



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

Volume 21, Issue 46

November 13, 2020

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Market Highlights for the Week:

- US cow slaughter for the week ending November 14 was estimated at 137k head, 5.6% lower than a year ago. Total US cattle slaughter for the week was estimated at 653k head, down 1.5%
- Prices for round and chuck cuts from fed cattle have been trending higher in the last few weeks, with some cuts up as much as 22% compared to where they were trading in late September. The increase in domestic US prices and limited availability from Australia has resulted in significant price inflation for imported cuts.
- New Zealand cow slaughter is off to a slow start due to robust prices for dairy products in the world market and good moisture conditions.
- Australian beef exports to the US in October were down 33% and they are currently on pace to be down 11% in November.
- US cattle on feed on November 1 is estimated by Steiner up 1.8% from a year ago even as placements in October were forecast down 9% from a year ago.

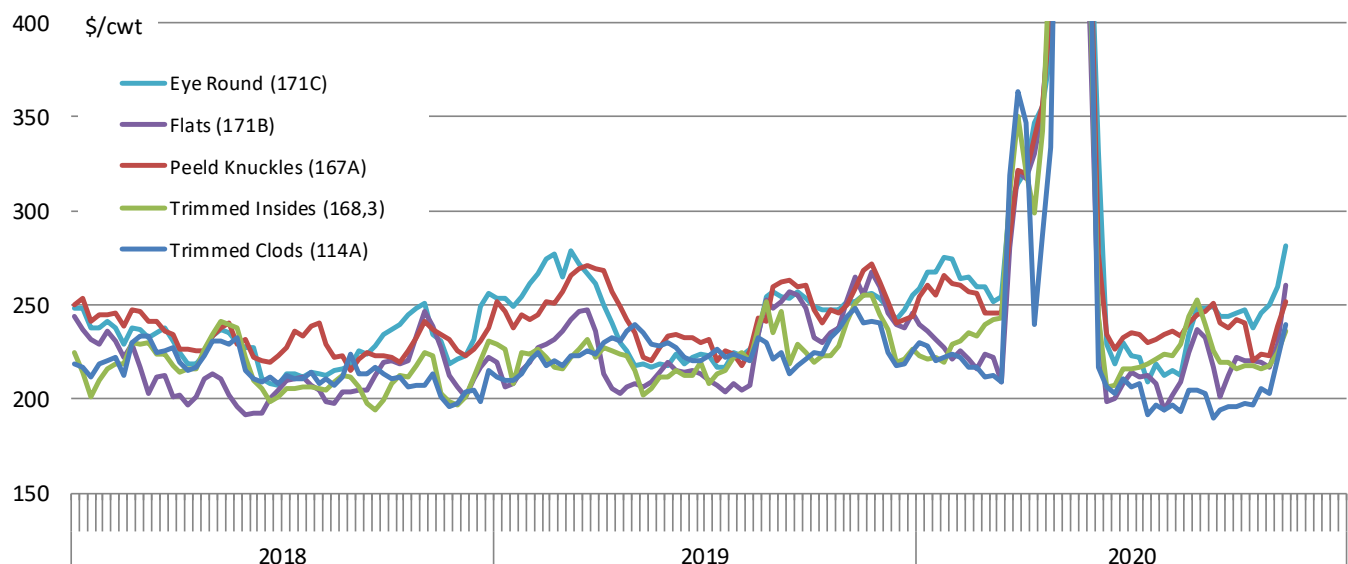
Imported Market Activity for the Week

Prices for imported lean beef were higher last week as overseas supplies appear to be limited and importers find it increasingly difficult to find replacement product at reasonable prices. Demand in the US market appears to be average to good even as there are growing concerns about fast food performance during the holiday season. Fat trim prices in other markets are far higher than what US can support at this time so trading is especially thin and usually involves specialty products or product that may run a bit leaner than spec.

