



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

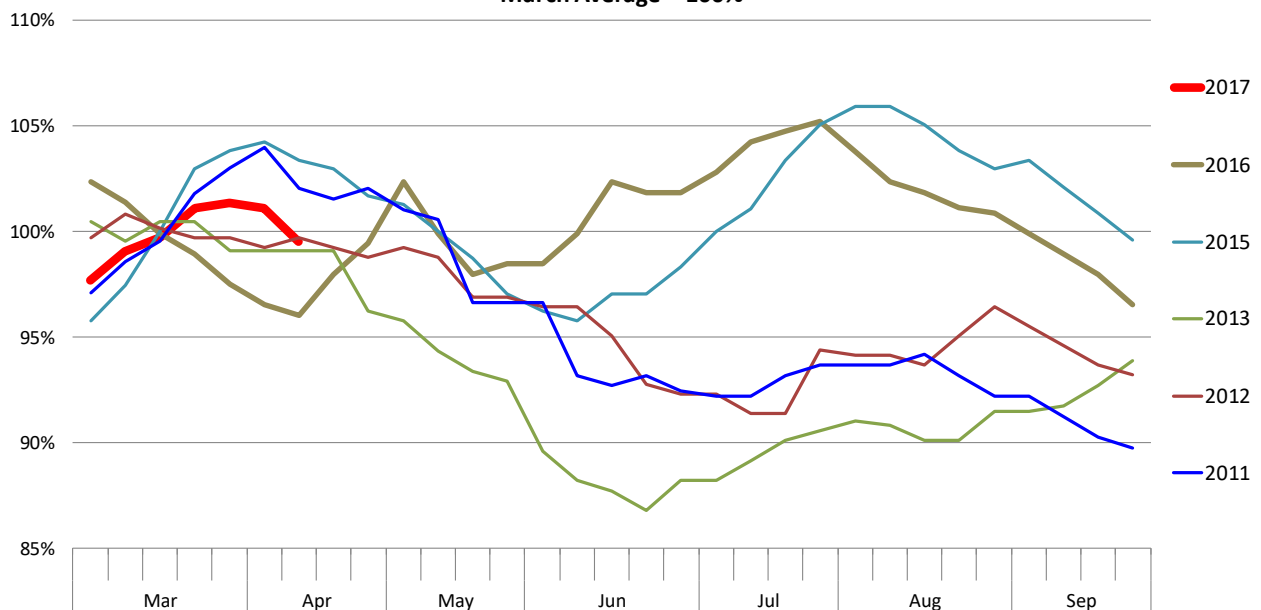
- Imported beef prices continued to drift lower this week on lower prices for domestic product and higher offerings from New Zealand suppliers
- Expectations are for New Zealand cow slaughter to increase notably in May and early June and New Zealand suppliers apparently were offering product a bit more freely and at lower prices than in recent weeks
- Australia offerings remain limited on expectations of reduced slaughter for at least the next two months
- South America supplies limited but more product available from Central America through Q1.
- USA fed cattle futures continued to rally this week on higher fed cattle prices in the spot market and expectations of higher beef prices going into the very important Memorial Day holiday weekend (end of May)

Imported Market Activity for the Week

Prices for imported lean grinding beef continued to lose ground this week, in large part we think due to the weakness in the domestic market but also increased offerings from New Zealand packers. Market participants continued to note that offerings from Australia remain limited and overseas suppliers remain reluctant to lower asking prices, in part because slaughter there is expected to remain limited in the very near term. Also there is a lot of un-

certainty about the pace of slaughter in Australia in the next two months depending on cattle availability and demand from other markets. Market participants we contacted today indicated they are seeing a few more offerings from New Zealand suppliers, particularly for cow meat. More on this point in the next page. Overall the tone in the market is somewhat weaker but there are a lot of differing opinions about price direction into the summer. The chart below shows the trend for imported 90CL beef between March and September. In the last two years,

Price Performance of Imported 90CL Boneless Beef during Mar - Sep Period
March Average = 100%



we have noted that prices for 90CL imported beef prices in July and August actually have increased compared to March levels. We think this largely reflects the seasonal decline in availability of New Zealand and Uruguayan product, making Australia the only supplier of lean grinding beef able to fill large orders. Brazil is seen as one country that has the potential to bring some additional supply during that time of year but at this time it is still highly uncertain as to the amount of beef that will be able to ship in 2017. So far volumes shipped to the US market remain relatively small. At this point imported beef prices have held up better than they did a year ago but with more New Zealand beef available for May and June delivery it is likely we could see some pressure develop. High cattle prices in Australia and limited availability could once again pressure prices higher in late summer and fall, but much will depend on supplies available from other countries as well as availability of domestic cow meat.

