



US Imported Beef Market

A Weekly Update

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

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Prepared by: Steiner Consulting Group | [SteinerConsulting.com](#) | 800-526-4612 | [service@steinerconsulting.com](#)

Market Highlights for the Week:

- Cow packer margins steadily increased in 2018, 2019 and early 2020 due to more cows coming to market and robust lean beef values. Margins declined this summer and early fall but remain well above long run averages.
- US cattle slaughter last week was 647,000 head, 0.6% lower than a year ago. Lower cow slaughter was the reason for the decline in slaughter as fed kill was 1% higher than the previous year.
- Dairy cow slaughter in the last four reported weeks has averaged 8% below year ago, more the offsetting the increase in the number of beef cows coming to market.
- Beef imports in Q3 were 34% higher than a year ago as most importers to the US sought to take advantage of strong demand and higher prices. While New Zealand and Brazil beef imports will be higher in Q4, that will be largely offset by expected declines in Australian beef imports.

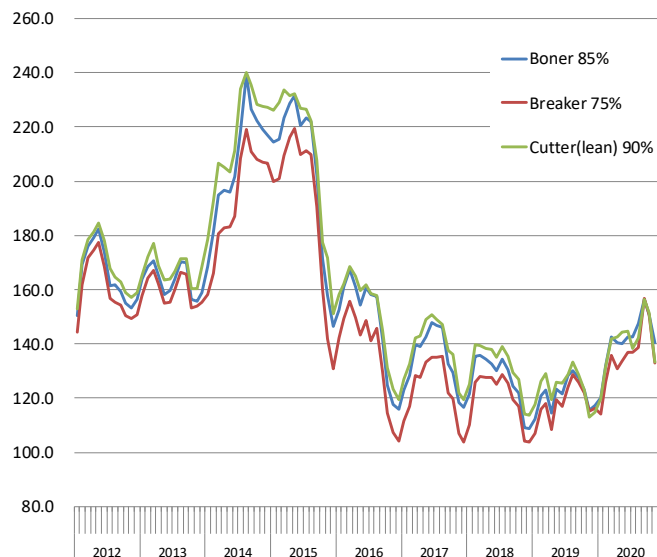
Imported Market Activity for the Week

Imported beef prices were higher for much of the week as end users were more active in bidding for product and found that offerings were more limited and asking prices had jumped sharply higher. Market participants we spoke with noted that New Zealand packers appear to have a comfortable forward position at this time and do not seem anxious to get more product on the books. Australian packers continue to face limited supply availability although slaughter there has shown some improvement in the last couple of weeks and

they still face challenges in exporting to China. Our opinion is that the main reason for the shift in prices this past week has to do with the value of the US dollar. A week ago an Australian packer that was paid \$2.09/lb. for product sold to the US (CIF basis) received \$2.97 in Australian funds. This week, selling CIF at \$2.14 US (high end of the range) gave him \$2.95 in Australian funds. The US dollar posted a 2.8% decline vs. the AUD last week and a 2.6% decline vs. the NZD. The dollar was down against most major currency pairs as it became increasingly clear that Joe Biden would become the next president of the US while

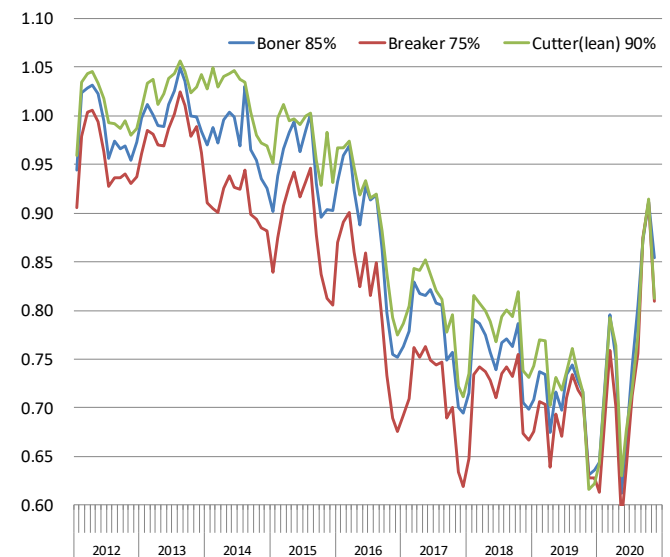
US Cow Prices. \$/cwt. Dressed Carcass Basis

Source: USDA Mandatory Price Reporting. Monthly Averages Calculated from USDA Daily Reports



RATIO OF COW CARCASS PRICE VS. COW CUTOUT

Source: USDA Mandatory Price Reporting. Monthly Averages Calculated from USDA Daily Reports



US Beef Imports in Q1, Q2 and Q3 vs. Year Ago. '000 Metric Ton, Shipped Weight Basis.