Prices for imported beef cuts were notably higher this past week, in part due to the surge in the value of domestic grain fed product but also continued strong demand for such cuts in Australian domestic market as well as Asian destinations. The jump in the value of US round and chuck cuts caught some in the market by surprise but the price gains are in line with what we saw at this time last year. They also correspond well to the forward sales to retailers that US packers made in late September and early October. For now spot market appears to be fairly clean and regular buyers have no choice but to bid up prices. We do not see the

Weekly Prices for Key Round and Chuck Subprimals. Fed Beef. Choice Grade

Data Source: USDA. Analysis by Steiner Consulting



current increase in the price of round cuts are reflecting COVID disruptions in packing plants. Fed cattle slaughter in the US last week was estimated at 516k head, 6k head higher than the previous week and only 2k head lower than a year ago. The chart on page 1 shows the trend in the value of key round and chuck items. Since late September, clod prices in the US are up 22%, flats are up 17%, eye rounds are up 14% and inside rounds are up 9%. The increase in the value of chuck and round cuts also tends to be supportive lean grinding beef values as fewer of these cuts go to the grinder to compete with lean grinding beef.

- The US dollar marginally improved last week but it still remains well above where it was in late October. As we noted last week, the lack of supply availability in Australia and New Zealand combined with the weaker US dollar and higher prices in the US for lean beef cuts have been the catalyst behind the recent price increase for lean beef.

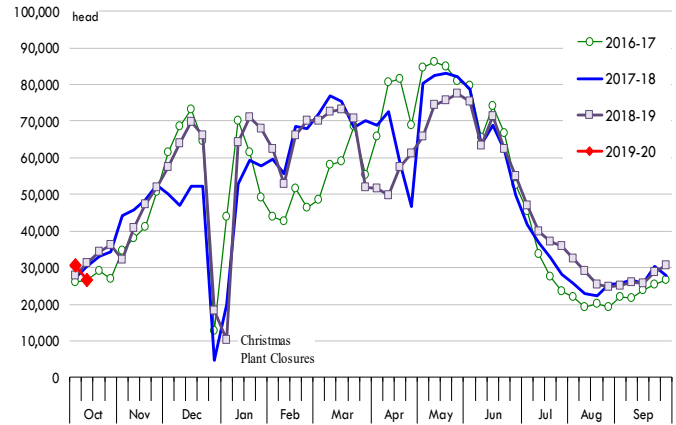
- Some market participants noted that they think part of the reason for the increase in price is due to a) lower prices for fat beef trim, which have increased demand for lean product and b) processors for large fast food chains looking to bolster inventories in case rising COVID cases cause disruptions to their workforce.

- New Zealand supplies are usually limited at this time of year and we have yet to see a notable increase in slaughter there. New Zealand slaughter data is reported with a three week lag but through mid October the start of the new marketing year was off to a very slow slaughter. Cow slaughter for the latest reported week (October 17) was 8% lower than the previous year while bull slaughter was 25% higher. We think slaughter in late October and first two weeks of November has slowed down due to higher dairy prices in the world market and ample moisture. Both North and South Island have received a significant amount of rainfall in the last two weeks, which normally tends to slow down the flow of cattle into slaughter plants.

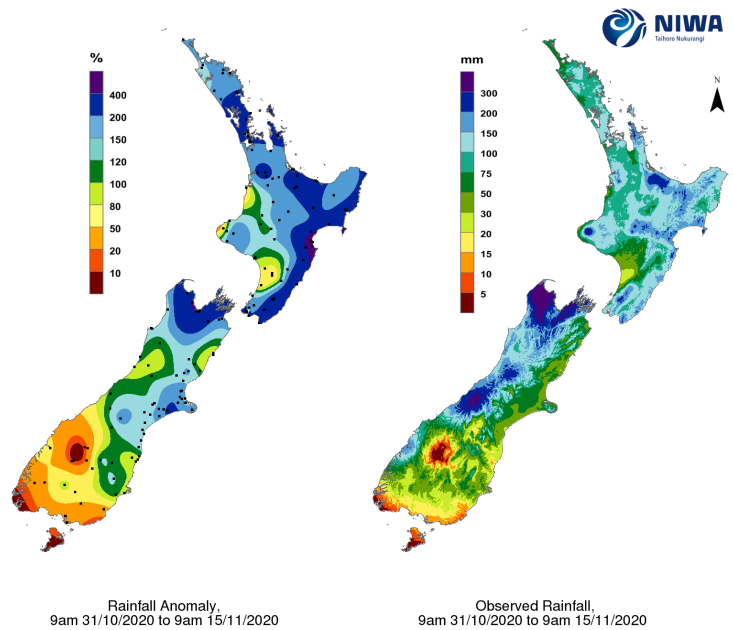
- Australian slaughter remains well below year ago levels and that has limited the amount of beef going to export markets. October Australian beef exports were down 28.5% from a year ago at just a little over 81,000 MT and exports to the US market at 14,486 MT were down 33% from a year ago. November exports to the US are on track to be just 12,300 MT, the lowest monthly shipments so far this year and down 11% from already limited levels a year ago.

