



# 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 steady to higher this week as higher prices for domestic grinds continue to support demand
- US 50CL beef prices surpassed \$200/cwt and remain at all time record highs
- Fat trim availability almost non existent and users caught short have to pay exorbitant prices in order to keep commitments to customers. This has negatively impacted demand for 90CL beef since users cannot buy the lean component if they cannot find fat trim
- Forward domestic beef sales have declined following the sharply higher beef prices but demand will truly slow down when consumers are faced with much higher prices and have to adjust their purchasing behavior
- Pasture conditions are off to a great start, normal for this time of year.

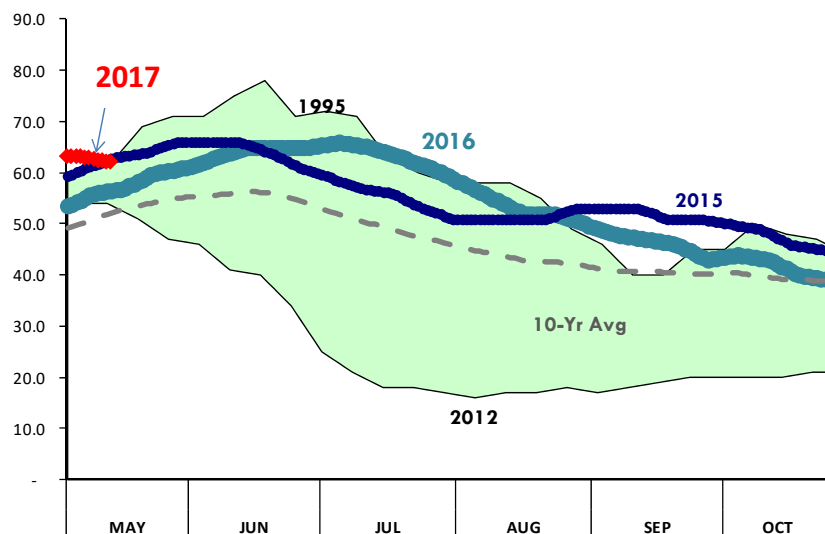
## Imported Market Activity for the Week

**Prices for imported lean grinding beef continued to trade very firm again this week even as end users remain quite reluctant in booking product further out.** Supplies from New Zealand and Australia showed some improvement due to higher slaughter in both countries as well as the higher prices now being paid in the US. Some of the market participants we contacted today said business was good. Finding fat trim in the domestic market continues to be a challenge and this tends to

impact demand for lean grinding beef as well. However at this time end users are finding sourcing domestic grinding materials challenging on all fronts, especially as the value of lean cuts has exploded to the upside. Imported beef tends to benefit at this time. Domestic fresh 90CL beef was quoted tonight at 225 cents per pound FOB Central US. With freight costs of 9 to 12 cents to ship to WC and EC respectively, imported beef continues to provide value in the market. Prices for imported fat trim remain very firm in light of the sharp increase in the value of the benchmark US 50CL beef.

## US PASTURE CONDITIONS: 20 YEAR HISTORY

% RATED IN GOOD/EXCELLENT CONDITION. WEEK of May 12, 2017. Source USDA/NASS



Beef Cows in states with 40% Good to Excellent		
Last year	Cows	% of Total
10/25/15	14344	47.41%
05/01/16	27162	89.78%
05/08/16	27992	92.52%
This Year		
10/30/16	18743	61.96%
05/07/17	29759	98.37%
05/14/17	29257	96.71%

