



# US Imported Beef Market

A Weekly Update

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

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## Market Highlights for the Week:

- Higher cattle prices in Australia and limited supplies continue to limit trade. Australia cattle slaughter is currently running some 30% below year ago and most plants are working reduced hours, limiting supply availability.
- USDA currently forecasting Australian CY 2021 slaughter down 3% compared to 2020 and 18% lower than in 2019. Australian beef exports are expected to decline another 3.5% next year following this year's decline.
- Brazil continues to ship product to the US market as the weak currency has help offset some of the dramatic price appreciation in the country. Cattle prices in Brazil are up 56% in Real terms but 18% in USD terms.
- China has currently stopped pork imports from Germany, its third largest pork supplier. This is seen as bullish for export pork prices in the US but it could also bolster beef prices.
- US feedlots likely placed more cattle on feed in August and the total inventory on September 1 is currently forecast up 3%

## Imported Market Activity for the Week

Imported beef trade was quiet on a holiday shortened week. **Importers and direct buyers looking to replace product in Australia are finding supplies very tight amidst reports of limited cattle supplies, high prices, COVID-19 disruptions and plants working reduced hours as a result.** Recently news reports noted that the biggest packer in Australia had to lay off some 600 workers from its biggest plant. This highlights the challenges that the Australian cattle industry is fac-

ing at this time. Slaughter cattle prices in Australia are up in double digits from a year ago. Slaughter cow prices are up 27%, trade steer prices are up as much as 30% and heavy steer prices are up about 16% compared to last September. Producers appear to be holding on tight to their stock, reflected in feeder cattle prices (EYCI) which are up as much as 60% from a year ago. US lean beef values are steady to lower in the short term, making it difficult to get orders that reflect current asking prices in Australia. Importers are turning some inventory that still can generate a profit and the

Australian Cattle Prices. Dressed Weight Basis. AustralianCent per Kilogram.

Source: MLA, Steiner



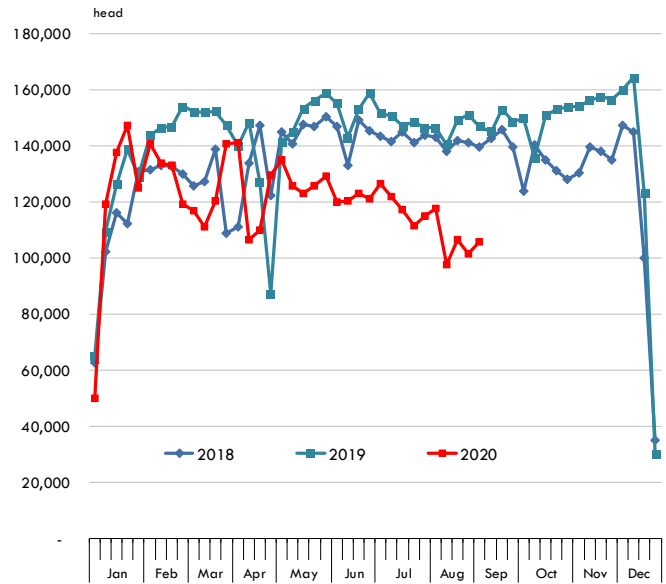
CIF values we quote in the report include product bought in New Zealand for delivery later in the year.

Cattle slaughter in Australia continues to drift lower. In the four weeks ending September 4, Australian slaughter averaged around 103,000 head per week, down 30% compared to a year ago. Last year slaughter was near annual lows in October and we expect to see slaughter find a bottom again around that time. Depending on spring rainfall, we could see slaughter remain at multi year lows for the remainder of the year and in 2021. Recently USDA updated its production forecasts for Australia in 2021 and their numbers support some of our projections. The total cattle inventory in Australia on January 1 is currently forecast at 23.165 million head, down 2.2% from the already low levels of a year ago and down 6 million head or 20% compared to what it was in January 2015. USDA is currently forecasting calendar year slaughter for 2021 at 7.4 million head, down almost 3% from the already low levels we have seen this year and 23.5% lower than what it was in 2015. Female slaughter is expected to decline more as producers hold on to their productive stock in order to rebuild. Australia beef exports for calendar year 2021 are currently forecast by USDA at 1.375 million MT on a carcass wt basis. This is 3.5% lower than current projection for 2020 and 21% lower than what it was in 2019. China demand remains key with regard to product availability for the US market. Despite a sharp decline in Australian beef exports this year, shipments to the US have not declined as much since most of the reduction has come from lower shipments to Asia. China beef demand remains on an upswing and further recovery in foodservice demand there in 2021 could encourage higher purchases. Political considerations remain a wild card since Chinese purchases in Australia these days are heavily influenced by political considerations.

