



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 higher this week on limited offerings from overseas packers
- New Zealand availability seasonally limited but expectation is for more product to become available later in the month for November/December delivery
- Firm prices for domestic lean and extra lean product causing end users to start looking more actively for imported product
- Beef imports in September were down sharply from August levels, limiting spot product availability
- US beef demand was up in August and we expect September data will confirm further improvement during that month
- Forward US beef sales are significantly higher than a year ago, suggesting robust retail beef features for Oct-Dec

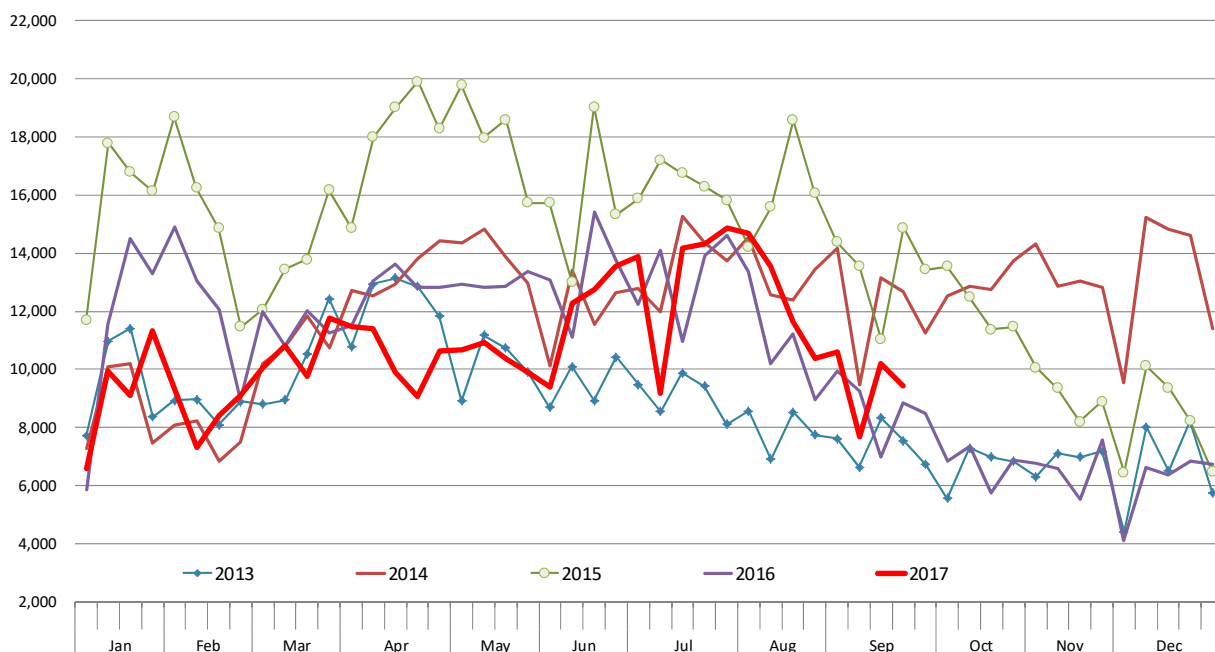
Imported Market Activity for the Week

Prices for imported beef prices were for the most part steady to higher this week on limited spot supplies and higher asking prices from overseas suppliers. Domestic end users sought to buy at steady to even lower prices earlier in the week but most of those inquiries went unanswered. US traders/importers noting that supplies in New Zealand remain minimal, especially for extra lean product. Australia slaughter has been running above year ago

levels in recent weeks but that has yet to turn into higher offerings into the US market. Packers there noting that other markets, especially Asia, continues to pay a premium over the US for 85CL and 80CL product, with very limited supplies coming to the US at this time. US domestic lean and extra lean availability remains quite limited as retail/foodservice demand, at least in our estimation, remains quite robust. As the chart below illustrates, US beef imports from grinding beef supplies have been trending lower in recent weeks, which supports what we hear

BEEF IMPORTS FROM **MAJOR GRINDING BEEF EXPORTING COUNTRIES**. FR/FZ BEEF ONLY. METRIC TON

Data Source: USDA Livestock, Poultry & Grain Market News



from participants that spot supplies remain quite limited. Total US beef imports of fresh/frozen beef for the week ending September 23 were 18,403 MT, 1% less than a year ago. Imports from grinding beef supplying countries were 9,439 MT, up 7% from the minimal volumes shipped last year but down significantly from an average of 14,500 MT per week that was received in July and early August.