Source: USDA-FAS. Analysis by Steiner Consulting

	Q1				Q2				Q3				YTD			
	2019	2020	ch.	%	2019	2020	ch.	%	2019	2020	ch.	%	2019	2020	ch.	%
World Total	237.22	252.64	15.42	7%	269.34	274.15	4.81	2%	245.03	328.55	83.51	34%	751.59	855.33	103.75	14%
Canada	70.52	64.18	-6.34	-9%	72.47	65.58	-6.89	-10%	76.00	79.14	3.14	4%	218.99	208.90	-10.10	-5%
Australia	47.95	55.94	7.99	17%	66.35	50.41	-15.94	-24%	64.73	71.32	6.60	10%	179.02	177.67	-1.35	-1%
Mexico	52.75	57.43	4.68	9%	54.06	73.46	19.40	36%	53.41	67.27	13.86	26%	160.22	198.16	37.94	24%
N. Zealand	39.40	42.06	2.66	7%	50.84	49.51	-1.32	-3%	26.48	51.63	25.15	95%	116.71	143.20	26.49	23%
Argentina	0.01	1.83	1.82		0.21	3.05	2.84		0.53	13.12	12.59		0.75	18.00	17.25	
Nicaragua	15.93	18.98	3.05	19%	12.31	15.33	3.02	25%	13.48	13.66	0.18	1%	41.72	47.98	6.25	15%
Uruguay	7.18	5.59	-1.60	-22%	10.31	10.85	0.54	5%	6.45	16.16	9.71	150%	23.95	32.60	8.65	36%
Brazil	0.00	1.87	1.87		1.71	1.72	0.01	1%	9.72	2.17	-7.55	-78%	11.43	5.76	-5.68	-50%
Costa Rica	1.87	3.42	1.56	83%	1.72	2.32	0.60	35%	2.17	2.75	0.58	27%	5.76	8.50	2.74	48%
Ireland	0.53	1.75	1.22	230%	0.68	1.11	0.44	64%	1.34	2.74	1.39	104%	2.55	5.60	3.05	120%
Netherlands	0.32	0.39	0.07	22%	0.23	0.24	0.00	1%	0.31	0.29	-0.02	-5%	0.86	0.92	0.06	7%
Namibia	0.00	0.00	0.00		0.00	0.02	0.02		0.00	0.48	0.48		0.00	0.50	0.50	
Japan	0.34	0.14	-0.20	-60%	0.07	0.07	0.00	-6%	0.08	0.12	0.04	52%	0.49	0.32	-0.17	-34%
Chile	0.00	0.00	0.00	-25%	0.00	0.00	0.00	0%	0.00	0.05	0.05		0.00	0.05	0.05	
France	0.04	0.05	0.01	18%	0.03	0.01	-0.02	-78%	0.03	0.02	-0.01	-41%	0.10	0.07	-0.03	-26%
Honduras	0.37	0.88	0.52	141%	0.06	0.47	0.41	742%	0.04	0.08	0.05	123%	0.46	1.43	0.97	212%

republicans gained seats in the House of Representatives and may continue to control the US Senate. Democrats have been pushing hard for a big fiscal package but a divided government makes passage of a large spending bill unlikely. The election also did little to close the wide political differences between the right and left. A number of currency analysts now think that the Federal Reserve will have to step in and provide more stimulus to the economy by buying bonds. While many think the US dollar will continue to lose ground, other Central Banks are unlikely to stay pat, anxious that they need to do their part to support COVID battered economies. So it is a race to the bottom and more printing presses likely are on order. Pity those on fixed incomes and with cash in the bank. It is not a given that the weak US dollar automatically results in higher import prices but it is a factor in the short term, especially if buyers are looking to cover orders.

