



# US Imported Beef Market

## A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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### Market Highlights for the Week:

- Non fed slaughter rebounded by about 30k head from holiday shortened kills but it still is about 3.5% lower than a year ago. Slaughter is expected to drift seasonally lower in February and March and remain below year ago levels.
- Imported beef prices marginally lower and combined with higher prices for domestic lean beef this has resulted in a narrowing of the imported/domestic spread. Still, limited supplies of imported beef continued to keep imported 90CL beef prices trading at a 12 cent premium to domestic 90s.
- Australian beef shipments from the US down 47% vs. year ago and down 40% from the five year average.
- US dairy futures have moved sharply higher...again. US government has committed to purchase \$1.5 billion worth of food products for the Food Box program, with at least two dairy products going into each box.
- USD down 11% vs. AUD since November and combined with limited supplies in Australia will continue to limit the amount of Australian beef coming to the US in the near term.

### Imported Market Activity for the Week

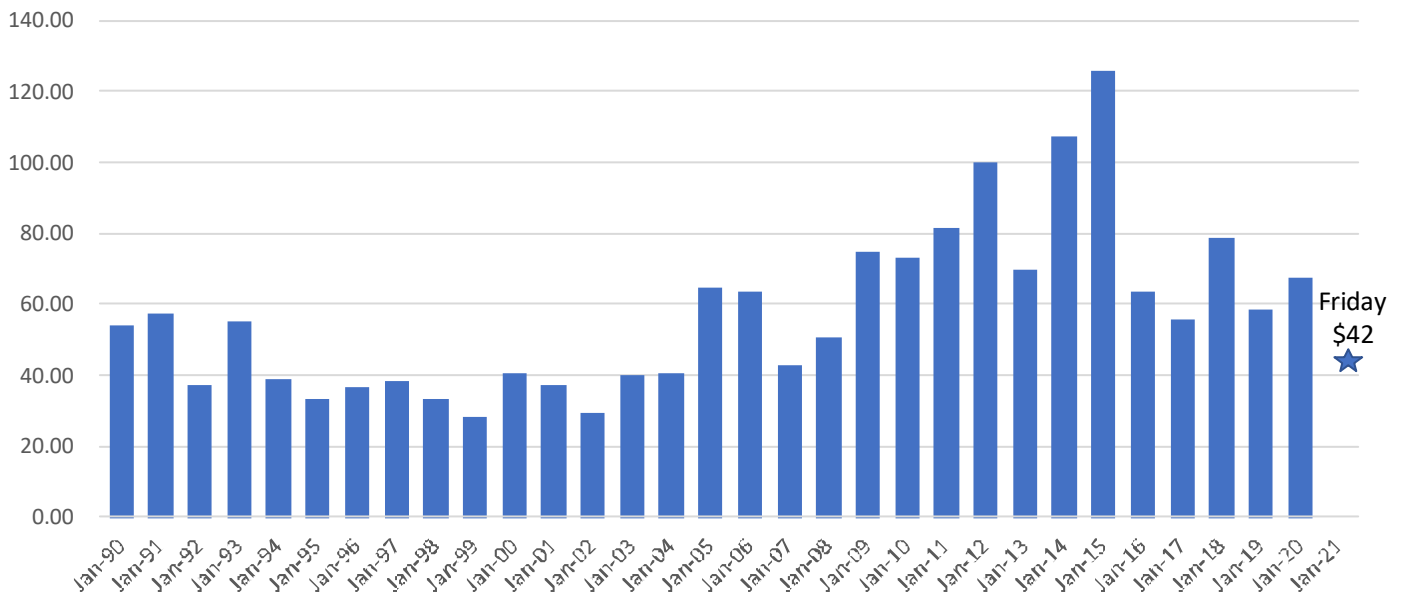
Imported beef market was reportedly more active last week following two holiday shortened weeks. Understandably there was more interest for extra lean grinding beef materials, with bull meat and cow 95CL getting the most focus. Seasonally this is the time of year when NZ bull meat supplies are at their annual peak. At the same time domestic fat trim values remain historically low for this time of year (see chart). Round cuts are also seeing some more interest, in part because of

limited supplies in Australia, good demand in other markets and expected seasonal improvement in the value of domestic fed beef.