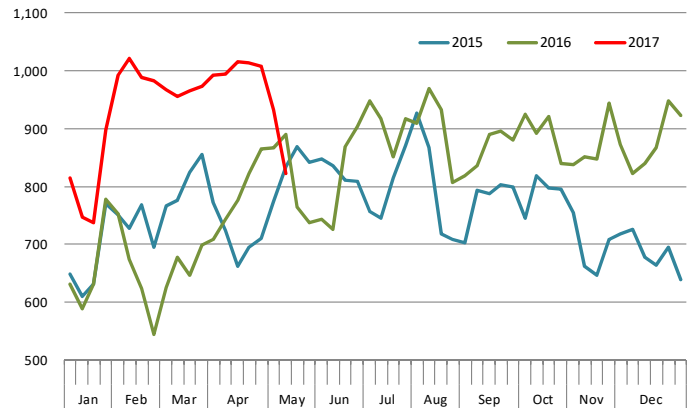
Source: LMIC

We reviewed the situation in the US beef market last week and little has changed since then. Supplies in the spot market continue to be very limited and, in the short term, this will tend to support prices well above seasonal levels. The concern among market participants is how current very high prices will impact demand later in the summer. It is still too early to say how quickly the price spike for some items will force retailers to raise prices and thus dramatically impact quantity demanded. There are indications that already high prices have impacted packer forward sales. Each week USDA issues a comprehensive cutout report, a weekly publication that reports not just on spot market sales but also export and forward sales. In the last two weeks, sales of beef 22-60 days forward averaged 681 loads per week compared to almost a 1000 loads a week we saw in March and April. Current volume is also down compared to the same period in 2015 and 2016. Sales are down also for beef sold 61-90 days out and beef for delivery +91 days into the future. Does this mean that US beef/cattle prices are about to collapse? Not necessarily. We think that the beef market will adjust lower not when processors or company buyers slow down their buying but when actual consumers change their purchasing behavior. And consumers will change how much beef they demand each week when they see sticker prices change. This takes time. Retailers often will continue to promote product even when expensive because they know that consumers expect to see a sale during key periods, such as Memorial Day or the 4th of July. Foodservice operators have long supply chains and contracts with processors that do not kick in immediately. And even when prices move up restaurants have to contend with printed menus and very stiff competition. Bottom line, in the short term end users sitting on the sidelines may slow down sales but they do not impact real demand. It will be important to pay attention to retail and foodservice reports that provide an indication on the rate of inflation there and how quickly that starts to impact consumer purchasing behavior.

On page 1 we have updated our regular chart on pasture conditions. USDA has once again started to provide its regular update and, as is normally the case in May, pastures across the country are in excellent shape. Drought conditions are minimal across most regions with large beef cow herds and we expect pasture conditions to stay near the high end of the range at least through June. This is important as it will tend to slow down the flow of beef cows into the market during the summer months. Calf prices also have rebounded, which could also limit the supply of cull cows that will be available in the short term. It

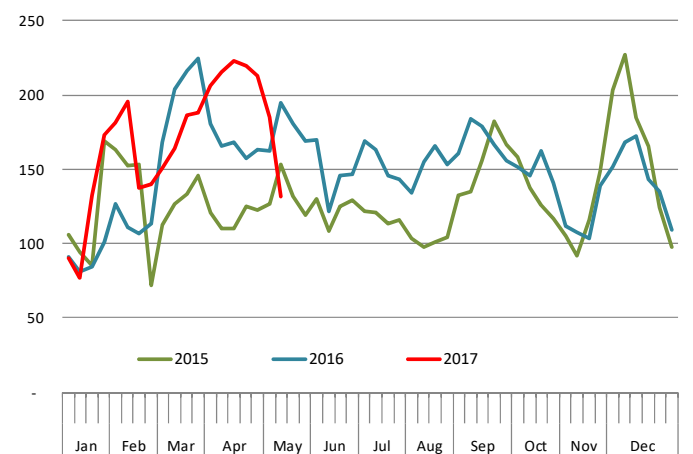
**Beef Loads Sold For Delivery 22 - 60 Days. 4-WK MA**

Data Source: USDA Mandatory Price Reporting System



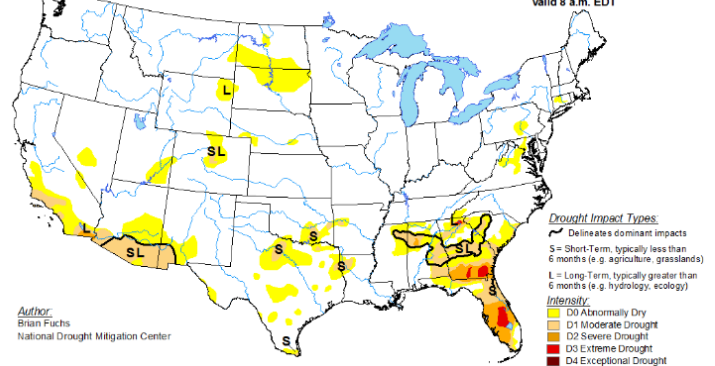
**Beef Loads Sold For Delivery 61 - 90 Days. 4-WK MA**