New Zealand Cow Slaughter

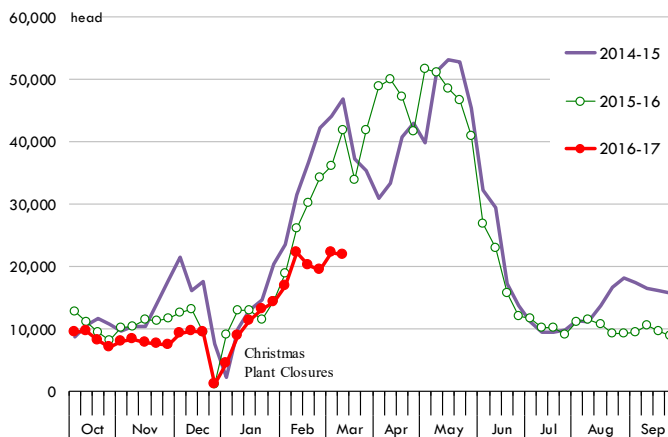
While there has been much speculation that New Zealand cow slaughter was running well behind normal for this time of year, recent data shows how dramatic the decline was during March. New Zealand weekly slaughter is reported with a significant lag and the latest available report is for week ending March 18. Cow slaughter for that particular week was 21,960 head, down 48% compared to the same week the previous year. Between February 19 and March 18, New Zealand weekly cow slaughter was down an average 41% from a year ago. While a decline in New Zealand cow slaughter was expected, the lower numbers during late February and March were also driven by good weather conditions that allowed producers to keep animals on grass for a bit longer. But eventually some of these animals will have to come to market and the expectation is that cow slaughter in New Zealand in May and June will exceed 40,000 head per week during certain weeks, possibly approach 50,000 head for a week or two. Already market participants are indicating higher offerings from New Zealand, which would reflect the higher slaughter numbers. However, the bump in slaughter will be relatively short lived and lean grinding beef supplies from New Zealand will decline, as they do each year, by the end of June.

US Beef Market

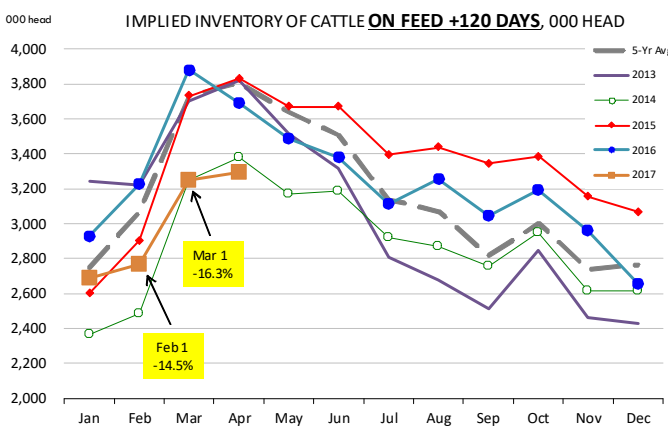
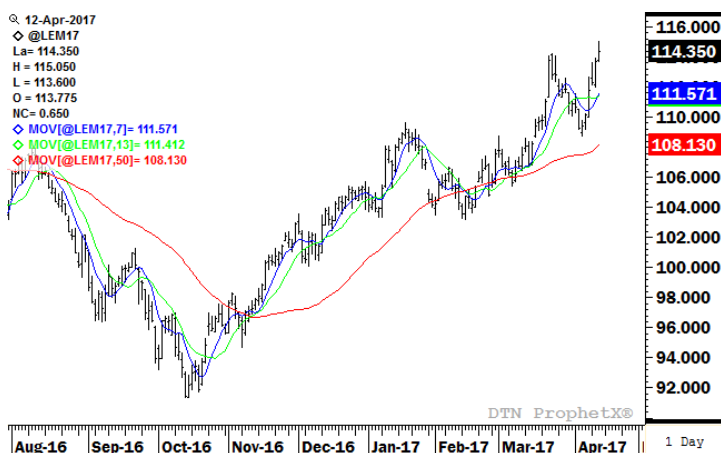
US fed cattle prices have been moving higher in recent days on firm prices for fed cattle in the cash market. Part of the reason for the increase is that futures have continuously under estimated fed cattle

