



# US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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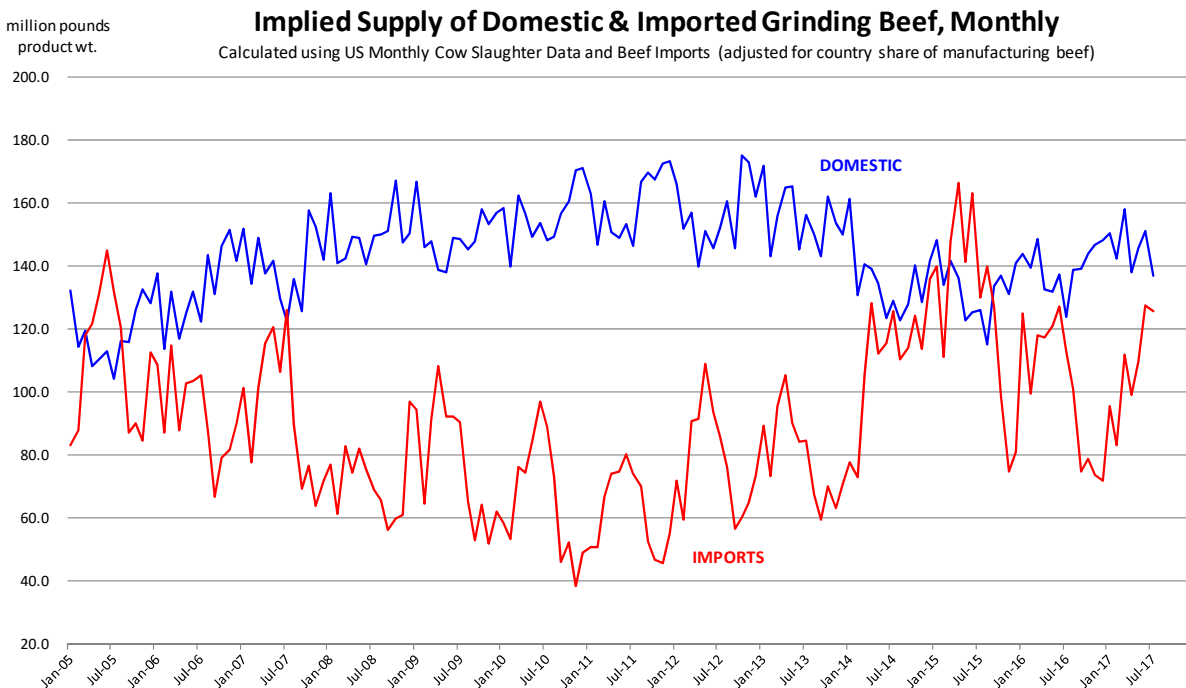
## Market Highlights for the Week:

- Imported prices steady to modestly lower on thin offerings from Australia but also very limited demand from regular users
- Continued decline in fed cattle prices causing end users to sit on the sidelines, with expectations of lower prices going into the fall
- Price of some fed cuts now near or at grinding value
- Supply of domestic grinding beef up 5% (on a slaughter day adjusted basis).
- Imported grinding beef supply up 11% in June compared to a year ago. Total beef imports in the last six weeks also up 10% from last year
- Ratio of lean beef to cattle continues to escalate, reminiscent of what happened with fat trimmings back in May

## Imported Market Activity for the Week

Prices for imported beef were steady to modestly lower this week. The steady erosion in fed cattle prices and beef cuts trading near grinding value continues to keep end users on the sidelines, at least in the short term. Domestic fresh beef prices remain very firm, with spot cow meat supplies limited and product going to regular users. Retail beef sales likely supported by prices that are quite competitive

with other beef offerings at this time and notably lower than the levels we saw in 2014 and 2015. The retail feature price for 80-89% ground beef last week was \$3.10 per pound, the lowest price since the feature price for 4th of July and 6% under the five year average. In 2014 and 2015 the average feature price for ground beef at retail during Labor Day weekend was \$3.60 and the jumped to as high as \$4.10 per pound in September and early October. It remains to be seen how retailers decide to merchandise



ground beef prices for the rest of this month. So far attractive ground beef prices at retail continue to support lean grinding beef values. Sharply lower prices for fat trimmings also may contribute to the demand for lean beef.