US beef demand discussion

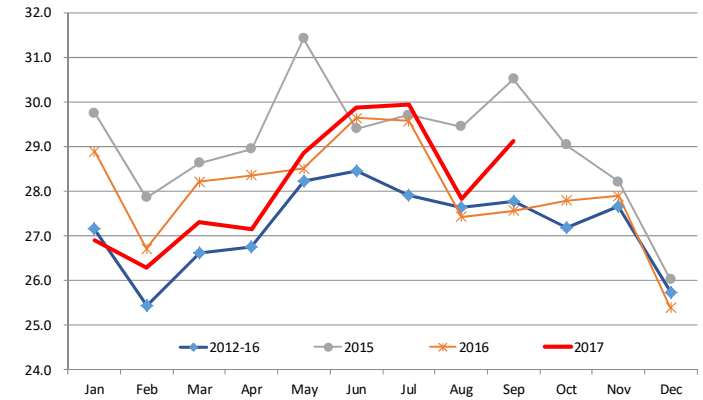
It is difficult to discuss beef demand in real time because some of the data needed is published with a significant lag. Also when talking about beef demand one needs to distinguish between demand from export markets and demand in domestic channels. Demand from export markets has been stellar for much of this year. Calculations from Ron Plain of U of Missouri indicate that export market beef demand in the first half of the year was up as much as 12.8% compared to the previous year. Export demand for other proteins was up as well. Export pork demand was up 13% while chicken export demand was up 7.2%. As we noted in our report last week, broad improvements in the global economy have contributed to the robust growth in demand for US protein so far this year. As for domestic demand, the picture is a bit more difficult to discern. This is in part because of the data available. The only retail price data we have is for beef sold at grocery stores. The latest retail price data is for the month of August. Our preliminary estimate is that US retail beef prices in September were up 0.5% compared to a year ago. Production data for September is not available at this time but our forecast is for beef production to be about steady compared to last year even as weekly slaughter has been substantially higher. There was one less slaughter day in September 2017 compared to 2016, which is why production for the month is flat vs. last year. If some of our current assumptions are up, real per capita expenditures for fresh beef at retail (our proxy for beef demand) were up as much as 5.7% compared to a year ago. Based on the expenditure calculations, US beef demand was up 1.5% in August and up 5.7% in September vs. year ago.

Largest fed slaughter week of the year

Excellent margins have allowed packers to maximize slaughter in recent weeks. For the week ending September 30 US fed cattle slaughter was 528,000 head, 5.7% higher than a year ago and the largest slaughter week so far this year. One has to go back to late June and early July of 2013 to find a comparable slaughter week. Seasonally US fed slaughter peaks in June and early July but that has

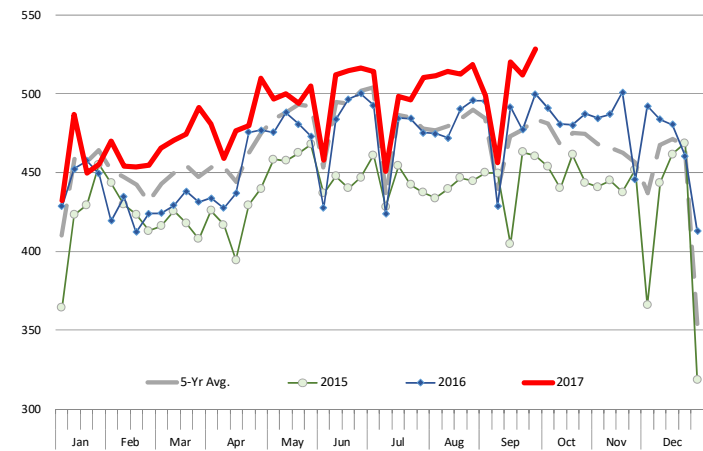
REAL PER CAPITA EXPENDITURES - ALL FRESH BEEF