New Zealand Weekly Adult Cattle Slaughter

Based on Oct - Sep Marketing Year. Source: New Zealand Meat Board

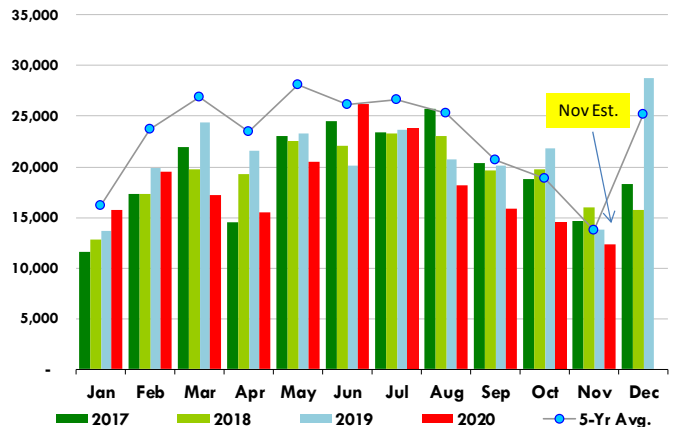


New Zealand Rainfall in Last Two Weeks



AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

Monthly Exports. Metric Ton. Source: DAFF + Steiner Projections for Latest Month



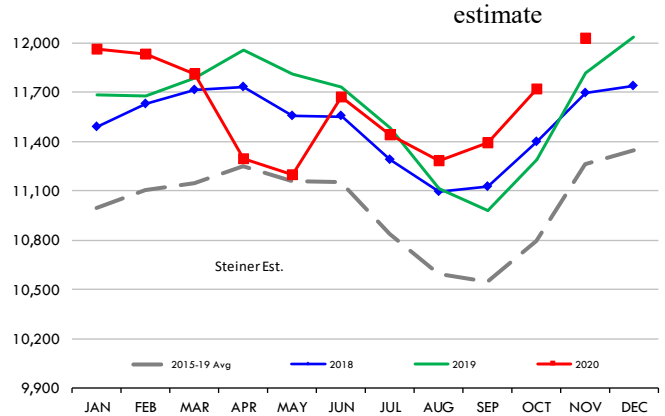
- While feedlots likely placed fewer cattle on feed during October, we still think the overall inventory of cattle on feed on November 1 was higher than in October and it remained above year ago levels. Below are our estimates of the upcoming survey, with the official results expected to be published next Friday (% ch. from year ago):

Placed on feed in October: -8.8%
 Marketed in October: -0.2%
 Total on Feed Nov. 1: +1.8%

Feeder cattle sales in the country were way down in October. Sales of +600 lb. feeders in four October weeks down 34% from a year ago. They don't exactly correlate with placements but directionally give you an idea of magnitude. But the decline in placements during October does not necessarily imply lower on feed numbers from the previous month. Seasonally more cattle are placed in the fall than are marketed, which results in a seasonal increase in feedlot supplies. What is more important for participants, however, is the pace of marketings relative to inventory and if feedlots are able to stay current in their marketings. That was the issue last summer. The increase in the pace of marketings during Aug/Sep/Oct has resulted in feedlots becoming more current. If our estimates are correct, the supply of cattle that on November 1 had been on feed for 120 days or more was 2% lower than a year ago.