Domestic lean beef prices were higher last week as cow barns were closed around the country during the two holiday shortened weeks. Usually this tends to bolster lean beef values at the start of the year. The higher price of domestic lean beef and modestly lower prices for imported 90s helped narrow the price spread between imports and domestic and helped bolster interest in imported product.

### January Average Price of 50CL Boneless Beef. \$/cwt

Source: USDA-AMS. Analysis by Steiner Consulting

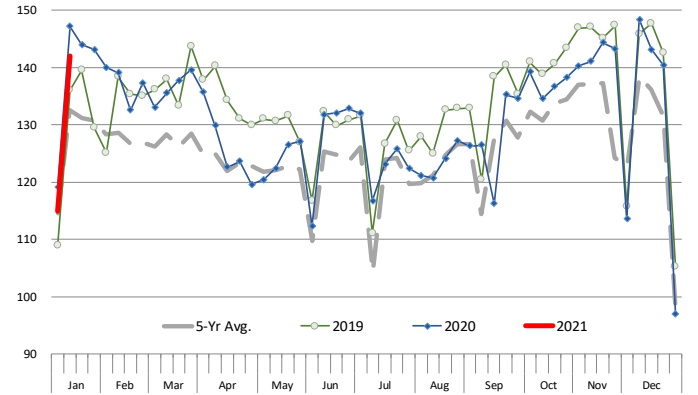


Data highlights from past week:

- US cow and bull slaughter for the week ending January 9 was estimated at 142,000 head, 3.5% lower than a year ago. The previous week slaughter was 115,000 head, also 3.5% lower than a year ago. After a brief increase in slaughter next week, we expect cow slaughter to pull back under 140,000 head and be in the low 130s in late February and March.
- Part of the reason why we expect cow slaughter to remain below year ago levels in Q1 of 2021 is because of the renewed strength in the dairy complex. It appeared that we would see a pickup in dairy cow slaughter once milk prices pulled back from November highs. However, the recent announcement of a new extension of the Food Box program has once again bolstered milk/cheese futures. Producers are once again looking at positive margins and we think this will limit the number of dairy cows coming to market in the near term. According to details of the recently announced USDA commodity purchase support program, USDA will purchase \$1.5 billion worth of food products between January and April. The food boxes will be distributed to families in need. The combined food boxes are expected to include 5-6 pounds of at least 2 dairy items. Purchase solicitations will go out at the end of this week and contracts will be awarded by January 19. Deliveries will continue through April 30. Some analysts estimate that USDA could purchase 2.7% of the US milk supply and prices could once again move north of the \$2 level in February and March. Cheese is expected to see the most support from the recent announcement as it will be a favorite item to include in the boxes. Butter will likely continue to struggle due to limits on indoor dining and decline in restaurant traffic.
- The supply of Australian beef coming to the US is down substantially from summer levels as well as year ago. Official statistics for the month of December show that total beef export shipments to the US last month were 15,214 MT, down 47% compared to a year ago and 40% lower than the average of the last five years. Overall Australian beef exports were also down sharply in December, a function of lower overall inventory numbers and improved moisture conditions. Total Australian beef shipments in December were 85,044 MT,

WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS

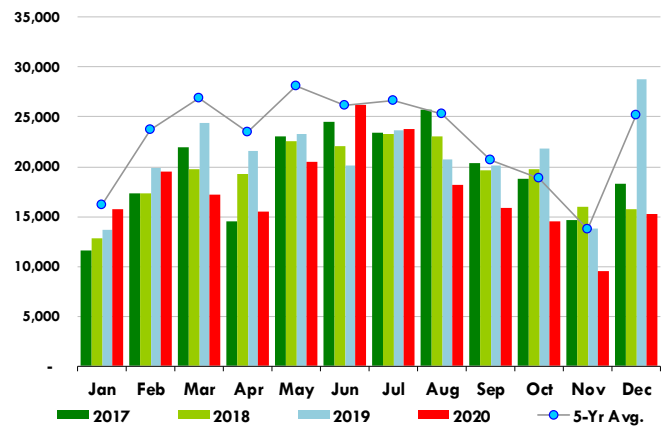


March 2021 Class III Milk Futures



AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

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

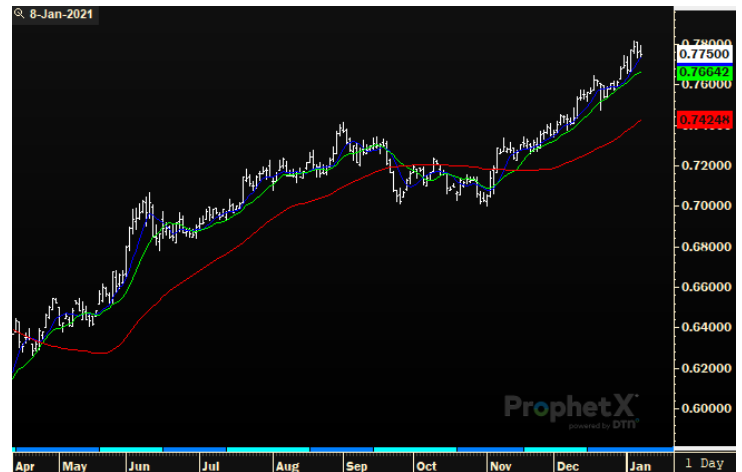


26.5% lower than last year. Exports to China, the top market for Australia last December, have pulled back sharply now that a number of plants are no longer eligible to ship there. Total beef exports to China in December were 15,149 MT compared to 34,291 MT in December 2019.

- The steady erosion in the value of the US dollar

also tends to be inflationary for imported beef values by making US market less attractive for Australian or New Zealand packers. Nearby futures currently indicate that it takes 77.5 US cents to buy 1 Australian dollar, 11% more than in November. Higher US prices are needed to buy the same amount of product. Traders we contacted last week noted prices on a CIF basis for lean beef were modestly lower and combined with a lower US dollar this represents a significant negative impact for overseas packers. We think this will continue to limit the amount of imported beef that will be coming to the US in the near term. The decline in price for now is mostly a reflection of short term demand weakness. As US demand starts to recover (we think in the spring) prices should start to move higher.

#### Nearby Futures of AUD/USD Exchange Rate



# CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	7-Jan-21	30-Dec-20		9-Jan-20	
CME FEEDER CATTLE INDEX	135.63	138.77	-2.3%	146.83	-7.6%
	8-Jan-21	31-Dec-20		10-Jan-20	
FED STEER (5-MKT AVG)	111.55	109.67	1.7%	124.05	-10.1%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	103.00	103.00	0.0%	83.00	24.1%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	115.00	114.50	0.4%	93.50	23.0%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	106.50	106.50	0.0%	93.00	14.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	174.94	173.48	0.8%	185.20	-5.5%

