



US Imported Beef Market

A Weekly Update

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

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Market Highlights for the Week:

- The holiday shortened slaughter week reduced meat protein supplies vs. the week prior but overall production is now above year ago levels.
- Low wholesale prices are expected to drive higher retail features for the rest of the summer. However, overall meat demand will continue to struggle due to the impact of rising COVID cases on foodservice sales.
- The top safety concern among US consumers at this time is relative distance to other people, which does not bode well for sit down restaurants but should continue to support drive through and takeaway business.
- Lean beef prices seasonally decline later in the summer and fall on softening ground beef demand and higher cow slaughter. That seasonal trend appears to be playing out at this time.
- US beef imports were down 31% in May while imports were down 8.5%.

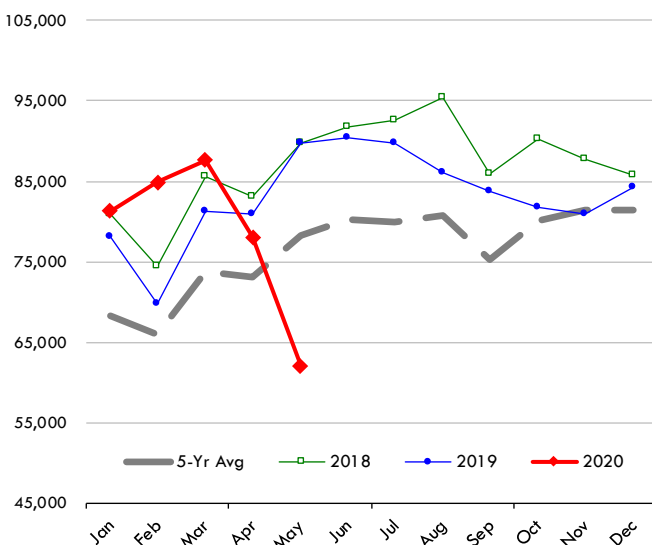
Imported Market Activity for the Week

Imported beef prices found some stability this week but this was largely a function of the upcoming holiday. US end users were content to sit back and focus on sales/production schedules during the holiday shortened week. Overseas packers did not seem to be in the mood to push for more sales. And US importers called it a week early, seeing how little interest there was on either side to get business done. After the long holiday weekend (4th of July, Independence Day

in US), market participants will refocus on demand trends. The US is now experiencing a new wave of coronavirus cases, a wave that arrived much earlier than people were expecting. As of this writing, the number of new cases is up 90% from where it was two weeks ago, surpassing 50,000 new cases per day. A number of states have either suspended or rolled back opening of restaurants for indoor dining. We think an even more worrisome development, from the sit down restaurant perspective, is the shift in consumer perceptions. In mid March, a survey of consumers revealed that

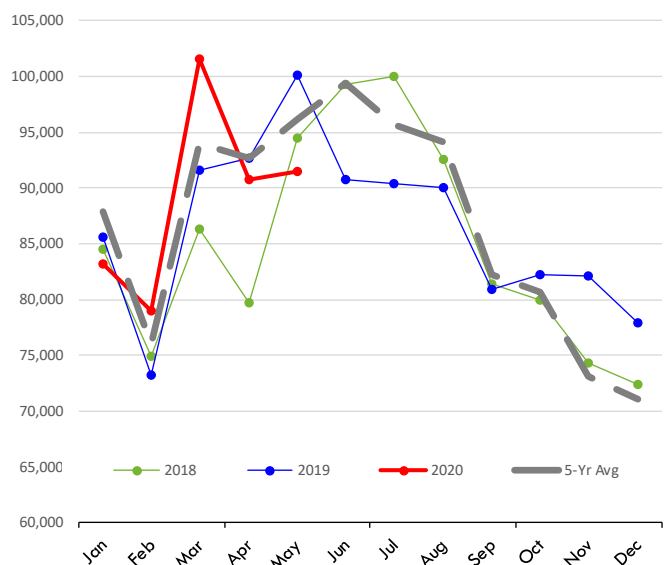
Fr/Frz/Prep US Beef Exports: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



Fr/Frz/Prep US Beef Imports: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