Calculated Per Capita Monthly Disappearance * Retail Price in 2014 Dollars



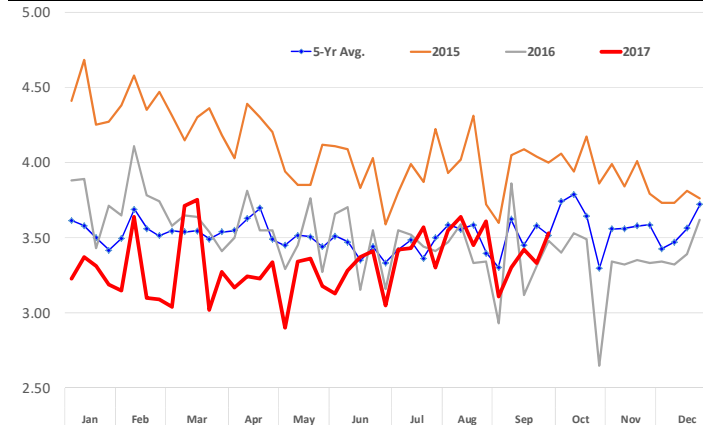
WEEKLY STEER AND HEIFER SLAUGHTER, '000 HEAD

Source: USDA



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

Source: USDA "LSWBFRTL" Report. Latest data point is for September 8, 2017



not beef the case this year. US feedlots responded to excellent demand during the spring by placing more cattle on feed in Mar - May and some of those cattle are now flowing into the marketplace. In July there was a fear that beef prices could buckle given the increase in fed beef supplies and fed cattle sold very aggressively, especially for the fall markets. But despite the in-

crease in slaughter the choice beef cutout has been steady to higher in recent weeks.

The increase in fed slaughter has put a lot of pressure on fat trim prices, which are now trading in the low 40s compared to as high as \$2/cwt in May. Other products, however, have performed better. Strong demand for lean and extra lean beef has pushed more round/chuck cuts into the grinder and that has helped clean up the supply in the part of the beef complex. We also think retailers are running more beef ads this October, something we expect will be confirmed by the weekly retail feature reports. Retail feature ground beef prices continue to track under last year while the national retail feature activity index was last reported at 2% above last year and 4.5% higher than the five year average. Forward beef sales have slowed down from the torrid pace in late summer and early fall but remain well above year ago levels. This has limited the amount of beef that is traded in the spot market on a daily basis and it is one of the contributing factors for the robust choice cutout values

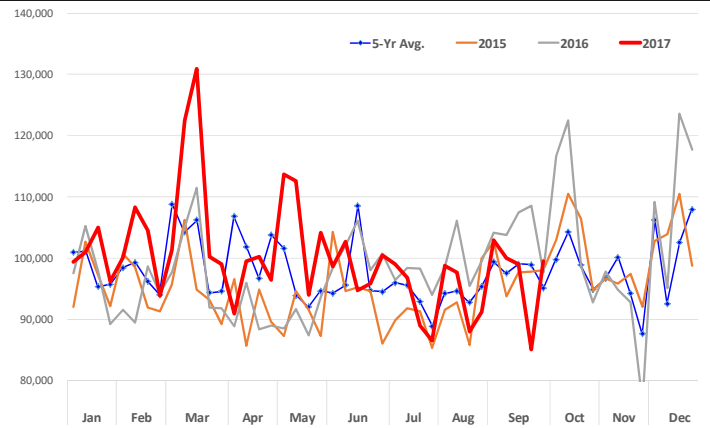
Domestic Price Summary

Prices for 90CL boneless beef were quoted at 224 US cents on the top side, 4 cents lower than a week ago but still 21 cents higher than year ago levels. **The weighted average price tonight was quoted at 217 cents, 5 cent lower than a week ago.** 85CL beef trim price on the top side was quoted tonight at 187.8 cents, 5 cent lower compared to last week but still 14 cents higher than last year. The weighted average price for 85CL beef was 184 cents a pound, 3 cents lower than a week ago. 50CL beef price was 45.4 cents on the high side, 1.6 cents lower than last week but still 9 cents higher than last year. Prices for fat beef trim on a weighted average basis were around 43 cents