New Zealand Weekly Cow Slaughter

Based on Oct - Sep Marketing Year. Source: New Zealand Meat Board



June 2017 Live Cattle Futures



prices in the last six months. Feedlots placed 600,000 more cattle on feed during Nov-Feb than they did the previous year and the additional supply was expected to keep fed cattle prices under pressure. Also, market participants speculated that the large basis (spread between cash and futures prices) would continue to encourage producers to pull cattle forward and thus pressure spot prices. What always seems to challenge mar-

ket participants in the short term, however, is the flow of product and the lags in pricing between wholesale and retail. Low prices last fall and earlier this year appear to have bought a large number of both foodservice and retail ads. We can see some of this in the number of beef loads that packers have sold for future delivery. With lower beef prices and more retail ads, beef clearance has been quite good, helped we think by very mild winter temperatures. The result was larger than expected cattle slaughter during the first quarter. Feedlots now find themselves with significantly less market ready cattle than a year ago and thus a much better bargaining position. The bottom chart on page 2 shows the supply of cattle that have been on feed for more than 120 days. These are cattle that should normally come to market in the next 30 to 45 days. The supply of such cattle on March 1 was down 16% from the previous year and we think on April 1 the supply of +120day cattle will be down 10-12%. So even though feedlots placed quite a few more cattle on feed during Nov-Feb, the very strong slaughter pace in the last three months has created a bit of a marketing hole in the short term. We should see more cattle available for marketing in May and June, however. Current high prices for some items also risk cutting short some beef ads for Memorial Day (end of May) and particularly 4th of July (Independence Day). For now, higher fed cattle prices and fed beef wholesale values are supportive of lean grinding beef values. But there is still some downside risk for later in the summer, especially if beef demand falters with more pork and chicken in the pipeline.

US Domestic Price Summary

Prices for 90CL boneless beef were quoted at 220 US cents on the top side, 1 cent lower than a week ago but at par with year ago levels. **The weighted average price tonight was quoted at 213, 1 cent lower from a week ago.** 85CL beef trim prices on the top side were quoted tonight at 191 cents, 5 cents lower from last week and 7 cent lower than last year. The weighted average price for 85CL beef was 190 cents a pound, 2 cents lower than a week ago. 50CL beef price was 102 cents on the high side, 5 cent lower than a week ago but 19 cent higher than last year. On a weighted average basis, the price of 50CL beef is now 98.5 cents, 3.5 cents lower than last week