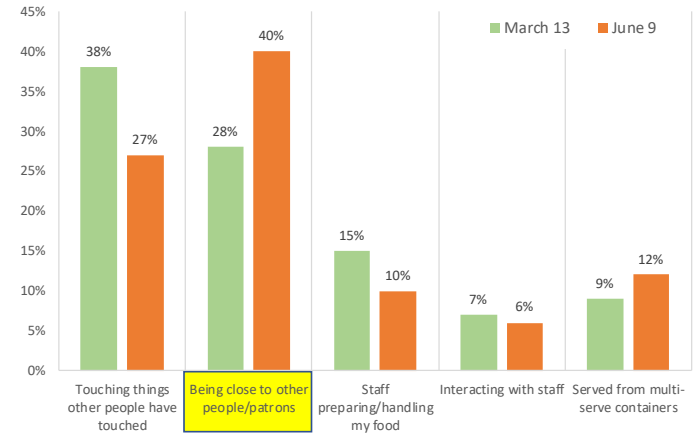
touching things other people had touched was the top safety concern. Many establishments have invested heavily in cleaning restaurant surfaces and implementing other such strategies. However, by early June, the top concern had shifted to “being close to other people or patrons.” This is a much more challenging issue for restaurants. Some may be able to space out tables to accommodate those patrons that simply want more space but for a number of restaurants that is simply not workable. The survey also suggests that for a portion of people the very act of eating in close proximity with others is a non starter. The foodservice industry is currently in a contraction phase and we think the situation is unlikely to change in the second half of the year. This has significant negative implications for high value meat protein items that have more exposure to sit down restaurant business, especially beef middle meats.

Lean beef supply, prices and seasonality

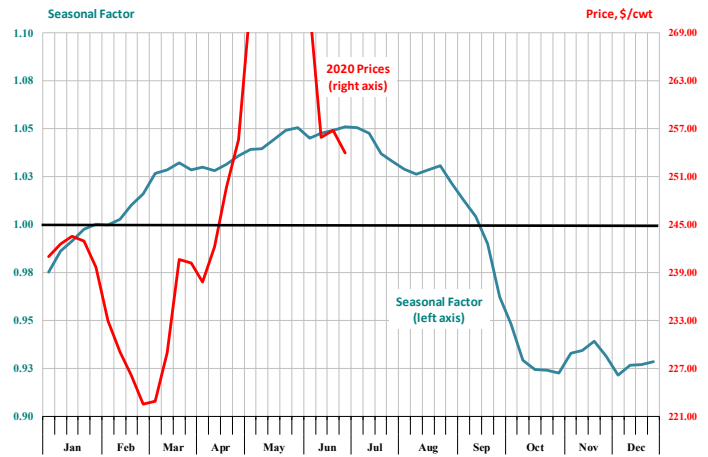
The five year seasonal chart suggests that lean grinding beef prices in the US tend to move up through the spring and summer but then retreat in August and September. The seasonal factor is nothing more than the % of prices in a given week vs. the average price for the year. In the last five years, prices in July have been on average 5% higher than the average annual price and prices in October have been on average 7% lower vs. the annual average. By setting the prices at the start of the year near the five year average seasonal, one can see if the price increase is in line with the normal seasonal or if other factors are causing prices to shift. This year has been far from normal. In February and March we saw a sharp correction in price following the disruptions to fast food business due to the spread of COVID-19. Then the sharp decline in slaughter during late April and May caused prices to spike. We opted to cut off the chart in order to maintain the correct proportions of the chart. Supply/demand shocks have wracked havoc in the market for lean beef so far this year and volatility is likely to persist. From a seasonal perspective lean beef prices are expected to trend lower for the remainder of the summer. Market participants are well aware of the seasonality, hence the reluctance to bid on product delivering later in August and September. US fed beef production has increased and it is running about 5% above year ago levels. Beef cow slaughter is also up, in part because packing capacity has re-