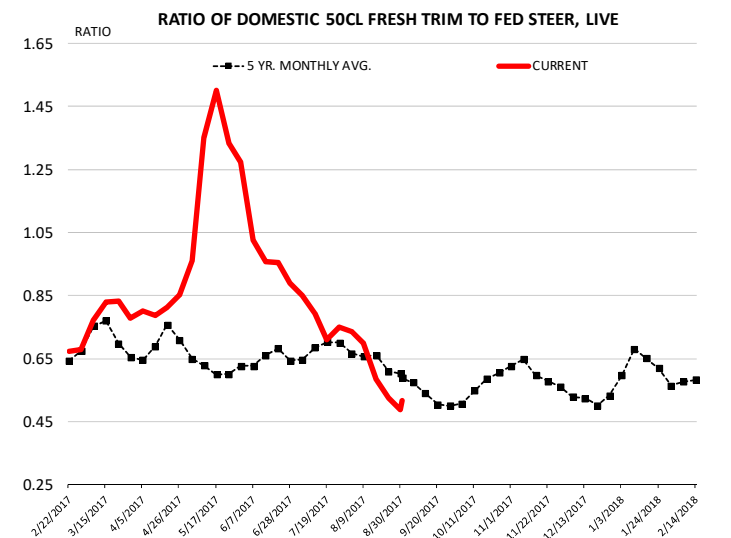
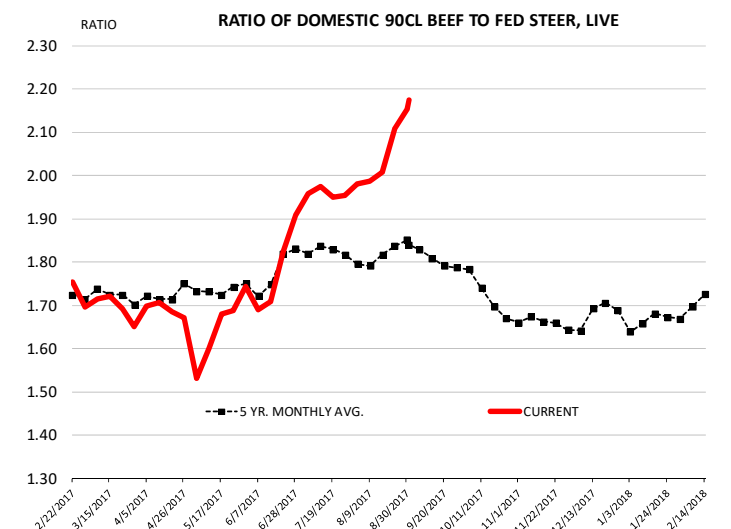
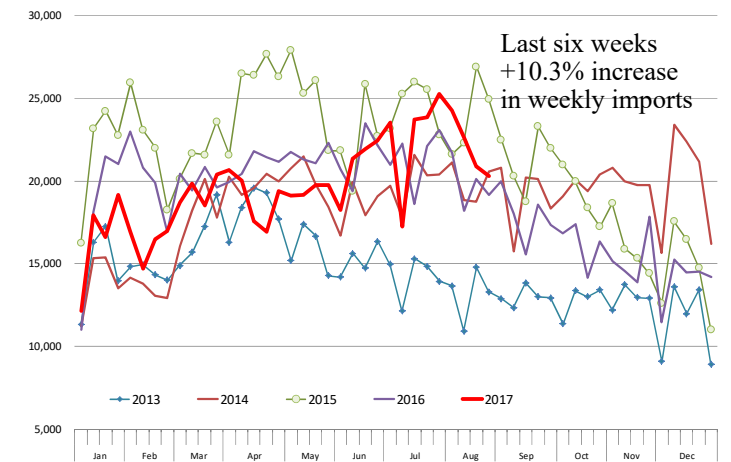
**Grinding beef supply situation:**