Prices for 42CL and 72CL pork trim were mixed compared to the previous week. Higher supplies into the fall should keep the pork trim market well supplied.

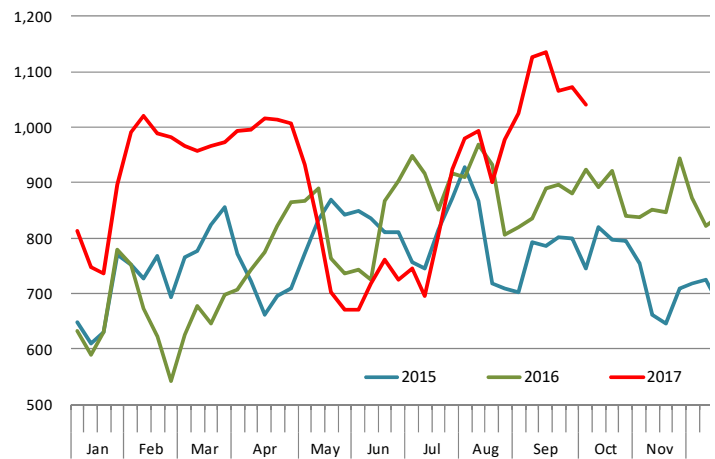
NATIONAL RETAIL BEEF FEATURE REPORT: ACTIVITY INDEX

Source: USDA "LSWFBRTL" Report. Latest data point is for September 29, 2017



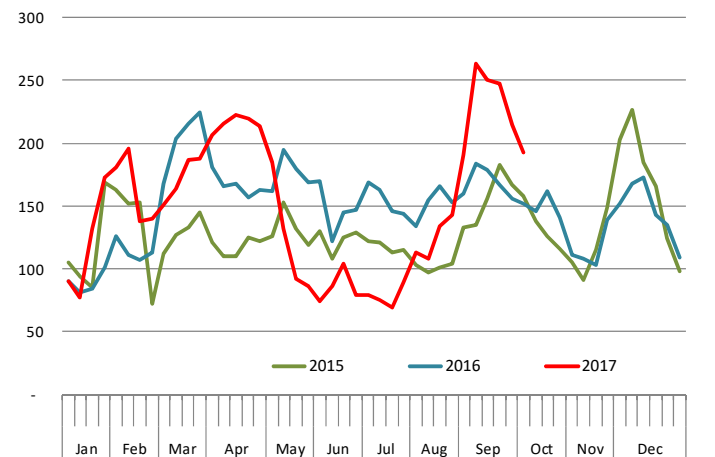
Beef Loads Sold For Delivery 22 - 60 Days. 4-WK MA