COVID-19: Consumer Top Safety Concerns

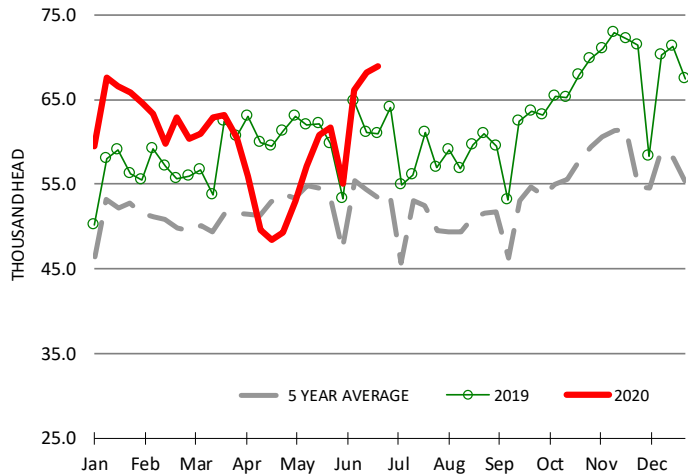
Source: Datassential



90CL Trlm: 5-Yr Seasonal vs. Current Price Trends



US WEEKLY BEEF COW SLAUGHTER



covered but also because dry conditions in the Southern Plains appear to be pushing more beef cows to market. Beef cow slaughter for the week ending June 20 (latest data) was up 13% from a year ago and in three June weeks beef cow slaughter is up an average of 9% from last year.

US May Beef Trade Data

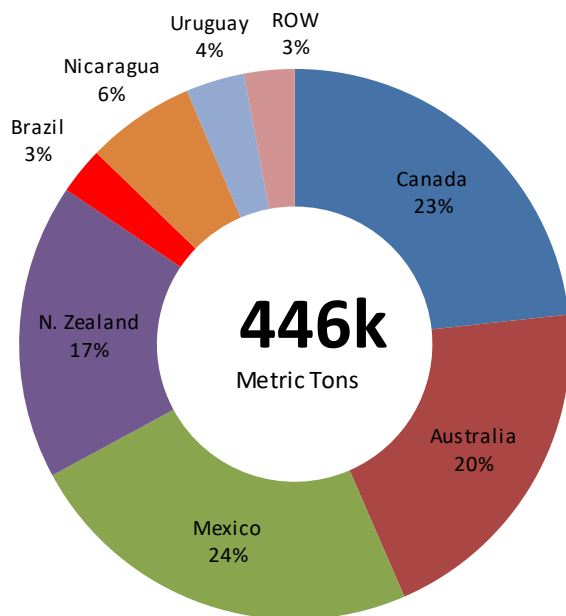
The sharp decline in US cattle slaughter during late April and May and record high prices significantly limited the amount of US beef going to export. Total exports of fresh, frozen and cooked beef for the month were 62,121 MT, down 31% from the same period a year ago. This was the lowest monthly beef export volume since March 2015. Exports were down across the board but the decline in some markets was particularly deep. Total shipments to Mexico in May were just 2,604 MT, down 78% compared to a year ago. Japan remains the top market for US beef and shipments in May were down 26%. Interestingly, despite the big spike in prices in the US domestic market, the value of US beef going to Japan in May was down 35% from a year ago, which suggests much of this product was booked before COVID-19 disruptions. Beef exports to China remain limited. Shipments in May were just 1,365 MT, representing about 2% of all US beef exports. However, exports to Hong Kong were up 19% vs. last year.

Beef imports tend to lag any supply shortfalls and price movements in the US domestic market. As a result, despite the record prices achieved in May, beef imports declined vs. the previous

year. We think this will change when June data is published. Total imports in May were 91,517 MT, 8.5% lower than a year ago. Mexico and Central American countries have the ability to more quickly respond to price movements in the US due to the shorter transit time. Beef imports from Mexico were 27,109 MT, up 46% compared to a year ago. In May, Mexico became the largest beef importer to the United States. Imports from Nicaragua were 4,425 MT, up 11% from a year ago. On the other hand, Australian and New Zealand imports reflect market conditions in March and April, which were depressed. Imports from Australia in May were 15,301 MT, 41% lower than a year ago and imports from New Zealand at 13,802 MT were down 27%. Through the first five months of the year, US beef imports are only slightly higher than a year ago. Canada's lost market share has been largely gained by Mexico while Australia's share has increased vs. New Zealand. Expectations are for US beef imports to be higher than a year ago for the remainder of the year. Recovery of slaughter capacity in Canada should help bolster imports from that market. Also, slowdown in China imports from Oceania should result in a modest increase of New Zealand product. Australia imports will remain limited due to improving moisture conditions and lower slaughter.