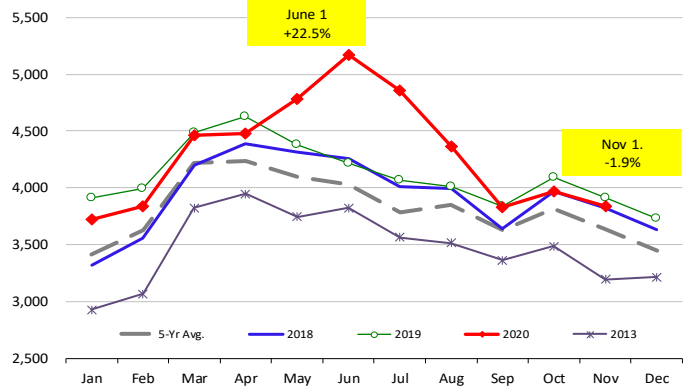
USA Cattle on Feed Inventory

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



INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calculated using the USDA Monthly "Cattle on Feed" Report



CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	12-Nov-20	5-Nov-20		14-Nov-19	
CME FEEDER CATTLE INDEX	137.35	136.63	0.5%	147.12	-6.6%
	13-Nov-20	6-Nov-20		15-Nov-19	
FED STEER (5-MKT AVG)	108.96	105.86	2.9%	116.10	-6.1%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	97.50	98.00	-0.5%	83.00	17.5%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	109.50	106.00	3.3%	90.00	21.7%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	107.50	105.50	1.9%	88.00	22.2%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	164.71	165.90	-0.7%	185.07	-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
	13-Nov-20	6-Nov-20				15-Nov-19		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	233.0	235.0	228.0	231.0	4.0	310.0	315.0	-80.0
90 CL Blended Cow	215.0	217.0	213.0	214.0	3.0	295.0	300.0	-83.0
90 CL Shank		215.0		210.0	5.0		290.0	-75.0
85 CL Fores	191.0	192.0	189.0	190.0	2.0	260.0	270.0	-78.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	230.0	232.0	228.0	230.0	2.0	310.0	315.0	-83.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	189.0	190.0	187.0	188.0	2.0	260.0	265.0	-75.0
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	315.0	0.0	325.0	330.0	-15.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ		UNQ	N/A		UNQ	N/A
Steer Knuckles	270.0	275.0	265.0	270.0	5.0	290.0	300.0	-25.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	13-Nov-20		6-Nov-20			15-Nov-19		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	244.0	245.0	240.0	242.0	3.0	325.0	330.0	-85.0
90 CL Blended Cow	225.0	227.0	223.0	224.0	3.0	310.0	315.0	-88.0
90 CL Shank		225.0		225.0	0.0	295.0	300.0	-75.0
85 CL Fores	200.0	201.0	199.0	200.0	1.0	285.0	290.0	-89.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	242.0	243.0	239.0	241.0	2.0	325.0	330.0	-87.0
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	200.0	198.0	199.0	1.0	285.0	287.0	-87.0
80 CL Trimmings		UNQ		UNQ	N/A	260.0	270.0	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	320.0	330.0	315.0	320.0	10.0	340.0	350.0	-20.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		275.0	265.0	270.0	5.0		UNQ	N/A
Steer Knuckles	275.0	280.0	275.0	280.0	0.0	310.0	320.0	-40.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	13-Nov-20	6-Nov-20		15-Nov-19							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	225.98			214.32			11.7	240.80			-14.8
Select Cutout	209.46			198.49			11.0	214.33			-4.9
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	195.0	212.0	199.7	192.0	207.0	197.7	2.0	223.0	262.0	240.3	-40.6
85 CL Beef Trimmings	158.7	175.0	166.1	156.7	173.1	164.6	1.5	197.4	235.0	212.6	-46.5
50 CL Beef Trim	33.0	55.0	41.4	27.5	51.0	38.8	2.7	88.1	106.0	93.4	-51.9
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	21.0	62.5	27.5	27.1	62.5	33.8	-6.3	24.2	39.3	29.4	-1.9
72 CL Pork Trim	73.3	116.8	85.2	74.0	115.8	87.3	-2.1	42.0	74.0	54.1	31.1
<u>Point of Lean Values</u>											
90 CL Domestic	221.8			219.6			2.2	267.0			-45.2
50 CL Beef Trimming	82.9			77.6			5.3	186.7			-103.9
42 CL Pork Trim	65.4			80.4			-15.0	70.0			-4.6
72 CL Pork Trim	118.3			121.3			-2.9	75.1			43.2
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	108.96			105.86			3.1	116.10			-7.1