Data Source: USDA Mandatory Price Reporting System



**U.S. Drought Monitor**

May 9, 2017  
(Released Thursday, May 11, 2017)  
Valid 8 a.m. EDT



is important to remember that the US beef cow herd is larger now than it was a couple of years ago and this will mean more cull cows are going to be available. However, the high rate of marketings in the spring, good pasture conditions and higher calf prices may limit domestic lean grinding beef availability and create opportunities for US beef importers.

## US Domestic Price Summary

Prices for 90CL boneless beef were quoted at 230 US cents on the top side, 5 cent higher than a week ago and 11 cents higher than year ago levels. **The weighted average price tonight was quoted at 225, 4 cents higher than a week ago.** 85CL beef trim prices on the top side were quoted tonight at 203 cents, 7 cents higher than last week and 10 cents higher than last year. The weighted average price for 85CL beef was 199 cents a pound, 3 cents higher than a week ago. 50CL beef price was 204.5 cents on the high side, 15 cent higher than a week ago and 148.5 cent higher than last year. On a weighted average basis, the price of 50CL beef is now 201 cents, about 15 cents higher than last week

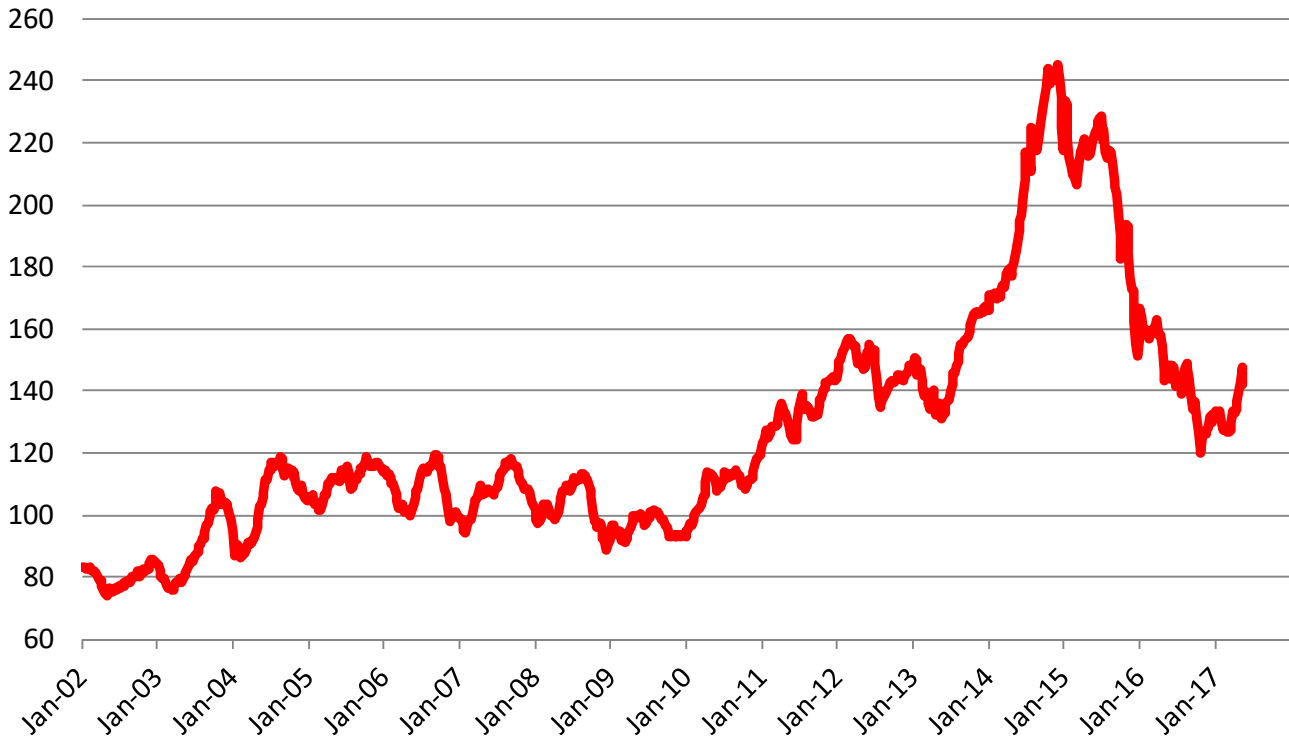
Prices for 42CL pork trim were mixed compared to a week ago, with fat pork prices down as much as 7 cents compared to last year despite the very expensive prices for beef trimmings. Large hog numbers continue to keep the market for pork well supplied. Prices for 72CL pork have gained since this item can more easily replace beef 50CL in formulations. Current prices are up 12 cents compared to last year.