### 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
	8-Jan-21		31-Dec-20			10-Jan-20		
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	226.0	230.0	230.0	232.0	-2.0	240.0	245.0	-15.0
<b>90 CL Blended Cow</b>		216.0		220.0	-4.0	225.0	235.0	-19.0
<b>90 CL Shank</b>	218.0	225.0	220.0	221.0	4.0	230.0	235.0	-10.0
<b>85 CL Fores</b>	190.0	193.0	188.0	190.0	3.0	210.0	215.0	-22.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	224.0	228.0	228.0	229.0	-1.0	240.0	242.0	-14.0
<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>		190.0	185.0	188.0	2.0	210.0	215.0	-25.0
<b>80 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<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>	320.0	325.0	330.0	335.0	-10.0	290.0	295.0	30.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	255.0	260.0	255.0	260.0	0.0		UNQ	N/A
<b>Steer Knuckles</b>		265.0	260.0	261.0	4.0	260.0	265.0	0.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	8-Jan-21		31-Dec-20			10-Jan-20		
<b><i>US East Coast Australian/NZ Lean, FOB US Port</i></b>								
<b>95 CL Bull, E. Coast</b>	240.0	245.0	240.0	242.0	3.0	255.0	260.0	-15.0
<b>90 CL Blended Cow</b>		226.0	228.0	229.0	-3.0	240.0	245.0	-19.0
<b>90 CL Shank</b>	228.0	235.0	229.0	230.0	5.0	245.0	250.0	-15.0
<b>85 CL Fores</b>	201.0	203.0	199.0	200.0	3.0	220.0	225.0	-22.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	238.0	242.0	238.0	239.0	3.0	254.0	257.0	-15.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><i>US East Coast, Trimmings, FOB US Port</i></b>								
<b>85 CL Trimmings</b>	200.0	202.0	198.0	199.0	3.0	220.0	225.0	-23.0
<b>80 CL Trimmings</b>		UNQ		UNQ	N/A		215.0	N/A
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><i>US East Coast Australian Cuts, FOB US Port</i></b>								
<b>Cap Off Steer Insides</b>	325.0	340.0	330.0	350.0	-10.0	300.0	305.0	35.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	275.0	280.0	270.0	275.0	5.0		UNQ	N/A
<b>Steer Knuckles</b>		275.0	265.0	270.0	5.0	270.0	275.0	0.0

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

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	8-Jan-21	31-Dec-20		10-Jan-20							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<b><u>Domestic Cutouts</u></b>											
Choice Cutout	206.80			209.95			-3.1	210.04			-3.2
Select Cutout	196.69			195.65			1.0	206.55			-9.9
<b><u>Domestic Lean Grinding Beef</u></b>											
90 CL Boneless	211.0	219.0	213.9	205.0	217.0	209.5	4.4	238.5	248.0	241.7	-27.8
85 CL Beef Trimmings	177.0	190.0	182.1	170.0	188.0	178.0	4.1	203.0	228.1	213.4	-31.3
50 CL Beef Trim	40.0	45.0	42.0	24.9	42.0	34.7	7.3	56.8	74.0	66.8	-24.8
<b><u>Domestic Pork Trim</u></b>											
42 CL Pork Trim	18.0	38.5	21.5	15.8	38.5	22.0	-0.5	18.7	43.5	24.5	-3.0
72 CL Pork Trim	64.7	107.8	78.6	55.9	96.8	68.6	10.0	62.0	82.3	67.2	11.4
<b><u>Point of Lean Values</u></b>											
90 CL Domestic	237.7			232.7			4.9	268.6			-30.9
50 CL Beef Trimming	83.9			69.4			14.6	133.5			-49.6
42 CL Pork Trim	51.1			52.3			-1.2	58.3			-7.1
72 CL Pork Trim	109.2			95.3			13.9	93.3			15.9
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	111.55			109.67			1.9	124.05			-12.5