The chart on page 1 shows our calculations of the grinding beef supply situation in the US. Please keep in mind that this only pertains to cow meat from domestic sources and our estimates of manufacturing beef from imported sources. There is some grinding beef coming from fed sources as well although we think much of the steer/heifer grinding material goes directly into retail ground beef chubs. We estimate that the supply of domestic cow lean beef in July was 10.5% higher than the previous year and it has averaged +10% for each of the past three months. However, one needs to consider the difference in slaughter/production days this year compared to last. When we adjust for that, production of grinding beef during the past three months has averaged 5.3% above last year. Despite higher production levels, prices for lean grinding beef during this period have averaged 5.2% above last year. There seem to be no argument that short term demand for domestic lean grinding beef is quite strong - the question going forward is whether this is a short term bump in demand, maybe due to special factors (retail feature activity, relative price of competing proteins). Much as we would like to attribute the recent increase to an overall shift in demand, the data at this point is insufficient to allow that conclusion. Keep in mind that it was not very long ago when lean domestic grinding beef prices were particularly weak even as demand metrics such as incomes, unemployment, consumer wealth and consumer sentiment, all were pointing in the right direction. Looking at the per capita availability of domestic grinding beef and deflated prices for lean beef, the relationship is particularly weak. In other words, there are a number of other factors that impact price rather than just available supplies.

One way to look at the short term shifts in demand for fat and lean grinding materials is to view the product price relative to the price of cattle. In May, the price of fat trimmings jumped sharply relative to the price of cattle. However, the shift was due to short term factors which eventually adjusted. Currently, the price of fat trim is more in line with the current price of cattle. At this point we have the price of lean beef which is currently trading at an almost 2.2 multiple relative to the price of cattle. The question that many market participants are

WEEKLY BEEF IMPORTS. FRESH/FROZEN BEEF ONLY. METRIC TON

Data Source: USDA Livestock, Poultry & Grain Market News



struggling with is whether these kinds of multiples can be sustained for the remainder of the year. We think it is part of the reason for the reluctance to book more grinding beef forward.

**Beef imports**

Weekly beef imports have increased notably in the last few weeks. For the six weeks ending August 26, total imports of fresh/frozen beef were 137,236 MT, 10.3% higher than the previous year. While imports have increased from all supplying countries, the biggest increase has been due to more beef coming from New Zealand. During the six week reference period, imports from New Zealand were 30,275 MT, 6,383 MT (+ 27%) higher than a year ago. Imports from Australia during this period were 36,680 MT, 3,351 MT (+10%) higher than a year ago. Imports from Uruguay also increase by a little over 1,000 MT (+20%) vs. last year.

**week ago.** 85CL beef trim price on the top side was quoted tonight at 207 cents, 8 cents higher than last week but 0.2 cents lower than last year. The weighted average price for 85CL beef was 194 cents a pound, however, 4 cents lower than a week ago. 50CL beef price was 59 cents on the high side, 4.3 cents lower than last week but still 13 cents higher than last year. Prices for fat beef trim on a weighted average basis were around 49 cents, however, a 12 cent decline from a year ago.