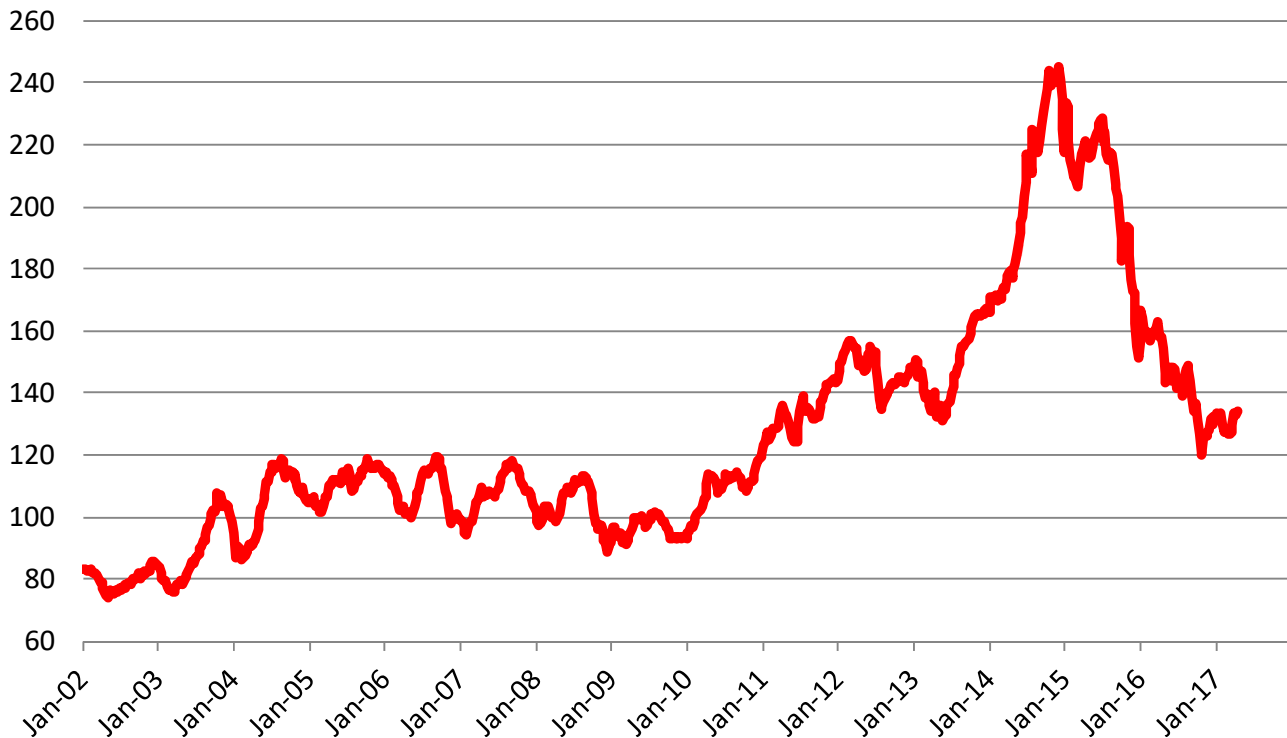
Prices for pork trim were lower this week from the week before but still as much as 4 cents higher than a year ago.

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
	11-Apr-17	4-Apr-17		12-Apr-16	
CME FEEDER CATTLE INDEX	133.85	133.13	0.5%	158.02	-15.3%
	12-Apr-17	5-Apr-17		13-Apr-16	
FED STEER (5-MKT AVG)	125.35	126.69	-1.1%	134.13	-6.5%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	117.00	117.50	-0.4%	145.50	-19.6%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	118.50	121.00	-2.1%	138.50	-14.4%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	112.50	114.50	-1.7%	131.50	-14.4%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	168.33	168.60	-0.2%	173.73	-3.1%

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
	12-Apr-17	23-Apr-17	5-Apr-17	12-Apr-17		13-Apr-16	20-Apr-16	
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	229.0	230.0	232.0	233.0	-3.0	205.0	209.0	21.0
90 CL Blended Cow	209.0	210.0	210.0	213.0	-3.0	189.0	193.0	17.0
90 CL Shank	208.0	210.0	211.0	212.0	-2.0	193.0	195.0	15.0
85 CL Fores	190.0	193.0	194.0	195.0	-2.0	175.0	177.0	16.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	228.0	229.0	232.0	234.0	-5.0	204.0	207.0	22.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	191.0	192.0	193.0	194.0	-2.0	172.0	174.0	18.0
80 CL Trimmings	163.0	165.0	160.0	165.0	0.0	146.0	147.0	18.0
75 CL Trimmings	152.0	153.0	152.0	153.0	0.0	134.0	135.0	18.0
65 CL Trimmings	120.0	123.0		UNQ	N/A	98.0	100.0	23.0
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	270.0	275.0	270.0	275.0	0.0	285.0	290.0	-15.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	215.0	220.0	220.0	225.0	-5.0	210.0	215.0	5.0
Steer Knuckles	240.0	245.0	245.0	250.0	-5.0	225.0	230.0	15.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	12-Apr-17	23-Apr-17	5-Apr-17	12-Apr-17		13-Apr-16	13-Apr-16	
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	232.0	234.0	236.0	237.0	-3.0	210.0	211.0	23.0
90 CL Blended Cow	217.0	218.0	218.0	220.0	-2.0	199.0	200.0	18.0
90 CL Shank	216.0	217.0	217.0	218.0	-1.0	200.0	201.0	16.0
85 CL Fores	199.0	200.0	199.0	200.0	0.0	179.0	180.0	20.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	235.0	236.0	239.0	240.0	-4.0		210.0	26.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	198.0	199.0		199.0	0.0	177.0	178.0	21.0
80 CL Trimmings	174.0	175.0	174.0	175.0	0.0	154.0	156.0	19.0
75 CL Trimmings		160.0		160.0	0.0	138.0	139.0	21.0
65 CL Trimmings	128.0	130.0	128.0	130.0	0.0		102.0	28.0
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	275.0	280.0	280.0	285.0	-5.0	295.0	300.0	-20.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	225.0	230.0	225.0	230.0	0.0	220.0	225.0	5.0
Steer Knuckles	250.0	255.0	255.0	260.0	-5.0	235.0	240.0	15.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week		Prior Week		Change From Last Week	Last Year		Change from Last Year
	12-Apr-17		5-Apr-17			13-Apr-16		
<u>Domestic Cutouts</u>								
Choice Cutout	210.13		209.71		0.4	222.21		-12.1
Select Cutout	198.64		200.51		-1.9	212.53		-13.9
<u>Domestic Lean Grinding Beef</u>								
90 CL Boneless	213.0	220.0	213.0	221.0	-1.0	217.0	219.7	0.3
85 CL Beef Trimmings	190.0	191.4	190.0	196.0	-4.6	194.0	198.0	-6.6
50 CL Beef Trim	98.8	102.0	97.5	107.0	-5.0	74.0	83.0	19.0
<u>Domestic Pork Trim</u>								
42 CL Pork Trim	30.0	42.3	33.7	46.3	-4.0	35.0	42.6	-0.4
72 CL Pork Trim	64.0	85.3	61.9	83.3	2.0	65.0	81.3	4.0
<u>Point of Lean Values</u>								
90 CL Domestic	244.4		245.6		-1.1	244.1		0.4
50 CL Beef Trimming	204.0		214.1		-10.1	166.0		38.0
42 CL Pork Trim	100.6		110.1		-9.5	101.5		-0.9
72 CL Pork Trim	118.4		115.6		2.8	112.8		5.6
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	125.35		126.69		-1.3	134.13		-8.8