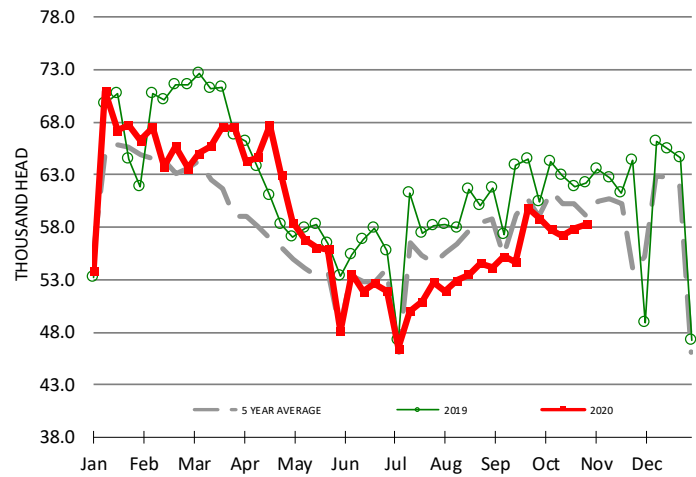
Imported beef supplies up in Q3 but Q4 picture will be very different.

Each week we provide a recap of the flow in beef imports (see page 9) but that data only offers a rough indication ahead of the release of official statistics. USDA released those official statistics for the month of September last week and that allows us to calculate the full import data for Q3. The details are included in the table above but what stands out is both the increase and the large number of countries that participated in those gains. Total US imports of fresh/frozen beef only in Q3 were 328,500 MT, 83,510 MT or 34% higher than the previous year. Almost all countries shipped

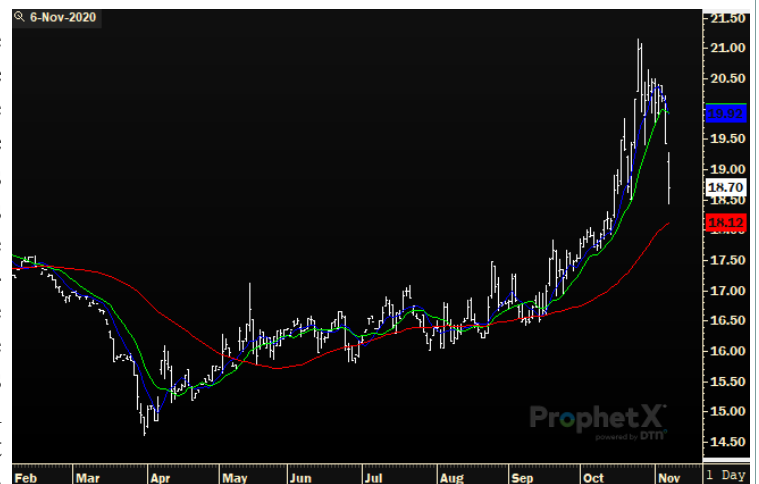
more beef to the US in Q3 than a year ago but the biggest contributors were New Zealand, Argentina and Brazil. The combined increase from these three countries in Q3 was 51,600 MT, representing almost 2/3 of the overall increase in imports. Imports from Uruguay, Brazil and Australia were also higher. We think that imports in Q4 will also be higher than last year but the rate of growth will be notably slower. Australian beef exports to the US in September were 15,877 MT, down 21% from a year ago and exports in October were 14,486 MT, down 33%. Lower imports from Australia do not necessarily mean that overall US imports will decline. Today Australia represents a smaller share of fresh beef trade than it used to. Through September, Australian beef imports were 21% of all beef imports. US fresh beef imports from Australia in Q4 of last year were 58,891 MT. A 25% decline would be roughly 15,000 MT. Could other countries add at least this amount to last year? Fresh beef imports from Brazil could be around 3,000 MT in Q4 while imports from Argentina could be around 1,500 MT. One country that could add a notable amount to last year's supply might be New Zealand. New Zealand shipments to the US in September were about 4,100 MT higher than a year ago, a 111% increase. For all of Q4 last year imports from New Zealand were a mere 12,600 MT. We could very well see imports from New Zealand in Q4 double compared to last year. The increase in imports from Brazil, Argentina and New Zealand will offset the reduction in imports from Australia. With that said, please remember that imports last year were especially light and the increase in imports from these three countries will only serve to bring us to those low levels of last year, not materially expand the supply available.