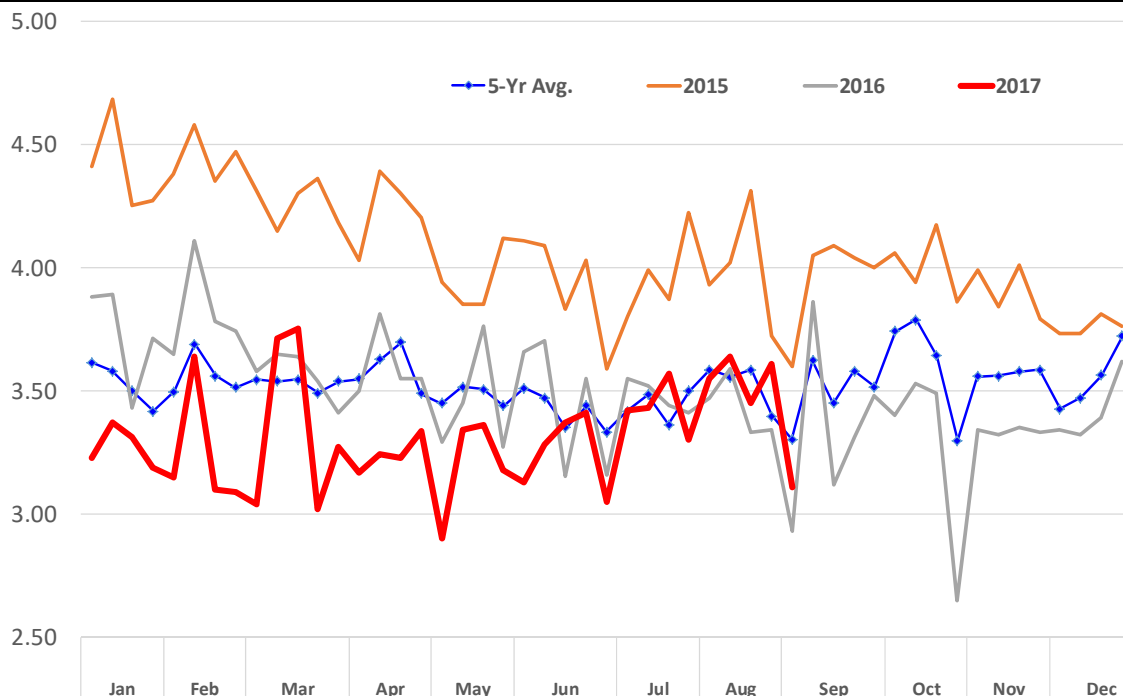
Prices for 42CL and 72CL pork trim were modestly higher than the previous week and also higher than a year ago. Higher supplies into the fall should keep the pork trim market well supplied.

**Domestic Price Summary**

Prices for 90CL boneless beef were quoted at 232 US cents on the top side, 3 cents lower than a week ago but and 18 cents higher than year ago levels. **The weighted average price tonight was quoted at 229 cents, however, steady with a**