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From	
			Week	Week		Last Year	Last Year
	12-Apr-17	5-Apr-17			13-Apr-16		
<u>Live Cattle Futures</u>							
April '17	124.200	118.275	↑	5.93	132.175	↓	-7.98
June '17	114.350	109.425	↑	4.93	121.725	↓	-7.38
August '17	110.375	105.600	↑	4.78	117.700	↓	-7.33
October '17	109.850	105.575	↑	4.27	117.350	↓	-7.50
<u>Feeder Cattle Futures</u>							
April '17	137.500	130.525	↑	6.97	154.800	↓	-17.30
May '17	137.825	130.425	↑	7.40	149.925	↓	-12.10
August '17	139.950	132.150	↑	7.80	150.800	↓	-10.85
September '17	140.350	131.925	↑	8.42	150.800	↓	-10.45
<u>Corn Futures</u>							
May '17	369	364 3/4	↑	4.25	373 1/2	↓	-4.50
July '17	376	372 1/2	↑	3.50	377	↓	-1.00
September '17	382 3/4	380	↑	2.75	379	↑	3.75
December '17	392 1/2	389 1/4	↑	3.25	384	↑	8.50
<u>Ch Wheat Futures</u>							
May '17	433 1/4	429 3/4	↑	3.50	461 1/2	↓	-28.25
July '17	446 1/4	442 1/2	↑	3.75	467 1/2	↓	-21.25
September '17	459 3/4	456 3/4	↑	3.00	477	↓	-17.25
December '17	480 1/4	477	↑	3.25	491 3/4	↓	-11.50

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	12-Apr-17	5-Apr-17			13-Apr-16		
<u>Total Cattle Slaughter</u>	578,000	586,000	↓	-8,000	538,000	↑	40,000
	25-Mar-17	18-Mar-17			26-Mar-16		
<u>Total Cow Slaughter</u>	111,624	104,640	↑	6,984	97,751	↑	13,873
<u>Dairy Cow Slaughter</u>	59,785	54,944	↑	4,841	54,366	↑	5,419
<u>Beef Cow Slaughter</u>	51,839	49,696	↑	2,143	43,385	↑	8,454