**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
	<b>8-Jan-21</b>	<b>31-Dec-20</b>			<b>10-Jan-20</b>		
<b><u>Live Cattle Futures</u></b>							
February '21	114.475	115.025	↓	-0.55	127.425	↓	-12.95
April '21	119.300	119.250	↑	0.05	127.950	↓	-8.65
June '21	115.275	114.700	↑	0.58	119.775	↓	-4.50
August '21	114.825	114.425	↑	0.40	117.275	↓	-2.45
<b><u>Feeder Cattle Futures</u></b>							
January '21	135.825	138.950	↓	-3.13	147.600	↓	-11.78
March '21	136.825	140.225	↓	-3.40	147.450	↓	-10.63
Apr '21	139.075	141.775	↓	-2.70	150.050	↓	-10.98
May '21	140.625	142.850	↓	-2.22	151.200	↓	-10.58
<b><u>Corn Futures</u></b>							
March '20	496.250	484.000	↑	12.25	385.750	↑	110.50
May '20	497.500	483.250	↑	14.25	392.750	↑	104.75
July '20	494.750	480.250	↑	14.50	399.500	↑	95.25
September '20	456.500	446.500	↑	10.00	400.500	↑	56.00
<b><u>Ch Wheat Futures</u></b>							
March '20	638 3/4	640 1/2	↓	-1.75	564 1/2	↑	74.25
May '20	640 3/4	639 1/2	↑	1.25	566 1/2	↑	74.25
July '20	631 3/4	628 1/4	↑	3.50	568 1/4	↑	63.50
September '20	634	630 1/4	↑	3.75	573 3/4	↑	60.25

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	<b>8-Jan-21</b>	<b>1-Jan-21</b>			<b>11-Jan-20</b>		
<b>Total Cattle Slaughter</b>	651,000	515,000	↑	136,000	643,000	↑	8,000
	<b>26-Dec-20</b>	<b>19-Dec-20</b>			<b>28-Dec-19</b>		
<b>Total Cow Slaughter</b>	88,590	130,170	↓	-41,580	98,200	↓	-9,610
<b>Dairy Cow Slaughter</b>	44,055	62,960	↓	-18,905	47,279	↓	-3,224
<b>Beef Cow Slaughter</b>	44,535	67,210	↓	-22,675	50,921	↓	-6,386



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

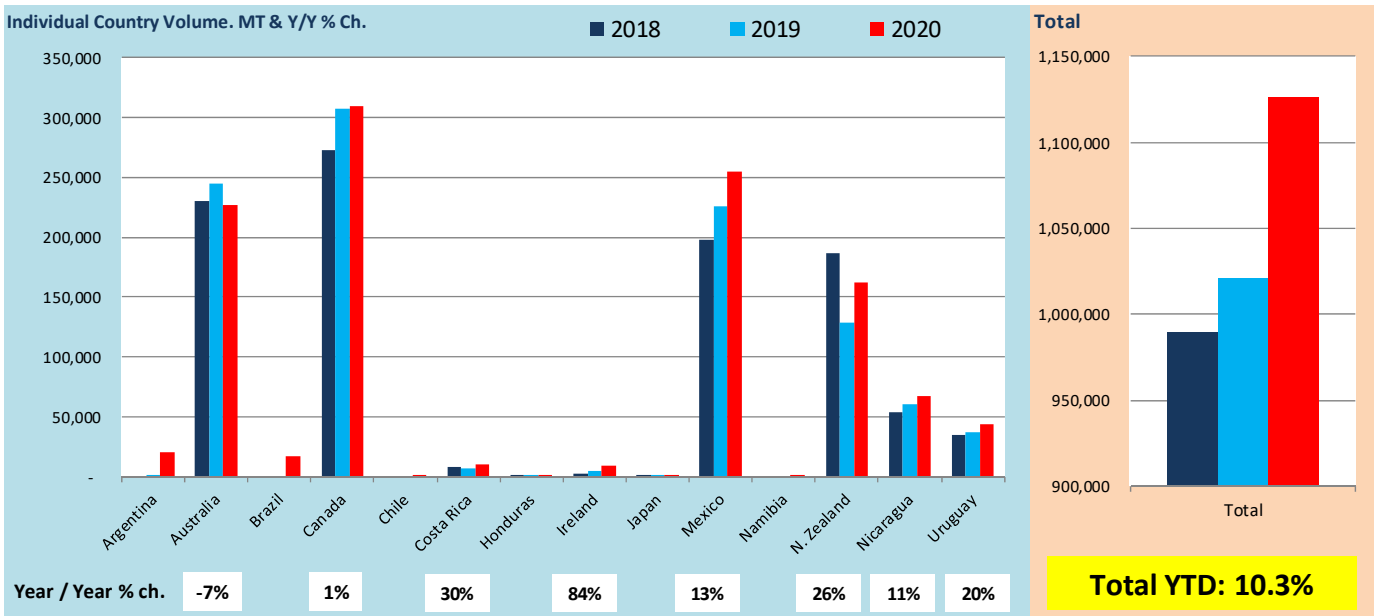
## YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 1	1/4/2020	1/2/2021		
Argentina	131	72	(59)	
Australia	4,038	3,342	(696)	-17.2%
Brazil	-	477	477	
Canada	3,985	3,538	(447)	-11.2%
Chile	-	-	-	
Costa Rica	280	96	(184)	-65.7%
France	-	-	-	
Honduras	78	-	(78)	-100.0%
Ireland	-	196	196	
Japan	4	9	5	125.0%
Mexico	3,278	2,463	(815)	-24.9%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	1,367	2,044	677	49.5%
Nicaragua	1,157	624	(533)	-46.1%
Spain	-	-	-	
Uruguay	373	551	178	47.7%
<b>Total</b>	<b>14,691</b>	<b>13,412</b>	<b>(1,279)</b>	<b>-8.7%</b>