- US cow slaughter in the last four weeks has been down about 3.6% compared to a year ago. The decline in cow slaughter is almost entirely due to fewer dairy cows coming to market. Dairy cow slaughter during this period was down 8% compared to a year ago while beef cow slaughter was up 1.5%. Dairy cow slaughter has been running below year ago levels since July, reflecting the notable improvement in US cheese and milk prices. US government purchases for the Farmers to Families Food Box program have provided a significant lift to dairy prices. The purchases for the most recent round were just completed and distributors have until the end of the year to deliver on their contracts. USDA does not say how much dairy has been purchased but some private estimates have suggested that purchases have in some months amounted to over 3% of the overall milk produced. Will those government purchases continue in the next year? It is hard to say because on the one hand the new administration will want to continue to support people that have been hit hard by the pandemic. But at the same time, such programs were seen as a means to support farmers and thus help sway votes in such important swing states like Wisconsin. It is possible that the new administration may shift to a different support model, maybe increasing the money given to the poor through the food stamp program. This could have implications for US cheese prices at the end of the year and in Q1. Already futures took a sharp step down last week. US cheese prices are currently trading 70% above EU cheddar and 58% above NZ cheddar. US domestic lean beef values have been notably weaker in the last few weeks even as cow slaughter continues to run below last year. An uptick in dairy cow slaughter in Q1 could limit some of the normal seasonal increase in domestic lean beef values and offset the impact from lower Australian supplies.

US WEEKLY DAIRY COW SLAUGHTER



Class III Milk Futures



CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	5-Nov-20	29-Oct-20		7-Nov-19	
CME FEEDER CATTLE INDEX	136.63	134.34	1.7%	145.84	-6.3%
	6-Nov-20	30-Oct-20		8-Nov-19	
FED STEER (5-MKT AVG)	105.86	104.45	1.3%	113.93	-7.1%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	98.00	98.00	0.0%	79.00	24.1%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	106.00	106.50	-0.5%	89.50	18.4%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	105.50	104.50	1.0%	84.50	24.9%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	165.90	161.99	2.4%	182.49	-9.1%

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
	6-Nov-20		30-Oct-20			8-Nov-19		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	225.0	230.0	224.0	225.0	5.0	280.0	285.0	-55.0
90 CL Blended Cow	210.0	211.0	207.0	209.0	2.0	260.0	265.0	-54.0
90 CL Shank		210.0	208.0	210.0	0.0	260.0	265.0	-55.0
85 CL Fores	189.0	190.0	182.0	187.0	3.0	234.0	235.0	-45.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	228.0	229.0	223.0	224.0	5.0	280.0	285.0	-56.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	187.0	188.0	182.0	185.0	3.0	230.0	235.0	-47.0
80 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
75 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	310.0	315.0	310.0	320.0	-5.0	320.0	325.0	-10.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ		UNQ	N/A		UNQ	N/A
Steer Knuckles	265.0	270.0	265.0	270.0	0.0	275.0	280.0	-10.0

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-Nov-20		30-Oct-20			8-Nov-19		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	240.0	242.0	234.0	235.0	7.0	295.0	300.0	-58.0
90 CL Blended Cow	223.0	224.0	214.0	215.0	9.0	265.0	279.0	-55.0
90 CL Shank		225.0	220.0	225.0	0.0		270.0	-45.0
85 CL Fores	199.0	200.0	197.0	198.0	2.0	250.0	255.0	-55.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	239.0	241.0	232.0	233.0	8.0	295.0	300.0	-59.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	198.0	199.0	196.0	197.0	2.0	250.0	255.0	-56.0
80 CL Trimmings		UNQ		UNQ	N/A	230.0	235.0	N/A
75 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	315.0	320.0	315.0	320.0	0.0	335.0	340.0	-20.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	265.0	270.0	260.0	265.0	5.0		UNQ	N/A
Steer Knuckles	275.0	280.0	275.0	280.0	0.0		300.0	-20.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
	6-Nov-20			30-Oct-20				8-Nov-19			
<u>Domestic Cutouts</u>											
Choice Cutout		214.32			208.10		6.2		239.12		-24.8
Select Cutout		198.49			191.24		7.3		213.26		-14.8
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	192.0	207.0	197.7	187.0	205.0	194.6	3.1	221.3	253.5	231.8	-34.1
85 CL Beef Trimmings	156.7	173.1	164.6	159.0	173.1	163.6	1.0	194.0	230.0	207.9	-43.3
50 CL Beef Trim	27.5	51.0	38.8	26.0	54.0	35.7	3.1	80.0	95.5	87.9	-49.1
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	27.1	62.5	33.8	33.3	66.0	41.2	-7.4	25.0	38.3	29.6	4.2
72 CL Pork Trim	74.0	115.8	87.3	63.5	112.8	84.4	3.0	41.0	75.8	47.7	39.6
<u>Point of Lean Values</u>											
90 CL Domestic		219.6			216.2		3.4		257.6		-37.9
50 CL Beef Trimming		77.6			71.3		6.2		175.8		-98.2
42 CL Pork Trim		80.4			98.1		-17.7		70.5		9.9
72 CL Pork Trim		121.3			117.2		4.1		66.3		55.0
<u>National Direct Fed Steer (5-day accum. wt. avg. price)</u>		105.86			104.45		1.4		113.93		-8.1