**Weekly Reported Retail Feature Prices, USDA National Retail Report: GROUND BEEF 80-89%**

Source: USDA "LSWBFRTL" Report. Latest data point is for August 11, 2017

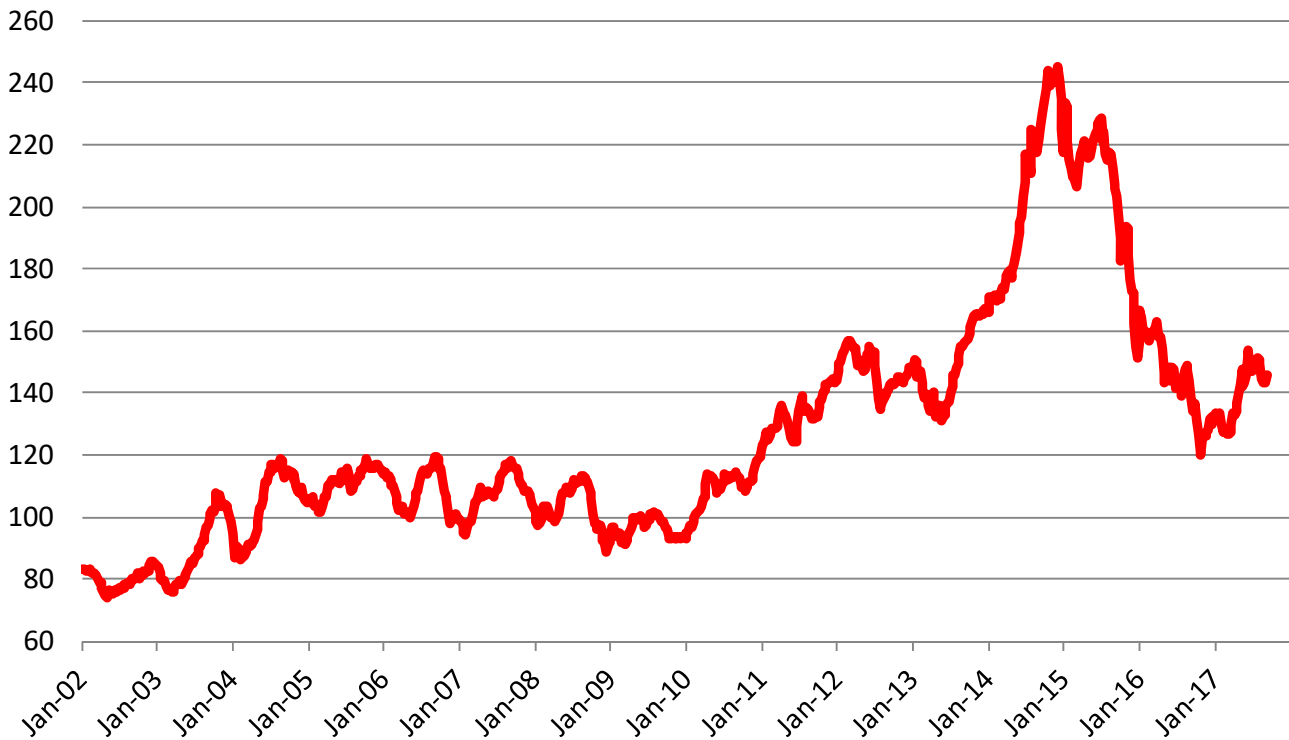


# CME Cattle Feeder Index and US Cattle Markets

## Special Live Animal Reference Price

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	5-Sep-17	29-Aug-17		6-Sep-16	
CME FEEDER CATTLE INDEX	145.85	143.34	1.8%	138.30	5.5%
	6-Sep-17	30-Aug-17		7-Sep-16	
FED STEER (5-MKT AVG)	104.66	106.74	-1.9%	109.43	-4.4%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	121.00	110.00	10.0%	129.50	-6.6%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	114.50	117.50	-2.6%	125.00	-8.4%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	110.00	111.00	-0.9%	120.50	-8.7%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	180.00	180.42	-0.2%	166.01	8.4%