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

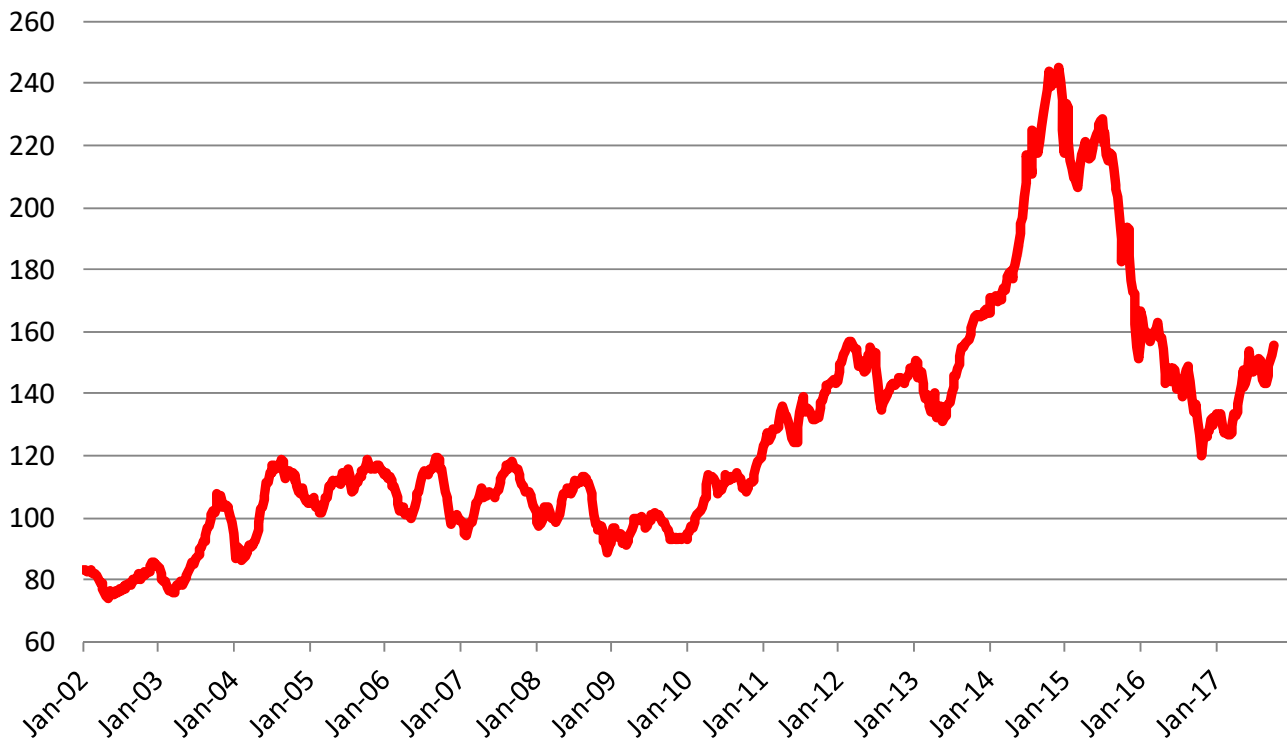


CME Cattle Feeder Index and US Cattle Markets

Special Live Animal Reference Price

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	3-Oct-17	26-Sep-17		4-Oct-16	
CME FEEDER CATTLE INDEX	155.65	152.43	2.1%	130.94	18.9%
	4-Oct-17	27-Sep-17		5-Oct-16	
FED STEER (5-MKT AVG)	107.98	108.48	-0.5%	102.19	5.7%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	114.50	114.50	0.0%	115.00	-0.4%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	111.50	110.50	0.9%	110.50	0.9%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	100.00	101.00	-1.0%	101.50	-1.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	172.28	174.33	-1.2%	158.07	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
	4-Oct-17		27-Sep-17			5-Oct-16		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	225.0	226.0	224.0	226.0	0.0	205.0	209.0	17.0
90 CL Blended Cow	209.0	210.0	207.0	210.0	0.0	188.0	189.0	21.0
90 CL Shank	205.0	207.0	203.0	206.0	1.0	190.0	191.0	16.0
85 CL Fores	189.0	191.0	190.0	192.0	-1.0	177.0	179.0	12.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	224.0	225.0	223.0	224.0	1.0	205.0	207.0	18.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	188.0	190.0	189.0	191.0	-1.0	177.0	178.0	12.0
80 CL Trimmings	170.0	175.0	176.0	177.0	-2.0	160.0	161.0	14.0
75 CL Trimmings	160.0	161.0	162.0	163.0	-2.0	150.0	151.0	10.0
65 CL Trimmings	113.0	114.0	114.0	115.0	-1.0		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	275.0	280.0	275.0	280.0	0.0	270.0	275.0	5.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	210.0	215.0	210.0	215.0	0.0	200.0	205.0	10.0
Steer Knuckles	245.0	250.0	245.0	250.0	0.0	210.0	215.0	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
	4-Oct-17		27-Sep-17			5-Oct-16		
<i>US East Coast Australian/NZ Lean, FOB US Port</i>								
95 CL Bull, E. Coast	236.0	237.0	235.0	236.0	1.0	213.0	215.0	22.0
90 CL Blended Cow	216.0	217.0	215.0	217.0	0.0	195.0	196.0	21.0
90 CL Shank	214.0	215.0	213.0	214.0	1.0	197.0	199.0	16.0
85 CL Fores	194.0	195.0	196.0	196.0	-1.0	184.0	185.0	10.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	234.0	235.0	233.0	234.0	1.0	213.0	214.0	21.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<i>US East Coast, Trimmings, FOB US Port</i>								
85 CL Trimmings	193.0	194.0	194.0	195.0	-1.0	182.0	183.0	11.0