Source: AMS - USDA

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

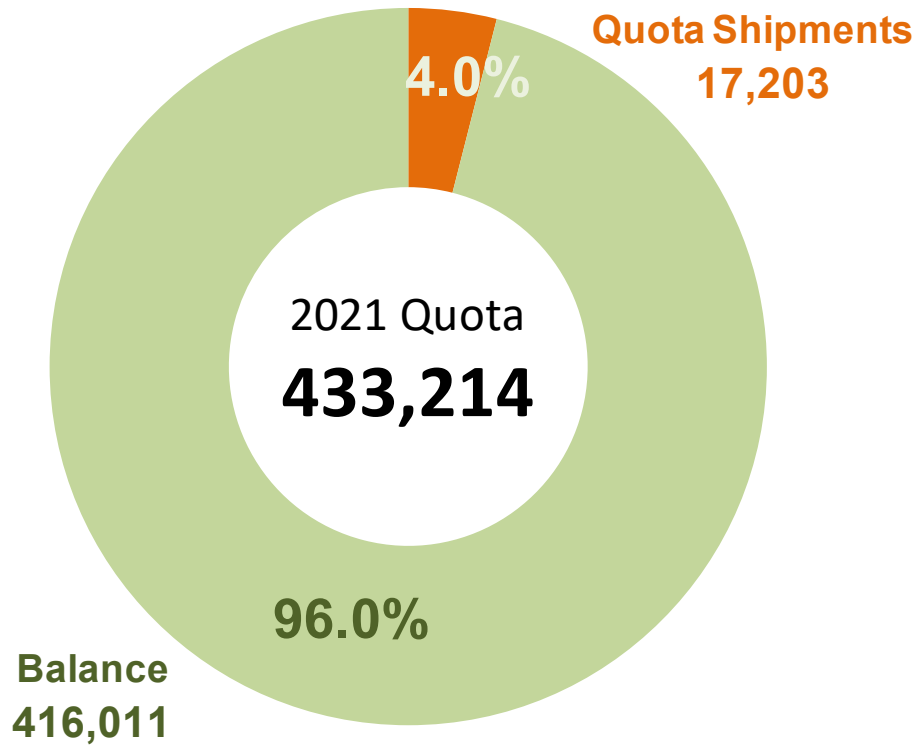
Imports as of December 19, 2020



# Australian Beef Quota Position

7-Jan-21

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending December 28. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