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From Last Year
			Week	Week		
	6-Nov-20	30-Oct-20			8-Nov-19	
<u>Live Cattle Futures</u>						
December '20	108.650	108.300	↑	0.35	119.250	↓ -10.60
February '21	112.150	110.400	↑	1.75	125.025	↓ -12.88
April '21	116.050	113.650	↑	2.40	126.100	↓ -10.05
June '21	110.025	107.875	↑	2.15	118.275	↓ -8.25
<u>Feeder Cattle Futures</u>						
November '20	137.700	137.400	↑	0.30	147.000	↓ -9.30
January '21	135.925	134.125	↑	1.80	145.875	↓ -9.95
March '21	135.175	133.525	↑	1.65	145.500	↓ -10.33
May '21	137.400	135.750	↑	1.65	147.350	↓ -9.95
<u>Corn Futures</u>						
December '20	406.750	398.500	↑	8.25	377.250	↑ 29.50
March '20	413.750	403.250	↑	10.50	386.500	↑ 27.25
May '20	417.750	406.000	↑	11.75	393.500	↑ 24.25
July '20	420.250	407.250	↑	13.00	399.750	↑ 20.50
<u>Ch Wheat Futures</u>						
December '20	602	598 1/2	↑	3.50	510 1/4	↑ 91.75
March '20	609	600	↑	9.00	514 1/4	↑ 94.75
May '20	610 3/4	600 1/4	↑	10.50	519 3/4	↑ 91.00
July '20	605 3/4	592 1/2	↑	13.25	524	↑ 81.75

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From Last Year
			Week	Week		
	6-Nov-20	30-Oct-20			8-Nov-19	
<u>Total Cattle Slaughter</u>	647,000	638,000	↑	9,000	657,000	↓ -10,000
	24-Oct-20	17-Oct-20			26-Oct-19	
<u>Total Cow Slaughter</u>	127,278	125,735	↑	1,543	132,011	↓ -4,733
<u>Dairy Cow Slaughter</u>	58,249	57,833	↑	416	62,250	↓ -4,001
<u>Beef Cow Slaughter</u>	69,029	67,902	↑	1,127	69,761	↓ -732