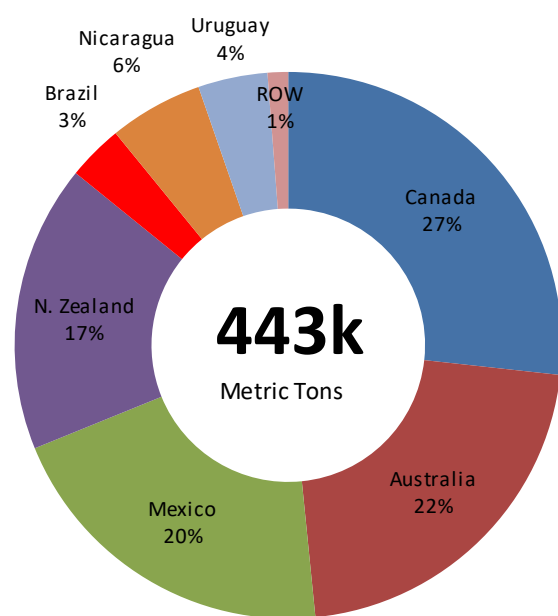
TOP IMPORTED BEEF SUPPLIERS IN 2020

Total Volume and Country Shares for Period Jan - May 2020, MT



TOP IMPORTED BEEF SUPPLIERS IN 2019

Total Volume and Country Shares for Period Jan - May 2019, MT



CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	2-Jul-20	25-Jun-20		4-Jul-19	
CME FEEDER CATTLE INDEX	129.05	130.04	-0.8%	133.21	-3.1%
	2-Jul-20	26-Jun-20		5-Jul-19	
FED STEER (5-MKT AVG)	95.33	96.43	-1.1%	110.90	-14.0%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	125.50	128.50	-2.3%	93.50	34.2%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	129.50	129.50	0.0%	100.00	29.5%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	115.50	115.50	0.0%	97.50	18.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	193.94	199.43	-2.8%	174.79	11.0%

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
	2-Jul-20	240.0	26-Jun-20	245.0		5-Jul-19	244.0	
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	235.0	240.0	235.0	245.0	-5.0	240.0	244.0	-4.0
90 CL Blended Cow	215.0	220.0	215.0	225.0	-5.0	220.0	222.0	-2.0
90 CL Shank		220.0	220.0	225.0	-5.0	218.0	220.0	0.0
85 CL Fores	200.0	206.0	200.0	210.0	-4.0	204.0	206.0	0.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	235.0	240.0	235.0	240.0	0.0	240.0	242.0	-2.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	200.0	204.0	200.0	207.0	-3.0	201.0	205.0	-1.0
80 CL Trimmings	190.0	195.0	190.0	195.0	0.0	193.0	196.0	-1.0
75 CL Trimmings	175.0	180.0	175.0	180.0	0.0	185.0	187.0	-7.0
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	285.0	290.0	285.0	295.0	-5.0	287.0	289.0	1.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ		UNQ	N/A		UNQ	N/A
Steer Knuckles	260.0	265.0	260.0	265.0	0.0	256.0	259.0	6.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	2-Jul-20		26-Jun-20			5-Jul-19		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	250.0	255.0	250.0	255.0	0.0	247.0	252.0	3.0
90 CL Blended Cow	228.0	230.0	230.0	235.0	-5.0	228.0	230.0	0.0
90 CL Shank	229.0	230.0	230.0	234.0	-4.0	228.0	229.0	1.0
85 CL Fores	215.0	220.0	220.0	222.0	-2.0	210.0	212.0	8.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	250.0	252.0	250.0	253.0	-1.0	247.0	250.0	2.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	215.0	217.0		220.0	-3.0	209.0	213.0	4.0
80 CL Trimmings	205.0	206.0	208.0	210.0	-4.0	203.0	205.0	1.0
75 CL Trimmings	194.0	195.0	195.0	200.0	-5.0	193.0	195.0	0.0
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	300.0	305.0		310.0	-5.0	293.0	295.0	10.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ		UNQ	N/A		UNQ	N/A
Steer Knuckles	275.0	280.0	275.0	280.0	0.0	265.0	268.0	12.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	2-Jul-20	26-Jun-20		5-Jul-19							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	205.44			207.17			-1.7	217.67			-12.2
Select Cutout	198.76			198.85			-0.1	194.80			4.0
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	244.0	262.0	248.1	240.0	267.0	256.4	-8.4	223.0	228.1	224.2	23.9
85 CL Beef Trimmings	193.9	241.0	221.6	217.0	261.3	229.0	-7.4	197.0	210.1	200.6	21.0
50 CL Beef Trim	42.0	68.5	54.5	42.0	94.0	67.5	-13.0	82.0	102.8	92.9	-38.4
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	37.8	79.5	52.9	42.0	84.5	55.2	-2.2	37.0	58.0	42.3	10.7
72 CL Pork Trim	48.0	86.8	60.2	53.0	115.3	67.4	-7.1	53.0	90.8	62.6	-2.3
<u>Point of Lean Values</u>											
90 CL Domestic	275.6			284.9			-9.3	249.1			26.6
50 CL Beef Trimming	109.0			134.9			-25.9	185.8			-76.7
42 CL Pork Trim	126.0			131.4			-5.3	100.6			25.5
72 CL Pork Trim	83.6			93.6			-9.9	86.9			-3.2
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	0.00			96.43			-96.4	110.90			-110.9