### 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
	6-Sep-17		30-Aug-17			7-Sep-16		
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	214.0	218.0	215.0	220.0	-2.0	218.0	220.0	-2.0
<b>90 CL Blended Cow</b>	198.0	202.0	200.0	201.0	1.0	197.0	198.0	4.0
<b>90 CL Shank</b>	198.0	199.0		200.0	-1.0	196.0	197.0	2.0
<b>85 CL Fores</b>	185.0	190.0	185.0	190.0	0.0		UNQ	N/A
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	213.0	217.0	215.0	218.0	-1.0	217.0	219.0	-2.0
<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>	185.0	189.0	185.0	188.0	1.0		UNQ	N/A
<b>80 CL Trimmings</b>	170.0	175.0	175.0	177.0	-2.0	170.0	172.0	3.0
<b>75 CL Trimmings</b>	165.0	167.0	164.0	165.0	2.0		UNQ	N/A
<b>65 CL Trimmings</b>	114.0	115.0	115.0	117.0	-2.0	110.0	112.0	3.0
<b><u>US East Coast Australian Cuts, CIF</u></b>								
<b>Cap Off Steer Insides</b>	270.0	275.0	270.0	275.0	0.0	280.0	285.0	-10.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	220.0	230.0	220.0	230.0	0.0	210.0	215.0	15.0
<b>Steer Knuckles</b>		240.0		240.0	0.0		220.0	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
	6-Sep-17		30-Aug-17			7-Sep-16		
<b><i>US East Coast Australian/NZ Lean, FOB US Port</i></b>								
<b>95 CL Bull, E. Coast</b>	226.0	227.0	228.0	232.0	-5.0	227.0	228.0	-1.0
<b>90 CL Blended Cow</b>	210.0	212.0	210.0	213.0	-1.0	206.0	207.0	5.0
<b>90 CL Shank</b>	210.0	211.0	210.0	211.0	0.0	206.0	208.0	3.0
<b>85 CL Fores</b>	198.0	199.0	200.0	201.0	-2.0	192.0	193.0	6.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	224.0	225.0	228.0	230.0	-5.0	226.0	227.0	-2.0
<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>	197.0	198.0	199.0	200.0	-2.0	190.0	191.0	7.0
<b>80 CL Trimmings</b>	180.0	183.0	184.0	185.0	-2.0	176.0	177.0	6.0
<b>75 CL Trimmings</b>	171.0	172.0	171.0	172.0	0.0	162.0	164.0	8.0
<b>65 CL Trimmings</b>		120.0	120.0	123.0	-3.0	115.0	116.0	4.0
<b><i>US East Coast Australian Cuts, FOB US Port</i></b>								
<b>Cap Off Steer Insides</b>		280.0	275.0	280.0	0.0	290.0	295.0	-15.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	230.0	235.0	230.0	235.0	0.0	225.0	230.0	5.0
<b>Steer Knuckles</b>	250.0	255.0	250.0	255.0	0.0	230.0	235.0	20.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change from Last Year
	6-Sep-17		30-Aug-17			7-Sep-16		
<b><u>Domestic Cutouts</u></b>								
Choice Cutout	192.93		191.72		1.2	190.65		2.3
Select Cutout	190.67		191.12		-0.5	183.66		7.0
<b><u>Domestic Lean Grinding Beef</u></b>								
90 CL Boneless	224.0	232.0	228.0	235.0	-3.0	203.3	214.3	17.7
85 CL Beef Trimmings	184.5	206.8	196.0	199.0	7.8	179.0	207.0	-0.2
50 CL Beef Trim	40.0	59.0	40.6	63.3	-4.3	39.1	46.0	13.0
<b><u>Domestic Pork Trim</u></b>								
42 CL Pork Trim	34.0	46.6	30.2	44.3	2.4	35.0	44.6	2.0
72 CL Pork Trim	54.9	74.3	53.0	72.3	2.0	48.0	67.3	7.0
<b><u>Point of Lean Values</u></b>								
90 CL Domestic	257.8		261.1		-3.3	238.1		19.7
50 CL Beef Trimming	118.0		126.5		-8.5	92.0		26.0
42 CL Pork Trim	111.0		105.4		5.6	106.3		4.7
72 CL Pork Trim	103.1		100.3		2.8	93.4		9.7
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	104.66		106.74		-2.1	109.43		-4.8

**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
	<b>6-Sep-17</b>	<b>30-Aug-17</b>			<b>7-Sep-16</b>		
<u>Live Cattle Futures</u>							
August '17	104.700	105.550	↓	-0.85	102.425	↑	2.28
October '17	109.800	106.125	↑	3.68	104.200	↑	5.60
December '17	113.800	109.350	↑	4.45	104.500	↑	9.30
February '18	114.750	112.250	↑	2.50	104.175	↑	10.58
<u>Feeder Cattle Futures</u>							
September '17	143.300	142.900	↑	0.40	133.150	↑	10.15
October '17	143.700	143.750	↓	-0.05	130.750	↑	12.95
November '17	143.750	144.125	↓	-0.38	128.400	↑	15.35
January '18		144.550	↓	-144.55	128.400	↓	-128.40
<u>Corn Futures</u>							
September '17	347	329 1/2	↑	17.50	321	↑	26.00
December '17	361	345 1/2	↑	15.50	333 1/4	↑	27.75
March '18	373 1/2	358 1/4	↑	15.25	343	↑	30.50
May '18	381	365 3/4	↑	15.25	350 1/2	↑	30.50
<u>Ch Wheat Futures</u>							
September '17	421 3/4	403 1/2	↑	18.25	375 1/4	↑	46.50
December '17	445 3/4	429 3/4	↑	16.00	402 3/4	↑	43.00
March '18	467	452 3/4	↑	14.25	422 1/4	↑	44.75
May '18	480 1/4	466	↑	14.25	434 1/2	↑	45.75