# 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
	16-May-17	9-May-17		17-May-16	
CME FEEDER CATTLE INDEX	142.12	147.66	-3.8%	148.45	-4.3%
	17-May-17	10-May-17		18-May-16	
FED STEER (5-MKT AVG)	137.33	144.52	-5.0%	132.45	3.7%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	125.50	125.50	0.0%	141.50	-11.3%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	124.00	123.00	0.8%	136.00	-8.8%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	115.00	112.00	2.7%	127.00	-9.4%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	248.17	244.58	1.5%	227.76	9.0%

### 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
	17-May-17	23-May-17	10-May-17	16-May-17		18-May-16	24-May-16	
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	237.0	238.0	237.0	238.0	0.0	212.0	213.0	25.0
<b>90 CL Blended Cow</b>	217.0	220.0	212.0	215.0	5.0	192.0	193.0	27.0
<b>90 CL Shank</b>	215.0	217.0	210.0	212.0	5.0	193.0	194.0	23.0
<b>85 CL Fores</b>	199.0	201.0	200.0	202.0	-1.0		178.0	23.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	235.0	236.0	235.0	236.0	0.0	211.0	212.0	24.0
<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>	199.0	200.0	199.0	201.0	-1.0		177.0	23.0
<b>80 CL Trimmings</b>	182.0	185.0	177.0	180.0	5.0	154.0	155.0	30.0
<b>75 CL Trimmings</b>		UNQ	166.0	167.0	N/A	134.0	135.0	N/A
<b>65 CL Trimmings</b>	135.0	140.0		140.0	0.0		98.0	42.0
<b><u>US East Coast Australian Cuts, CIF</u></b>								
<b>Cap Off Steer Insides</b>	280.0	285.0	280.0	285.0	0.0	295.0	305.0	-20.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>		UNQ		UNQ	N/A	215.0	220.0	N/A
<b>Steer Knuckles</b>	250.0	255.0	245.0	255.0	0.0	230.0	235.0	20.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	17-May-17	17-May-17	10-May-17	10-May-17		18-May-16	18-May-16	
<b><i>US East Coast Australian/NZ Lean, FOB US Port</i></b>								
<b>95 CL Bull, E. Coast</b>	244.0	246.0	243.0	244.0	2.0	220.0	222.0	24.0
<b>90 CL Blended Cow</b>	227.0	228.0	226.0	228.0	0.0	202.0	203.0	25.0
<b>90 CL Shank</b>	224.0	225.0	220.0	224.0	1.0	203.0	204.0	21.0
<b>85 CL Fores</b>	210.0	211.0	207.0	210.0	1.0	183.0	184.0	27.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	244.0	245.0	240.0	242.0	3.0	220.0	221.0	24.0
<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>	209.0	210.0	207.0	208.0	2.0	182.0	183.0	27.0
<b>80 CL Trimmings</b>	191.0	193.0	188.0	190.0	3.0	163.0	164.0	29.0
<b>75 CL Trimmings</b>	175.0	179.0	170.0	171.0	8.0	138.0	140.0	39.0
<b>65 CL Trimmings</b>	148.0	150.0	145.0	147.0	3.0		100.0	50.0
<b><i>US East Coast Australian Cuts, FOB US Port</i></b>								
<b>Cap Off Steer Insides</b>	290.0	293.0	285.0	290.0	3.0	285.0	310.0	-17.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>		UNQ		UNQ	N/A	230.0	235.0	N/A
<b>Steer Knuckles</b>	255.0	260.0	255.0	260.0	0.0	240.0	245.0	15.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change from Last Year
	17-May-17		10-May-17			18-May-16		
<b><u>Domestic Cutouts</u></b>								
Choice Cutout	248.17		244.58		3.6	227.76		20.4
Select Cutout	221.93		224.62		-2.7	212.20		9.7
<b><u>Domestic Lean Grinding Beef</u></b>								
90 CL Boneless	221.0	230.0	220.0	225.0	5.0	216.0	219.0	11.0
85 CL Beef Trimmings	198.0	203.0	196.0	196.0	7.0	190.0	193.0	10.0
50 CL Beef Trim	198.0	204.5	179.3	189.6	14.9	47.0	56.0	148.5
<b><u>Domestic Pork Trim</u></b>								
42 CL Pork Trim	37.0	48.3	38.0	41.1	7.2	43.0	55.0	-6.7
72 CL Pork Trim	79.5	95.3	75.1	95.5	-0.3	63.0	83.3	12.0
<b><u>Point of Lean Values</u></b>								
90 CL Domestic	255.6		250.0		5.6	243.3		12.2
50 CL Beef Trimming	409.0		379.2		29.8	112.0		297.0
42 CL Pork Trim	114.9		97.9		17.0	130.9		-16.0
72 CL Pork Trim	132.3		132.6		-0.3	115.6		16.7
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	137.33		144.52		-7.2	132.45		4.9