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
	13-Nov-20	6-Nov-20			15-Nov-19		
<u>Live Cattle Futures</u>							
December '20	109.925	108.650	↑	1.27	119.100	↓	-9.18
February '21	112.225	112.150	↑	0.08	124.975	↓	-12.75
April '21	116.200	116.050	↑	0.15	126.075	↓	-9.88
June '21	111.175	110.025	↑	1.15	117.600	↓	-6.43
<u>Feeder Cattle Futures</u>							
November '20	137.475	137.700	↓	-0.22	146.250	↓	-8.78
January '21	137.875	135.925	↑	1.95	144.275	↓	-6.40
March '21	137.150	135.175	↑	1.97	144.225	↓	-7.07
May '21	139.600	137.400	↑	2.20	146.075	↓	-6.47
<u>Corn Futures</u>							
December '20	410.500	406.750	↑	3.75	371.250	↑	39.25
March '20	419.500	413.750	↑	5.75	380.750	↑	38.75
May '20	424.000	417.750	↑	6.25	386.500	↑	37.50
July '20	426.250	420.250	↑	6.00	392.500	↑	33.75
<u>Ch Wheat Futures</u>							
December '20	593 1/2	602	↓	-8.50	502 3/4	↑	90.75
March '20	602	609	↓	-7.00	506	↑	96.00
May '20	605	610 3/4	↓	-5.75	510 3/4	↑	94.25
July '20	602 1/4	605 3/4	↓	-3.50	514 1/2	↑	87.75
<u>Slaughter Information</u>							
	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
	13-Nov-20	6-Nov-20		Week	15-Nov-19		Last Year
Total Cattle Slaughter	653,000	647,000	↑	6,000	663,000	↓	-10,000
	31-Oct-20	24-Oct-20			2-Nov-19		
Total Cow Slaughter	129,301	127,278	↑	2,023	134,457	↓	-5,156
Dairy Cow Slaughter	57,781	58,249	↓	-468	63,482	↓	-5,701
Beef Cow Slaughter	71,520	69,029	↑	2,491	70,975	↑	545