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	<b>6-Sep-17</b>	<b>30-Aug-17</b>			<b>7-Sep-16</b>		
<u>Total Cattle Slaughter</u>	508,000	636,000	↓	-128,000	505,000	↑	3,000
	<b>19-Aug-17</b>	<b>12-Aug-17</b>			<b>20-Aug-16</b>		
<u>Total Cow Slaughter</u>	110,508	110,212	↑	296	101,200	↑	9,308
<u>Dairy Cow Slaughter</u>	57,088	57,318	↓	-230	54,900	↑	2,188
<u>Beef Cow Slaughter</u>	53,420	52,894	↑	526	46,300	↑	7,120



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

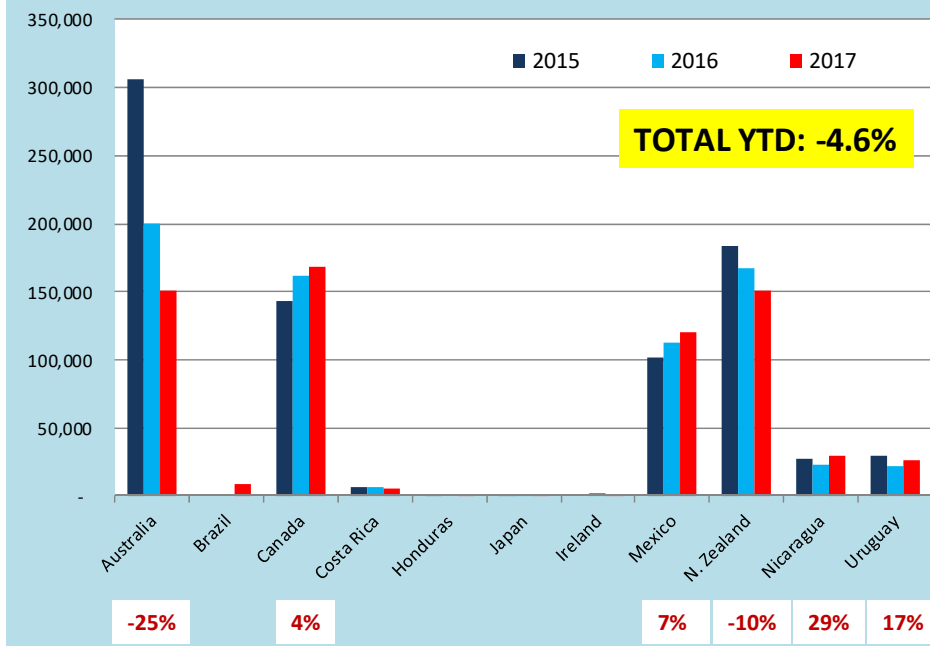
## YTD Imported Fresh Beef Passed for Entry in the US

week 34	8/20/2016	8/26/2017		
Australia	200,447	151,161	(49,286)	-24.6%
Brazil	-	9,022		
Canada	162,213	168,783	6,570	4.1%
Chile	358	202	(156)	-43.6%
Costa Rica	6,348	5,578	(770)	-12.1%
Honduras	-	208	208	
Japan	147	231	84	57.1%
Ireland	1,642	1,430	(212)	-12.9%
Mexico	112,507	120,563	8,056	7.2%
Netherlands	-	228		
New Zealand	166,979	150,890	(16,089)	-9.6%
Nicaragua	22,919	29,549	6,630	28.9%
Uruguay	22,335	26,102	3,767	16.9%
<b>Total</b>	<b>695,894</b>	<b>663,947</b>	<b>(31,947)</b>	<b>-4.6%</b>