Central American and South America product continues to trade at a discount to Oceania product at this time. Argentine beef availability is now limited as ship quota has been filled. However, Brazil continues to show product. The depreciation of the Real continues to support higher exports, both to the US and other markets. However, cattle prices in Brazil have jumped sharply higher and there is increasing concern among domestic users in Brazil about runaway inflation. Indeed, despite the weak currency, cattle prices are up in double digits in US dollar terms. At the end of the

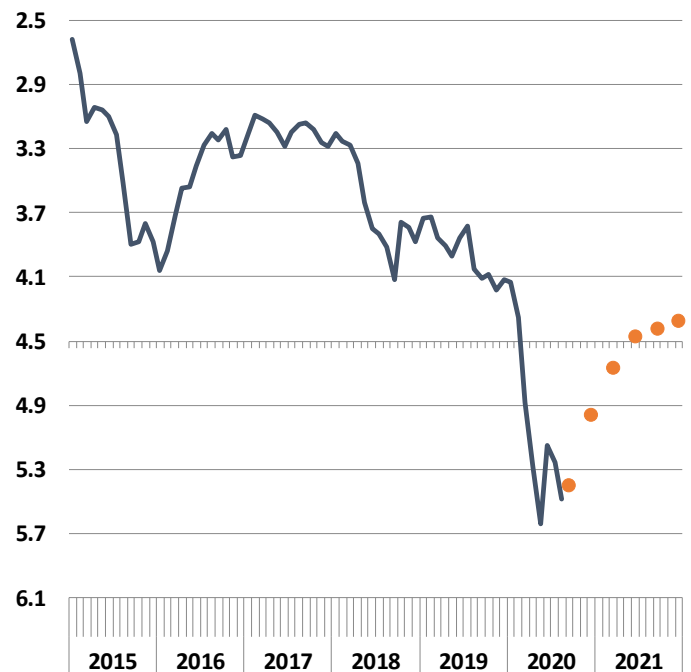
### Australia Weekly Cattle Slaughter, Head

Data Source: Meat & Livestock Australia. Analysis by Steiner Consulting



### BRL Per 1 US Dollar

Monthly Average Exchange Based on Daily Prices. Source: Google Finance



Aug 2020	Aug 2019	12M Depreciation
<b>5.48</b>	<b>4.05</b>	<b>-26%</b>

week, the price of finished cattle in Brazil was up 56% in Brazilian Real terms and 18% higher in US dollar terms. Current forecasts are for the Brazilian real to gain vs. the US dollar as the economy recovers'. This could add to the upward price pressure for beef export values.

Other meat market highlights from the week:

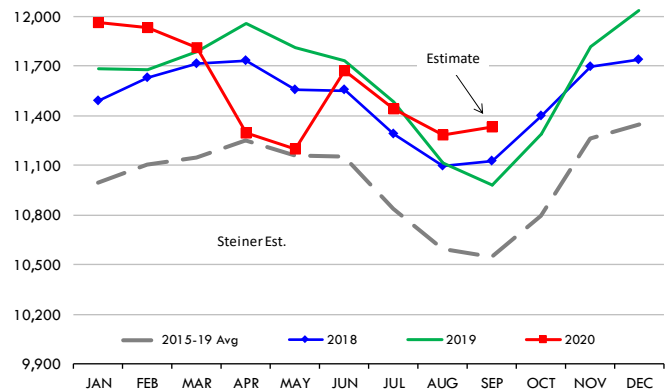
- US beef production for the week was 479.7 million pounds, down 9% compared to a week ago and 7.7% lower than last year. This was a holiday shortened week, skewing the year/year comparisons. Production is expected to be above year ago levels next week as slaughter should be modestly lower but it will be more than offset by heavier cattle weights. Steer weights are currently 3% higher than last year.
- Heavy cattle weights and the seasonal decline in ground beef demand continues to pressure fat beef trim prices, with 50CL beef trading in the low 40s. Normally fat beef trim finds a bottom towards the end of September.
- We think more cattle were placed on feed during August and combined with fewer cattle slaughtered during August we expect a notable increase in the total number on feed.

Placed on feed in August: 105.4  
 Marketed in August: 96.5  
 Total on feed Sep 1: 103.2

- Dry conditions in the Southern Plains and Western Kansas likely pushed a few feeders to market that probably would have been stretched out into the fall in previous years. There were quite a few more cattle that were brought in from Mexico. Feeder imports from Mexico in the four August weeks were up 23,300 head or 37%. Auction sales were also up quite a bit suggesting good movement in the country. Sales of +600lb feeders were up 19%, total feeder sales up 15%. Fed cattle futures were pretty good for much of August, December as high as 114 through Aug 20. One issue I see for feedlots is that they still have quite a few long fed cattle that they add to their inventory. Marketings were lower because of one less marketing day.
- Pork production for the week was 491.5 million pounds, down 11.2% compared to last year which was a non-holiday week. It was interesting that Saturday hog slaughter was over 415k head compared to 370k during last year's Labor Day week. Last year the highest Saturday slaughter was the last week in December at 413k.
- Hog futures spiked higher the last two days as

USA Cattle on Feed Inventory

Feedlots with +1000 head Capacity. 1st of Month Inventory. '000 head. USDA



market participants continue to speculate about a potential China ban of German pork. Germany is a top 5 pork producer/exporter in the world and a suspension would result in a significant disruption in trade patterns. It should be noted, however, that China has yet to make a decision and German officials are hopeful that they can get China to only ban imports from the region affected.

# CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	10-Sep-20	3-Sep-20		12-Sep-19	
CME FEEDER CATTLE INDEX	140.99	140.20	0.6%	136.09	3.6%
	11-Sep-20	4-Sep-20		13-Sep-19	
FED STEER (5-MKT AVG)	101.24	103.20	-1.9%	99.79	1.5%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	108.50	108.50	0.0%	92.00	17.9%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	112.50	122.00	-7.8%	97.00	16.0%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	116.50	126.50	-7.9%	98.50	18.3%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	181.35	180.74	0.3%	175.95	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
	11-Sep-20	250.0	4-Sep-20	251.0		13-Sep-19		
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	248.0	250.0	250.0	251.0	-1.0	240.0	241.0	9.0
<b>90 CL Blended Cow</b>	220.0	221.0	220.0	222.0	-1.0	223.0	225.0	-4.0
<b>90 CL Shank</b>		222.0		222.0	0.0	225.0	226.0	-4.0
<b>85 CL Fores</b>	198.0	200.0	198.0	200.0	0.0	205.0	206.0	-6.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	248.0	250.0	249.0	250.0	0.0	239.0	240.0	10.0
<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>	198.0	199.0	198.0	199.0	0.0	204.0	205.0	-6.0
<b>80 CL Trimmings</b>	186.0	189.0	185.0	186.0	3.0	188.0	189.0	0.0
<b>75 CL Trimmings</b>		175.0		177.0	-2.0	181.0	183.0	-8.0
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, CIF</u></b>								
<b>Cap Off Steer Insides</b>	295.0	300.0	300.0	315.0	-15.0	285.0	290.0	10.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	250.0	255.0	250.0	255.0	0.0		UNQ	N/A
<b>Steer Knuckles</b>		275.0		280.0	-5.0	258.0	260.0	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
	11-Sep-20		4-Sep-20			13-Sep-19		
<b><u>US East Coast Australian/NZ Lean, FOB US Port</u></b>								
<b>95 CL Bull, E. Coast</b>	255.0	256.0	255.0	256.0	0.0	249.0	251.0	5.0
<b>90 CL Blended Cow</b>		230.0	230.0	231.0	-1.0	230.0	232.0	-2.0
<b>90 CL Shank</b>	230.0	232.0		233.0	-1.0	230.0	232.0	0.0
<b>85 CL Fores</b>		210.0		210.0	0.0	211.0	212.0	-2.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>		255.0		255.0	0.0	248.0	250.0	5.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast, Trimmings, FOB US Port</u></b>								
<b>85 CL Trimmings</b>	209.0	210.0		209.0	1.0	210.0	211.0	-1.0
<b>80 CL Trimmings</b>		205.0		205.0	0.0	195.0	197.0	8.0
<b>75 CL Trimmings</b>	185.0	186.0	187.0	188.0	-2.0	192.0	193.0	-7.0
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, FOB US Port</u></b>								
<b>Cap Off Steer Insides</b>	305.0	310.0	310.0	330.0	-20.0	290.0	295.0	15.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	260.0	265.0	260.0	265.0	0.0		UNQ	N/A
<b>Steer Knuckles</b>	285.0	290.0	285.0	290.0	0.0	265.0	270.0	20.0

