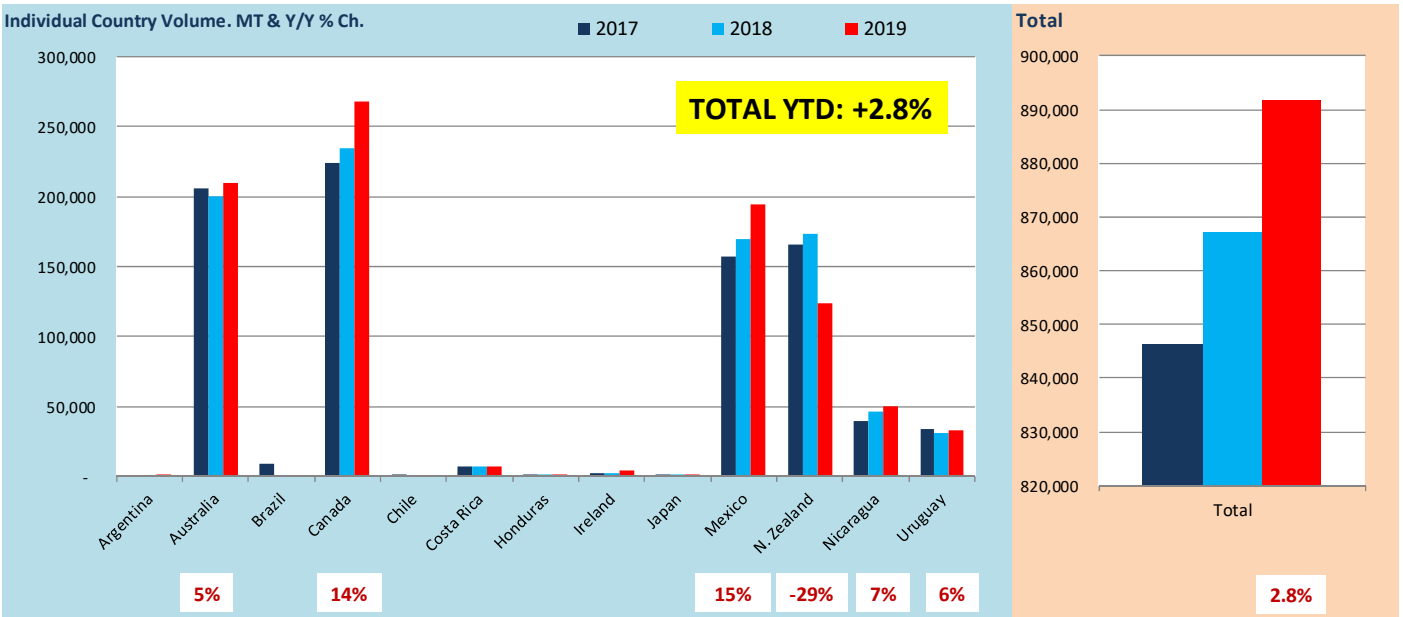
## YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 44	11/3/2018	11/2/2019		
Argentina	-	966		
Australia	200,455	210,059	9,604	4.8%
Brazil	-	-	-	
Canada	234,829	267,717	32,888	14.0%
Chile	-	-	-	
Costa Rica	6,982	6,930	(52)	-0.7%
France	-	-	-	
Honduras	1,535	671	(864)	-56.3%
Ireland	2,344	4,722	2,378	101.5%
Japan	360	389	29	8.1%
Mexico	169,260	194,059	24,799	14.7%
Netherlands	-	-	-	
New Zealand	173,738	123,300	(50,438)	-29.0%
Nicaragua	46,685	50,156	3,471	7.4%
Spain	-	-	-	
Uruguay	30,843	32,705	1,862	6.0%
<b>Total</b>	<b>867,032</b>	<b>891,675</b>	<b>24,643</b>	<b>2.8%</b>

Source: AMS - USDA

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

Imports as of November 2, 2019

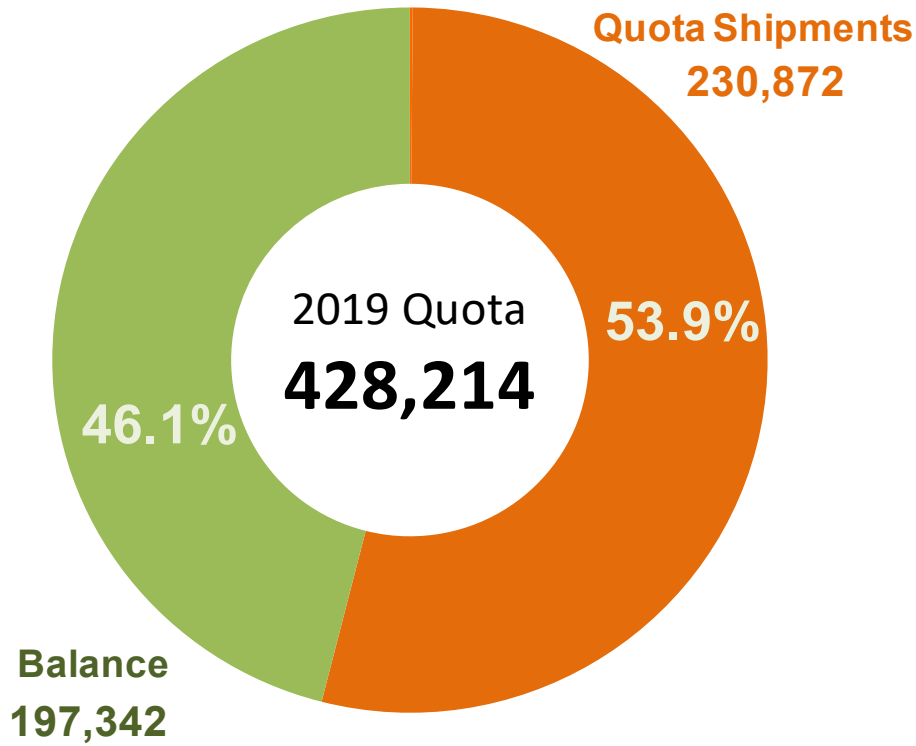


Note: USDA did not publish updated export data for last week.

# Australian Beef Quota Position

7-Nov-19

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending November 4. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