80 CL Trimmings	181.0	182.0		182.0	0.0	167.0	168.0	14.0
75 CL Trimmings	169.0	170.0	169.0	170.0	0.0	159.0	160.0	10.0
65 CL Trimmings	120.0	121.0	120.0	121.0	0.0		UNQ	N/A
<i>US East Coast Australian Cuts, FOB US Port</i>								
Cap Off Steer Insides	280.0	285.0	280.0	285.0	0.0	280.0	285.0	0.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	225.0	230.0	230.0	235.0	-5.0	210.0	215.0	15.0
Steer Knuckles	255.0	260.0	255.0	260.0	0.0	230.0	235.0	25.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week		Prior Week		Change From Last Week	Last Year		Change from Last Year
	4-Oct-17		27-Sep-17			5-Oct-16		
<u>Domestic Cutouts</u>								
Choice Cutout	197.41		195.30		2.1	184.10		13.3
Select Cutout	189.55		189.91		-0.4	176.26		13.3
<u>Domestic Lean Grinding Beef</u>								
90 CL Boneless	217.0	224.0	219.0	224.0	0.0	191.0	203.0	21.0
85 CL Beef Trimmings	172.0	187.8	176.0	193.0	-5.2	169.0	174.0	13.8
50 CL Beef Trim	42.0	45.4	42.0	47.0	-1.6	29.0	36.0	9.4
<u>Domestic Pork Trim</u>								
42 CL Pork Trim	30.0	38.3	27.0	40.3	-2.0	20.5	50.0	-11.7
72 CL Pork Trim	62.0	80.3	57.0	78.3	2.0	39.0	70.7	9.6
<u>Point of Lean Values</u>								
90 CL Domestic	248.9		248.9		0.0	225.6		23.3
50 CL Beef Trimming	90.9		94.1		-3.2	72.0		18.9
42 CL Pork Trim	91.1		95.8		-4.8	119.0		-27.9
72 CL Pork Trim	111.5		108.7		2.8	98.2		13.3
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	107.98		108.48		-0.5	102.19		5.8

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
	4-Oct-17	27-Sep-17			5-Oct-16		
<u>Live Cattle Futures</u>							
October '17	109.075	108.575	↑	0.50	102.850	↑	6.23
December '17	114.925	114.900	↑	0.02	103.050	↑	11.88
February '18	118.925	118.500	↑	0.42	103.575	↑	15.35
April '18	120.250	120.000	↑	0.25	103.050	↑	17.20
<u>Feeder Cattle Futures</u>							
October '17	152.100	152.700	↓	-0.60	127.450	↑	24.65
November '17	153.500	154.525	↓	-1.03	122.850	↑	30.65
January '18	151.025	152.350	↓	-1.32	119.300	↑	31.73
March '18	149.000		↑	149.00	119.300	↑	29.70
<u>Corn Futures</u>							
December '17	348 1/4	354	↓	-5.75	347 3/4	↑	0.50
March '18	361 1/4	366 3/4	↓	-5.50	357 1/2	↑	3.75
May '18	370 1/4	375 3/4	↓	-5.50	364 1/2	↑	5.75
July '18	378 1/4	383 1/4	↓	-5.00	371 1/2	↑	6.75
<u>Ch Wheat Futures</u>							
December '17	442	461 1/2	↓	-19.50	405	↑	37.00
March '18	460 1/2	480 3/4	↓	-20.25	425 3/4	↑	34.75
May '18	474 1/4	493 1/2	↓	-19.25	439 1/2	↑	34.75
July '18	486 1/4	504 1/2	↓	-18.25	450 3/4	↑	35.50