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

YTD Imported Meat Passed for Entry in the US

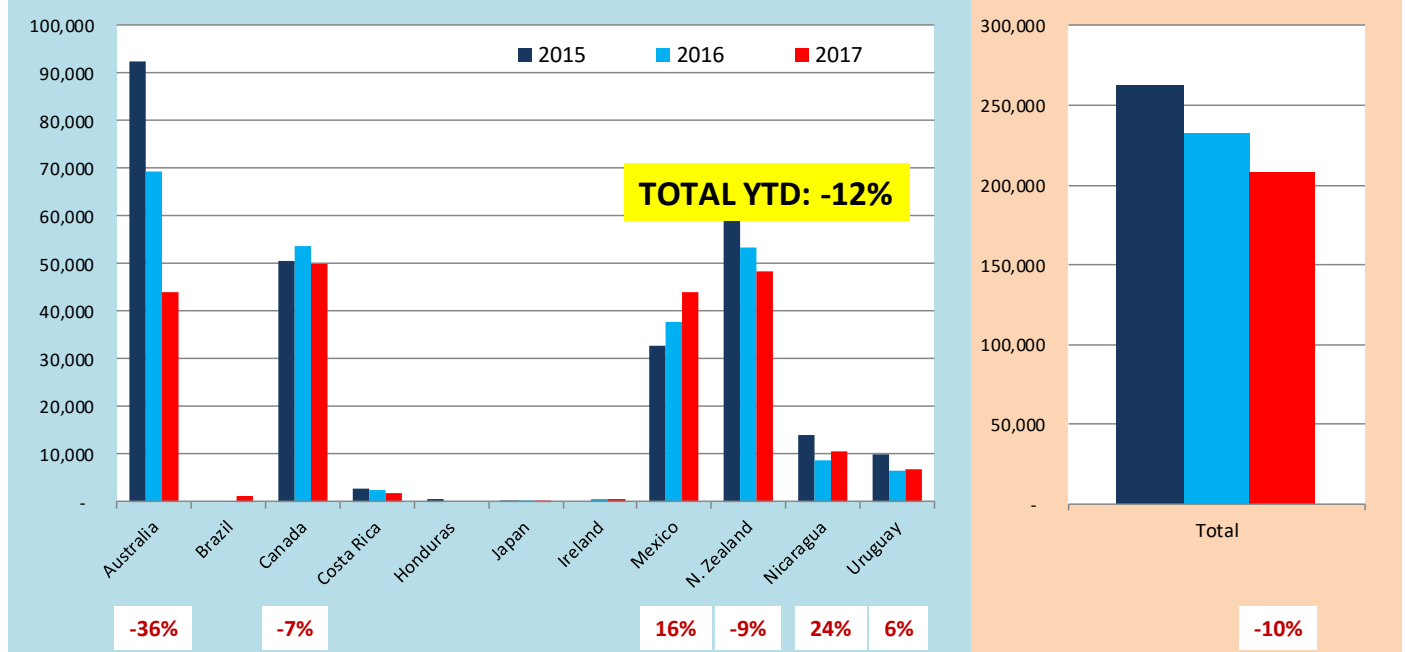
week 9	3/26/2016	4/1/2017		
Australia	75,460	48,745	(26,715)	-35.4%
Brazil		1,437		
Canada	58,566	55,142	(3,424)	-5.8%
Chile	151	112	(39)	-25.8%
Costa Rica	2,540	2,539	(1)	0.0%
Honduras			-	
Japan	50	80	30	60.0%
Ireland	685	623	(62)	-9.1%
Mexico	41,215	47,900	6,685	16.2%
New Zealand	57,434	53,156	(4,278)	-7.4%
Nicaragua	9,301	11,536	2,235	24.0%
Uruguay	7,091	7,566	475	6.7%
Total	252,491	228,937	(23,554)	-9.3%

Source: USDA/FSIS

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

Imports as of March 25, 2017

Individual Country Volume. MT & Y/Y % Ch.