**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
	17-May-17	10-May-17			18-May-16		
<b><u>Live Cattle Futures</u></b>							
June '17	122.450	118.525	↑	3.93	123.125	↓	-0.67
August '17	118.825	114.775	↑	4.05	119.950	↓	-1.13
October '17	115.575	113.750	↑	1.83	119.525	↓	-3.95
December '17	116.325	114.600	↑	1.73	118.825	↓	-2.50
<b><u>Feeder Cattle Futures</u></b>							
May '17	141.975	142.075	↓	-0.10	149.500	↓	-7.53
August '17	147.725	145.850	↑	1.88	149.350	↓	-1.63
September '17	147.875	146.275	↑	1.60	147.375	↑	0.50
October '17	146.750	145.525	↑	1.22	147.375	↓	-0.63
<b><u>Corn Futures</u></b>							
May '17	371 1/2	359	↑	12.50	399 1/2	↓	-28.00
July '17	379 1/4	366 3/4	↑	12.50	402 1/4	↓	-23.00
September '17	389	373 3/4	↑	15.25	406	↓	-17.00
December '17	398 1/2	384 1/4	↑	14.25	413 1/4	↓	-14.75
<b><u>Ch Wheat Futures</u></b>							
May '17	427	407 3/4	↑	19.25	480	↓	-53.00
July '17	440 1/4	426 1/2	↑	13.75	490	↓	-49.75
September '17	461 3/4	439 1/4	↑	22.50	506	↓	-44.25
December '17	479 1/2	462	↑	17.50	521 1/2	↓	-42.00

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	17-May-17	10-May-17			18-May-16		
<b><u>Total Cattle Slaughter</u></b>	611,000	622,000	↓	-11,000	599,000	↑	12,000
	<b>29-Apr-17</b>	<b>22-Apr-17</b>			<b>30-Apr-16</b>		
<b><u>Total Cow Slaughter</u></b>	109,369	110,443	↓	-1,074	102,400	↑	6,969
<b><u>Dairy Cow Slaughter</u></b>	55,460	56,378	↓	-918	53,200	↑	2,260
<b><u>Beef Cow Slaughter</u></b>	53,909	54,065	↓	-156	49,200	↑	4,709