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

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	11-Sep-20	4-Sep-20		13-Sep-19							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<b><u>Domestic Cutouts</u></b>											
Choice Cutout	219.89			225.85			-6.0	220.88			-1.0
Select Cutout	207.10			209.30			-2.2	198.60			8.5
<b><u>Domestic Lean Grinding Beef</u></b>											
90 CL Boneless	222.0	232.0	223.9	220.3	239.0	225.3	-1.4	222.0	228.0	224.6	-0.8
85 CL Beef Trimmings	185.0	207.0	190.9	189.8	211.1	193.0	-2.1	\$199.00			#VALUE!
50 CL Beef Trim	35.0	51.0	41.3	31.0	53.0	43.1	-1.8	66.0	90.0	80.5	-39.2
<b><u>Domestic Pork Trim</u></b>											
42 CL Pork Trim	42.0	63.5	50.2	34.4	58.5	41.7	8.5	40.0	65.0	53.4	-3.2
72 CL Pork Trim	75.0	111.8	84.4	70.1	108.8	79.6	4.9	55.0	86.3	62.0	22.4
<b><u>Point of Lean Values</u></b>											
90 CL Domestic	248.7			250.3			-1.6	249.6			-0.9
50 CL Beef Trimming	82.6			86.2			-3.6	161.1			-78.4
42 CL Pork Trim	119.5			99.3			20.1	127.1			-7.7
72 CL Pork Trim	117.2			110.5			6.8	86.1			31.2
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	101.24			103.20			-2.0	99.79			1.4