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
	2-Jul-20	26-Jun-20			5-Jul-19		
<u>Live Cattle Futures</u>							
August '20	99.400	96.025	↑	3.38	107.000	↓	-7.60
October '20	102.675	99.475	↑	3.20	108.075	↓	-5.40
December '20	105.925	103.075	↑	2.85	112.325	↓	-6.40
February '21	109.750	106.750	↑	3.00	116.225	↓	-6.47
<u>Feeder Cattle Futures</u>							
August '20	134.875	132.600	↑	2.28	138.825	↓	-3.95
September '20	135.850	133.775	↑	2.07	138.700	↓	-2.85
November '20	137.350	135.675	↑	1.67	139.225	↓	-1.88
January '21	137.075	135.225	↑	1.85	137.950	↓	-0.87
<u>Corn Futures</u>							
July '20	342.500	317.000	↑	25.50	434.000	↓	-91.50
September '20	343.500	319.250	↑	24.25	438.750	↓	-95.25
December '20	353.500	325.250	↑	28.25	442.250	↓	-88.75
March '20	365.000	336.750	↑	28.25	449.000	↓	-84.00
<u>Ch Wheat Futures</u>							
July '20	490	474	↑	16.00	519 1/4	↓	-29.25
September '20	492	475 3/4	↑	16.25	515	↓	-23.00
December '20	499 3/4	484	↑	15.75	525 1/2	↓	-25.75
March '20	507 1/2	492 3/4	↑	14.75	537 1/4	↓	-29.75
<u>Slaughter Information</u>							
Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
	Week	Week	Week	Week	Week	Last Year	Last Year
	27-Jun-20	20-Jun-20			29-Jun-19		
Total Cattle Slaughter	680,000	656,000	↑	24,000	670,000	↑	10,000
	20-Jun-20	13-Jun-20			22-Jun-19		
Total Cow Slaughter	121,643	120,105	↑	1,538	118,914	↑	2,729
Dairy Cow Slaughter	52,673	51,873	↑	800	57,914	↓	-5,241
Beef Cow Slaughter	68,970	68,232	↑	738	61,000	↑	7,970