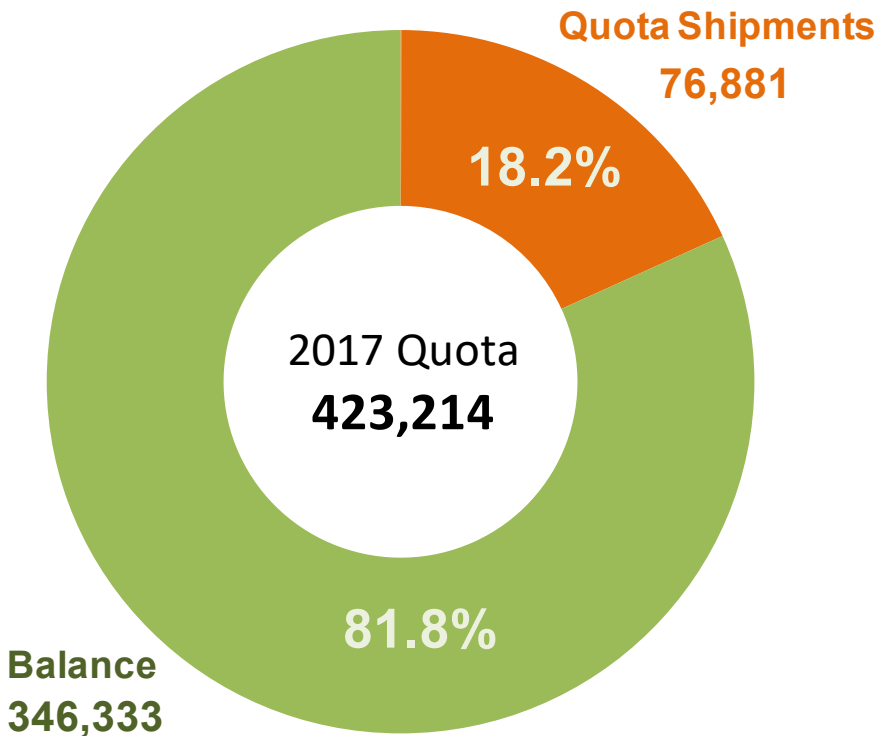


Please note that US Customs has discontinued its previous reporting and now only reports on countries that have a quota allocation. We are now using the AMS data to report YTD beef import entries. This data is slightly different than Customs. We will add at a later time a page that shows quota filled by each country based on the new Customs report

Australian Beef Quota Position

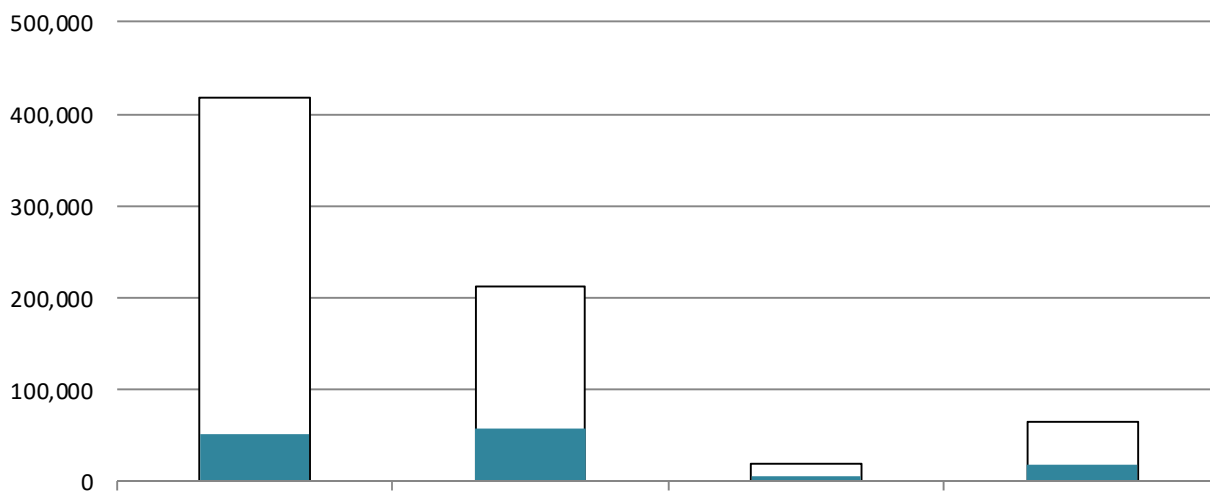
10-Apr-17

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending April 10

Source: US Customs



	Australia	New Zealand	Uruguay	Other
2016 YTD	70,789,372	58,167,095	4,303,298	11,291,452
2017 YTD	52,609,939	57,750,604	5,416,214	18,363,634
% ch.	-26%	-1%	26%	63%
Quota	418,214,000	213,402,000	20,000,000	64,805,000
% cleared	13%	27%	27%	28%