**TABLE 5 – FUTURES AND SLAUGHTER INFORMATION**

<i>Futures Contracts</i>	<i>Current Week</i>	<i>Prior Week</i>	<i>Change From</i>		<i>Last Year</i>	<i>Change From</i>	
			<i>Last Week</i>			<i>Last Year</i>	
	<b>11-Sep-20</b>	<b>4-Sep-20</b>			<b>13-Sep-19</b>		
<b><u>Live Cattle Futures</u></b>							
<b>October '20</b>	105.525	104.450	↑	1.08	98.075	↑	7.45
<b>December '20</b>	109.900	108.475	↑	1.43	104.375	↑	5.53
<b>February '21</b>	114.325	112.450	↑	1.88	111.100	↑	3.23
<b>April '21</b>	116.950	115.125	↑	1.83	115.050	↑	1.90
<b><u>Feeder Cattle Futures</u></b>							
<b>September '20</b>	140.000	137.650	↑	2.35	136.500	↑	3.50
<b>November '20</b>	141.325	139.525	↑	1.80	134.025	↑	7.30
<b>January '21</b>	139.125	138.075	↑	1.05	131.975	↑	7.15
<b>March '21</b>	138.700	137.725	↑	0.98	131.400	↑	7.30
<b><u>Corn Futures</u></b>							
<b>September '20</b>	365.000	347.250	↑	17.75	355.500	↑	9.50
<b>December '20</b>	368.500	358.000	↑	10.50	368.750	↓	-0.25
<b>March '20</b>	378.250	368.500	↑	9.75	381.500	↓	-3.25
<b>May '20</b>	384.500	374.750	↑	9.75	390.500	↓	-6.00
<b><u>Ch Wheat Futures</u></b>							
<b>September '20</b>	533 3/4	539 3/4	↓	-6.00	485 3/4	↑	48.00
<b>December '20</b>	542	550 1/4	↓	-8.25	483 1/2	↑	58.50
<b>March '20</b>	550 3/4	558 3/4	↓	-8.00	489 1/2	↑	61.25
<b>May '20</b>	557	563 1/2	↓	-6.50	494	↑	63.00
<b><u>Slaughter Information</u></b>							
	<i>7 Days Ending</i>	<i>7 Days Ending</i>	<i>Change From</i>		<i>7 Days Ending</i>	<i>Change From</i>	
			<i>Last Week</i>			<i>Last Year</i>	
	<b>11-Sep-20</b>	<b>4-Sep-20</b>			<b>13-Sep-19</b>		
<b><u>Total Cattle Slaughter</u></b>	574,000	633,000	↓	-59,000	636,000	↓	-62,000
<b><u>Total Cow Slaughter</u></b>							
	<b>29-Aug-20</b>	<b>22-Aug-20</b>			<b>31-Aug-19</b>		
<b>Total Cow Slaughter</b>	114,460	115,185	↓	-725	121,244	↓	-6,784
<b>Dairy Cow Slaughter</b>	54,124	54,585	↓	-461	61,712	↓	-7,588
<b>Beef Cow Slaughter</b>	60,336	60,600	↓	-264	59,532	↑	804



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

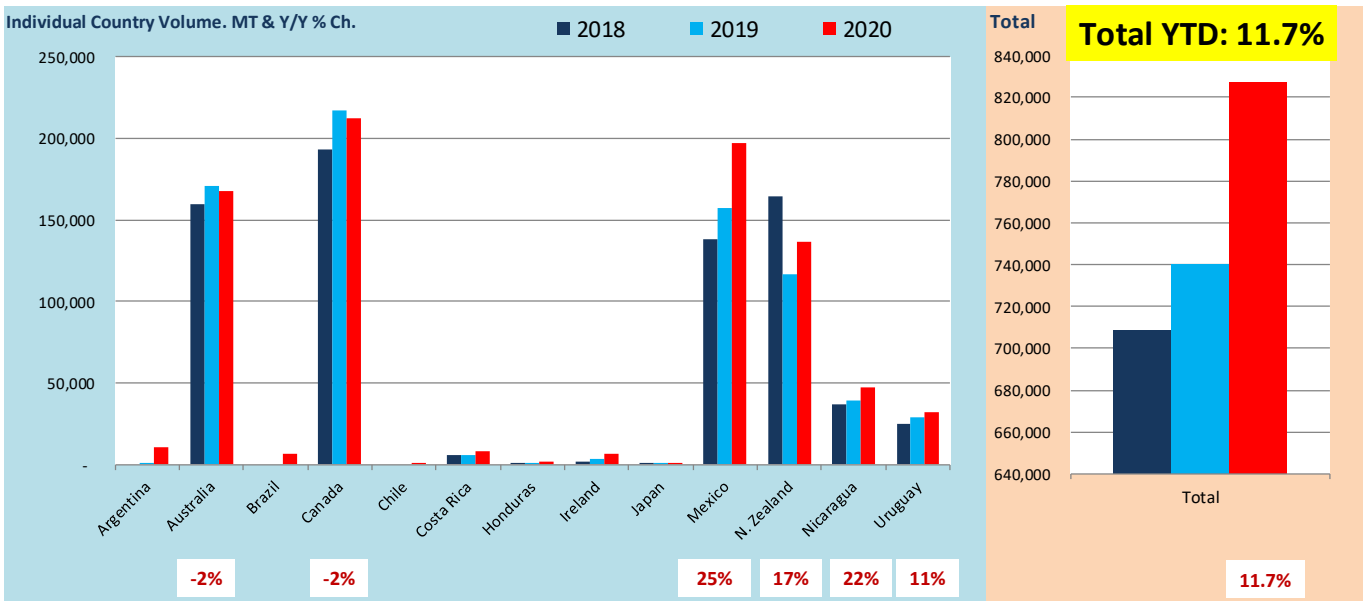
## YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 36	9/7/2019	9/5/2020		
Argentina	620	10,854	10,234	
Australia	170,851	167,769	(3,082)	-1.8%
Brazil	-	6,709	6,709	
Canada	216,973	212,270	(4,703)	-2.2%
Chile	-	48	48	
Costa Rica	5,602	8,000	2,398	42.8%
France	-	-	-	
Honduras	516	1,572	1,056	204.7%
Ireland	3,904	6,416	2,512	64.3%
Japan	326	272	(54)	-16.6%
Mexico	157,638	197,349	39,711	25.2%
Netherlands	-	-	-	
New Zealand	116,377	136,580	20,203	17.4%
Nicaragua	39,059	47,543	8,484	21.7%
Spain	-	-	-	
Uruguay	28,721	31,845	3,124	10.9%
<b>Total</b>	<b>740,587</b>	<b>827,227</b>	<b>86,640</b>	<b>11.7%</b>