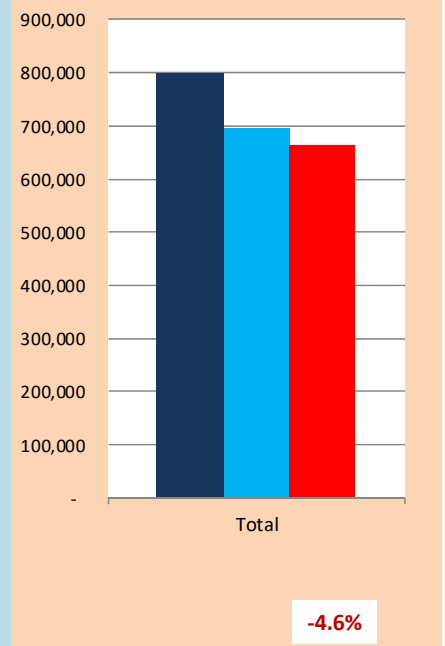
### US Beef Imports. Metric Ton. Data Source: USDA/Agricultural Marketing Service

Imports as of August 26, 2017

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



Total

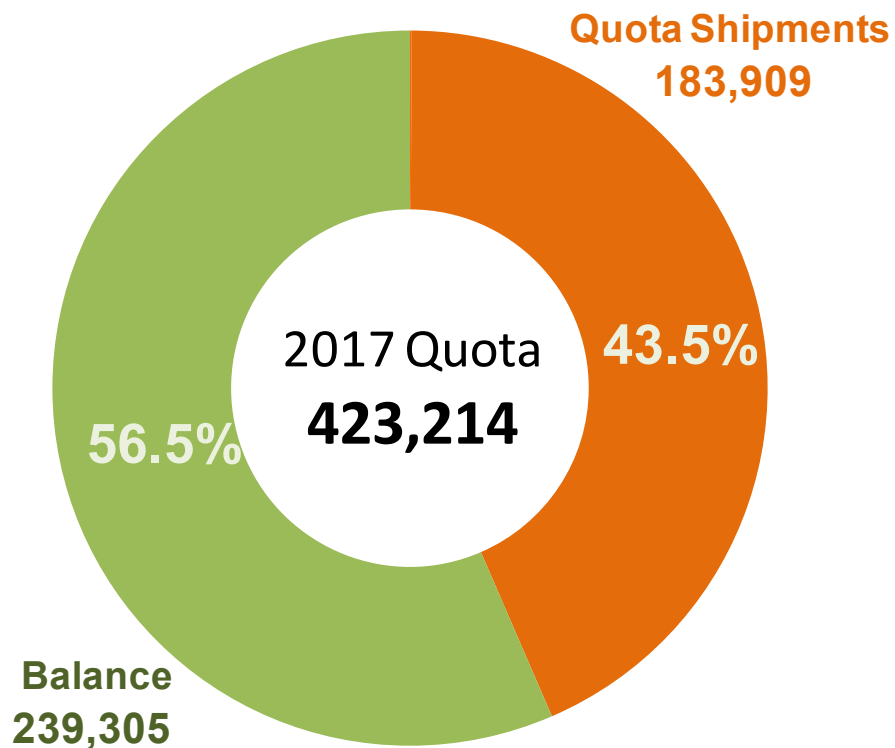


Please note that US Customs has discontinued its previous reporting and now only reports on countries that have a quota allocation. We are now using the AMS data to report YTD beef import entries. This data is slightly different than Customs. We will add at a later time a page that shows quota filled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

# Australian Beef Quota Position

4-Sep-17

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending September 4

Source: US Customs