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	4-Oct-17	27-Sep-17			5-Oct-16		
<u>Total Cattle Slaughter</u>	636,000	645,000	↓	-9,000	611,000	↑	25,000
	16-Sep-17	9-Sep-17			17-Sep-16		
<u>Total Cow Slaughter</u>	114,303	100,205	↑	14,098	108,800	↑	5,503
<u>Dairy Cow Slaughter</u>	60,599	54,125	↑	6,474	56,200	↑	4,399
<u>Beef Cow Slaughter</u>	53,704	46,080	↑	7,624	52,600	↑	1,104

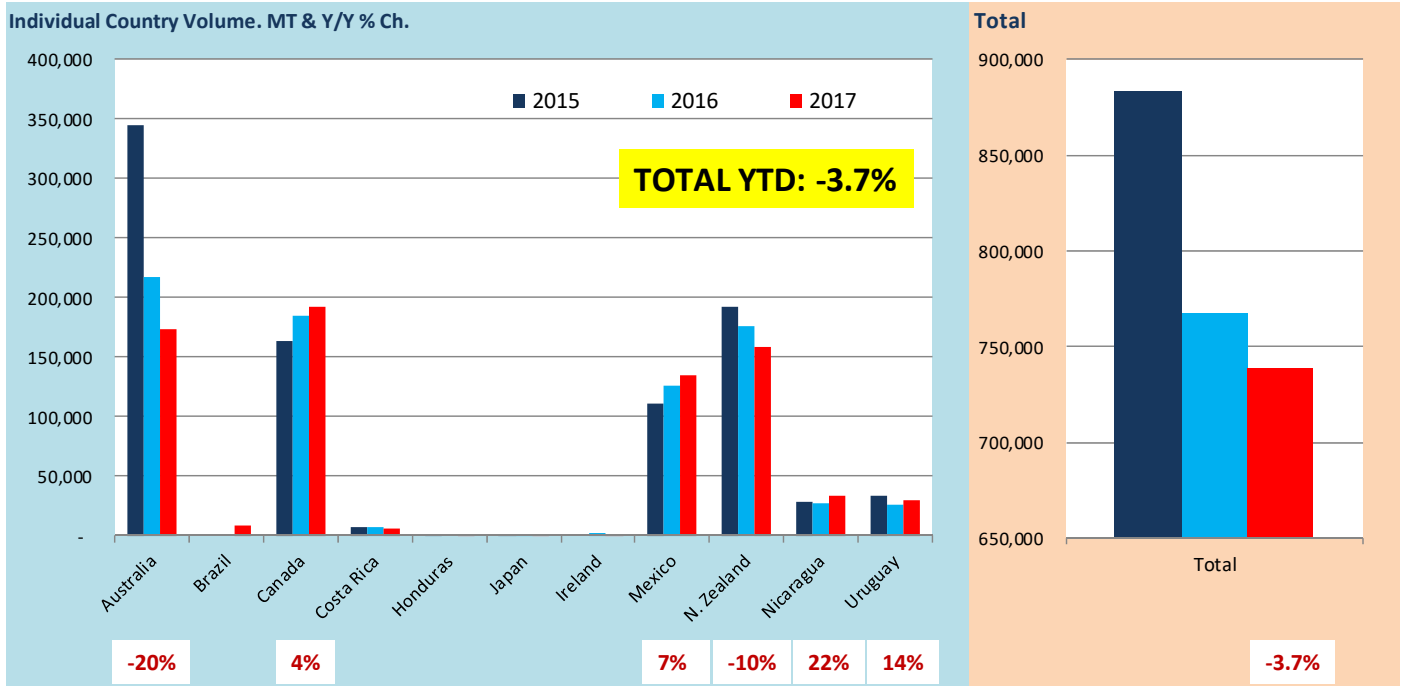
TABLE 7 - US BEEF IMPORTS (Source: USDA/AMS)