Source: AMS - USDA

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

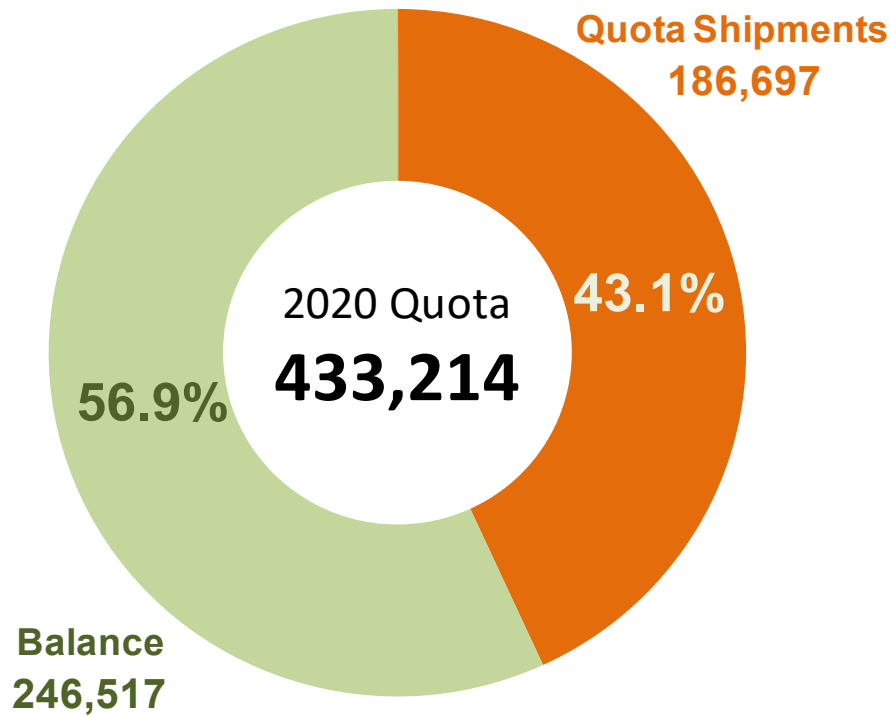
Imports as of September 5, 2020



# Australian Beef Quota Position

10-Sep-20

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending August 31. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