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

## YTD Imported Meat Passed for Entry in the US

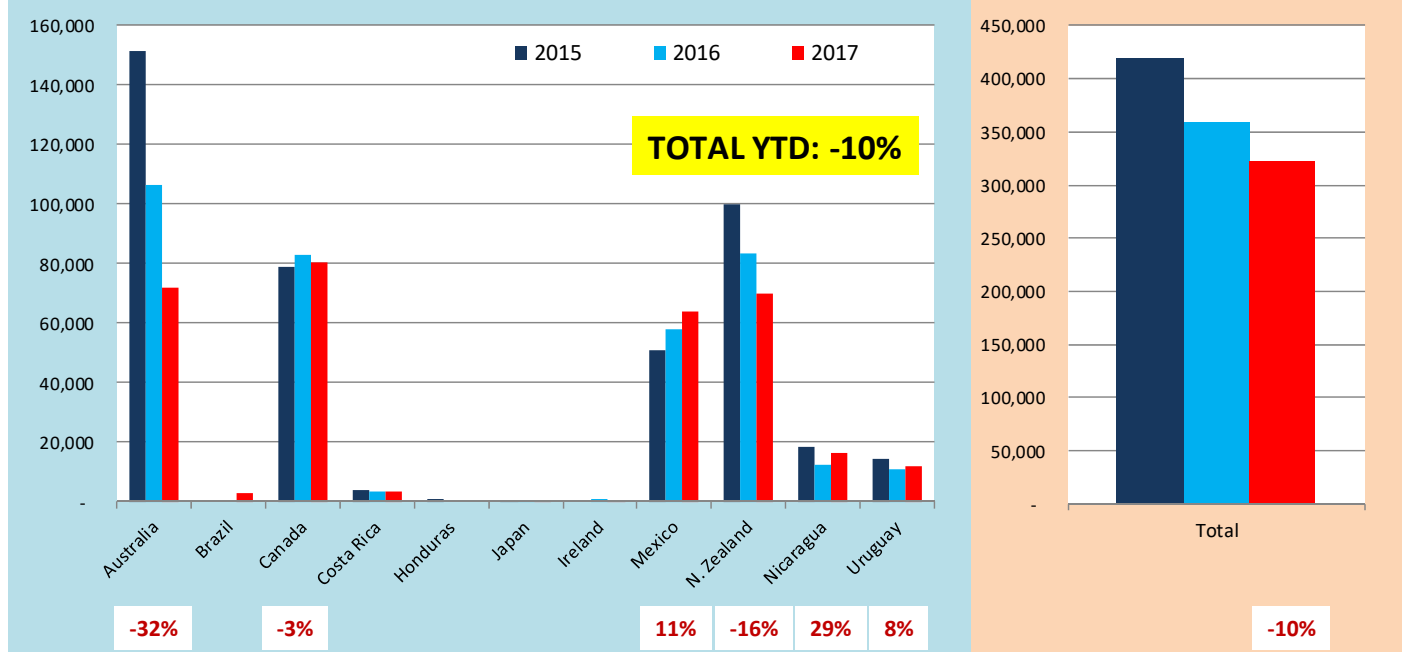
week 17	4/30/2016	5/6/2017		
Australia	106,472	72,153	(34,319)	-32.2%
Brazil		3,084		
Canada	82,962	80,313	(2,649)	-3.2%
Chile	163	158	(5)	-3.1%
Costa Rica	3,502	3,306	(196)	-5.6%
Honduras			-	
Japan	72	122	50	69.4%
Ireland	952	671	(281)	-29.5%
Mexico	57,902	63,990	6,088	10.5%
New Zealand	83,332	69,814	(13,518)	-16.2%
Nicaragua	12,604	16,322	3,718	29.5%
Uruguay	11,132	11,978	846	7.6%
<b>Total</b>	<b>359,093</b>	<b>322,017</b>	<b>(37,076)</b>	<b>-10.3%</b>