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

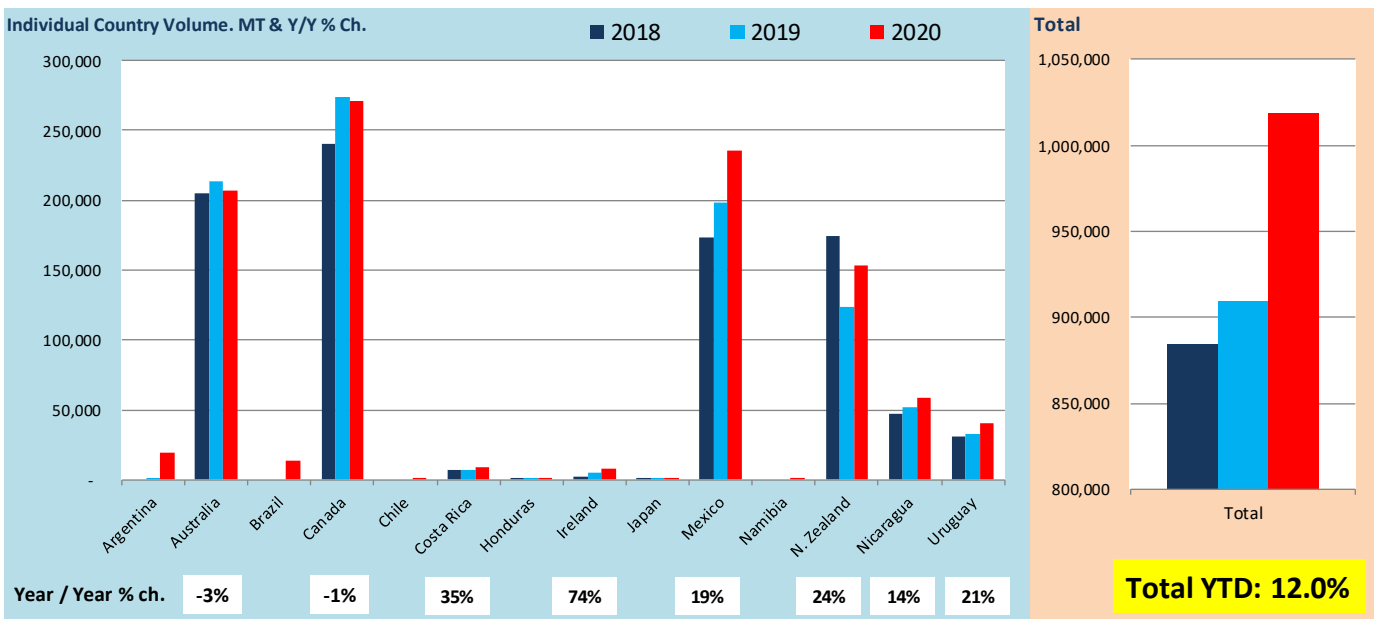
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 45	11/9/2019	11/7/2020		
Argentina	987	19,175	18,188	
Australia	213,858	206,512	(7,346)	-3.4%
Brazil	-	14,184	14,184	
Canada	274,122	270,529	(3,593)	-1.3%
Chile	-	128	128	
Costa Rica	7,009	9,455	2,446	34.9%
France	-	-	-	
Honduras	747	1,572	825	110.4%
Ireland	4,809	8,389	3,580	74.4%
Japan	402	381	(21)	-5.2%
Mexico	198,547	235,514	36,967	18.6%
Namibia	-	534	534	
Netherlands	-	-	-	
New Zealand	123,847	153,105	29,258	23.6%
Nicaragua	51,721	58,959	7,238	14.0%
Spain	-	-	-	
Uruguay	33,232	40,294	7,062	21.3%
Total	909,281	1,018,731	109,450	12.0%

Source: AMS - USDA

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

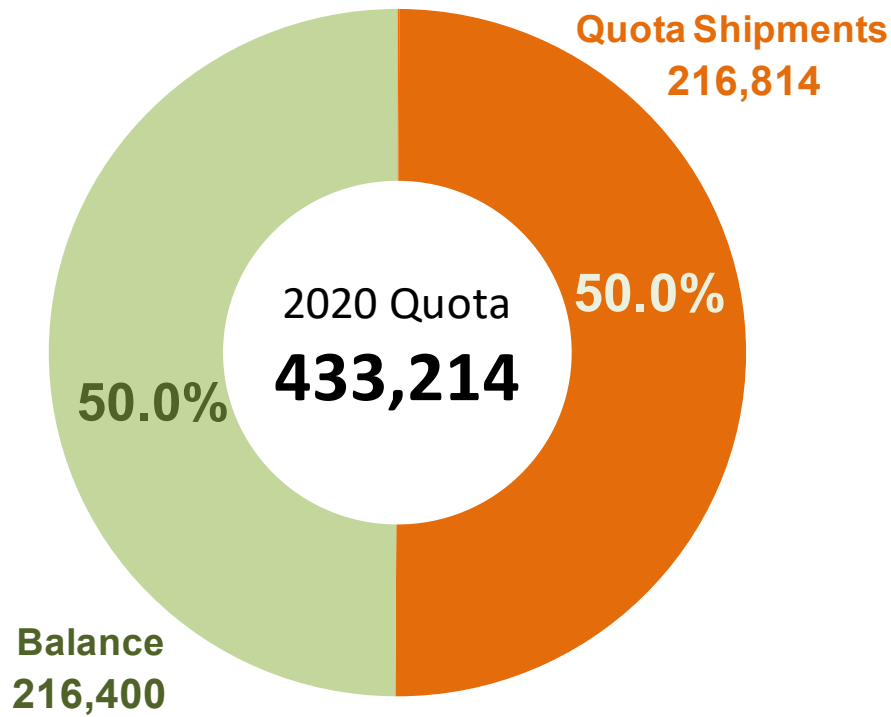
Imports as of November 7, 2020



Australian Beef Quota Position

13-Nov-20

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending November 9. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