YTD Imported Fresh Beef Passed for Entry in the US

week 38	9/17/2016	9/23/2017		
Australia	217,974	173,773	(44,201)	-20.3%
Brazil	-	9,022		
Canada	185,339	192,029	6,690	3.6%
Chile	391	202	(189)	-48.3%
Costa Rica	7,125	6,261	(864)	-12.1%
Honduras	-	266	266	
Japan	166	248	82	49.4%
Ireland	1,872	1,707	(165)	-8.8%
Mexico	126,181	134,458	8,277	6.6%
Netherlands	-	228		
New Zealand	175,569	158,098	(17,471)	-10.0%
Nicaragua	27,403	33,467	6,064	22.1%
Uruguay	25,973	29,537	3,564	13.7%
Total	767,994	739,296	(28,698)	-3.7%

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

Imports as of September 23, 2017

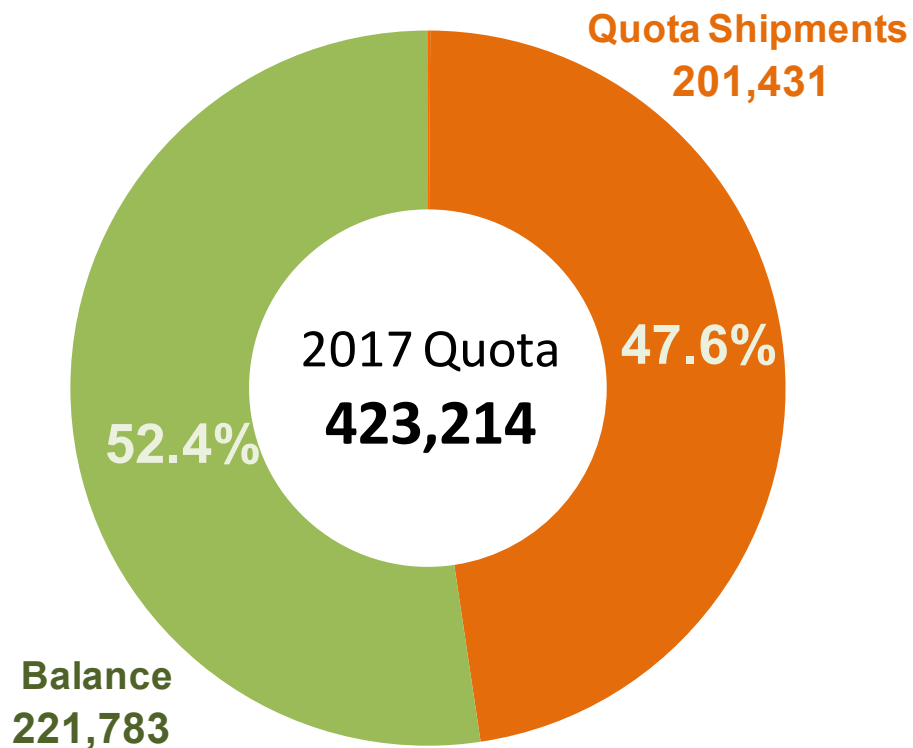


Please note that US Customs has discontinued its previous reporting and now only reports on countries that have a quota allocation. We are now using the AMS data to report YTD beef import entries. This data is slightly different than Customs. We will add at a later time a page that shows quota filled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

Australian Beef Quota Position

30-Sep-17

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending September 25

Source: US Customs