Source: USDA/FSIS

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

Imports as of May 6, 2017

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

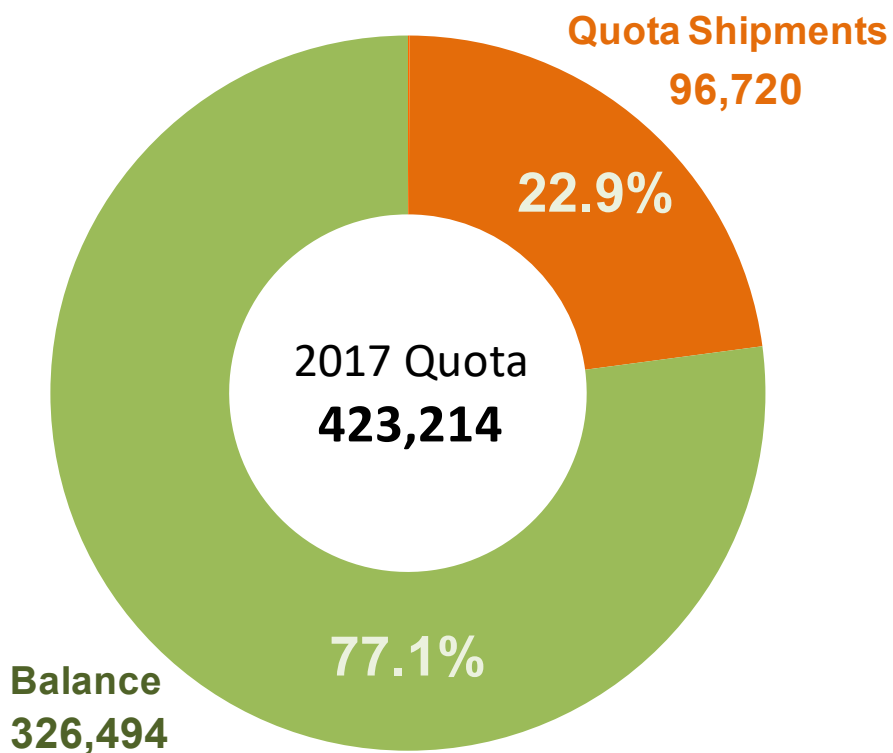


Please note that US Customs has discontinued its previous reporting and now only reports on countries that have a quota allocation. We are now using the AMS data to report YTD beef import entries. This data is slightly different than Customs. We will add at a later time a page that shows quota filled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

# Australian Beef Quota Position

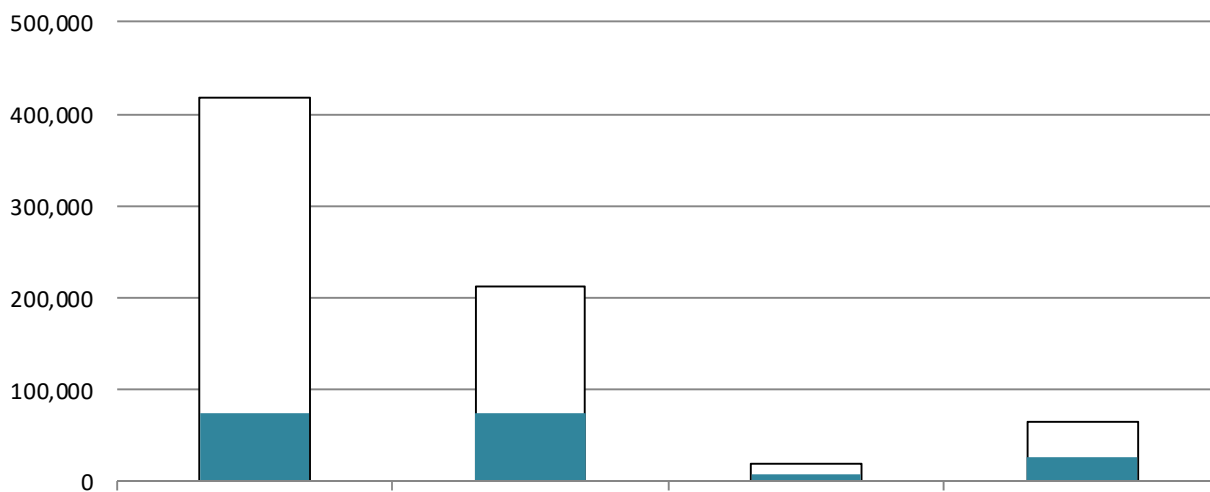
15-May-17

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending May 15

Source: US Customs



	Australia	New Zealand	Uruguay	Other
2016 YTD	101,752,621	86,141,420	5,873,617	16,578,464
2017 YTD	74,194,643	74,521,940	8,258,579	26,182,670
% ch.	-27%	-13%	41%	58%
Quota	418,214,000	213,402,000	20,000,000	64,805,000
% cleared	<b>18%</b>	<b>35%</b>	<b>41%</b>	<b>40%</b>