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

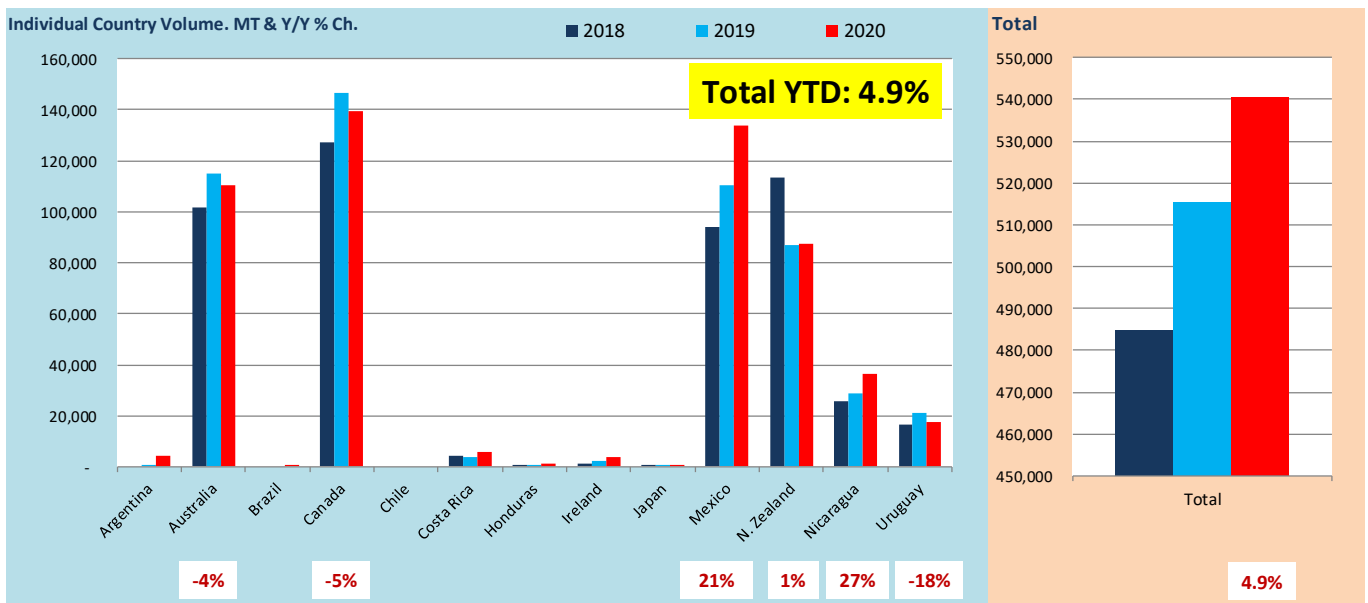
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 25	6/22/2019	6/20/2020		
Argentina	87	4,175	4,088	
Australia	114,707	110,526	(4,181)	-3.6%
Brazil	-	321	321	
Canada	146,607	139,233	(7,374)	-5.0%
Chile	-	-	-	
Costa Rica	3,725	5,709	1,984	53.3%
France	-	-	-	
Honduras	516	1,462	946	183.3%
Ireland	2,355	3,699	1,344	57.1%
Japan	269	181	(88)	-32.7%
Mexico	110,268	133,765	23,497	21.3%
Netherlands	-	-	-	
New Zealand	86,845	87,338	493	0.6%
Nicaragua	28,840	36,682	7,842	27.2%
Spain	-	-	-	
Uruguay	21,293	17,563	(3,730)	-17.5%
Total	515,512	540,655	25,143	4.9%

Source: AMS - USDA

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

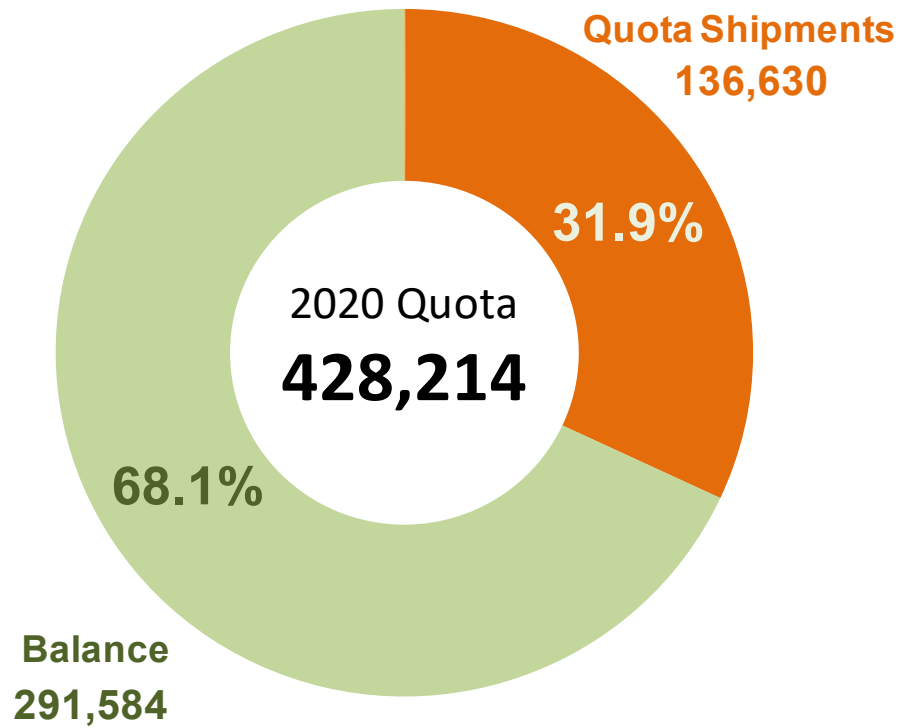
Imports as of June 20, 2020



Australian Beef Quota Position

25-Jun-20

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending June 29. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