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

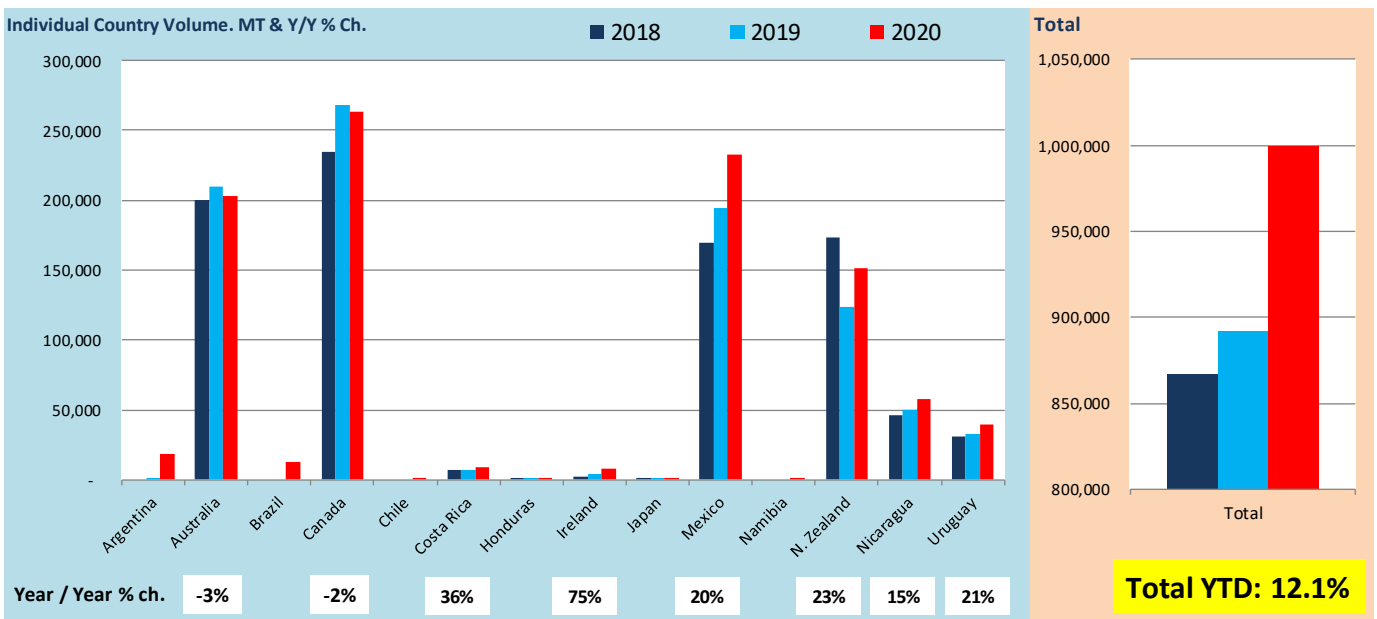
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 44	11/2/2019	10/31/2020		
Argentina	966	18,682	17,716	
Australia	210,059	202,986	(7,073)	-3.4%
Brazil	-	13,240	13,240	
Canada	267,717	263,407	(4,310)	-1.6%
Chile	-	127	127	
Costa Rica	6,930	9,414	2,484	35.8%
France	-	-	-	
Honduras	671	1,572	901	134.3%
Ireland	4,722	8,287	3,565	75.5%
Japan	389	362	(27)	-6.9%
Mexico	194,059	232,344	38,285	19.7%
Namibia	-	534	534	
Netherlands	-	-	-	
New Zealand	123,300	151,643	28,343	23.0%
Nicaragua	50,156	57,457	7,301	14.6%
Spain	-	-	-	
Uruguay	32,705	39,541	6,836	20.9%
Total	891,675	999,596	107,921	12.1%

Source: AMS - USDA

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

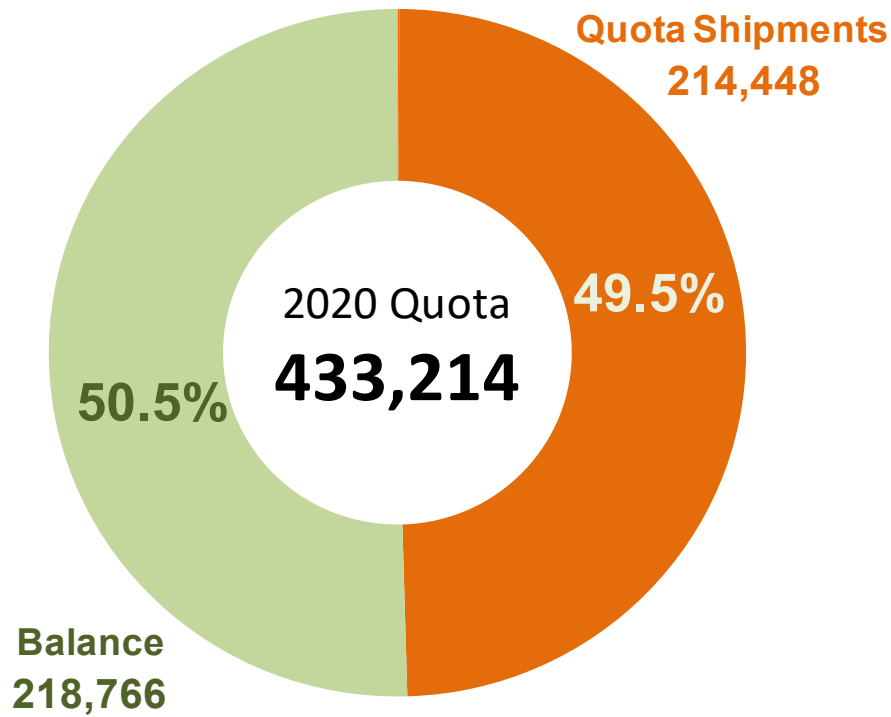
Imports as of October 31, 2020



Australian Beef Quota Position

6-Nov-20

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending November 2. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

