



US Imported Beef Market

A Weekly Update

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

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Market Highlights for the Week:

- Extreme cold temperatures caused major disruptions for US livestock producers and processors last week and the effect will be felt even once warm temperatures return.
- Total slaughter last week was estimated down 12% from a year ago, with non-fed cattle slaughter down by more than 14% while fed cattle slaughter was down 11%.
- Transportation disruptions may impact processors this week as well, with trucks currently out of position and still in possession of loads that should have been delivered a few days ago. It will take 7 to 10 days before the system returns to a more normal flow.
- Imported beef prices were steady to lower as end users focused on operational challenges. Limited fat trim availability also had a marginal impact on lean beef demand in the spot market.
- US cattle on feed report showed higher than expected placements in January, which may be construed as negative for Q2 fed cattle futures. However, limited per capita availability in Q2 and pent up demand present more upside risk for beef prices this spring and summer.

Imported Market Activity for the Week

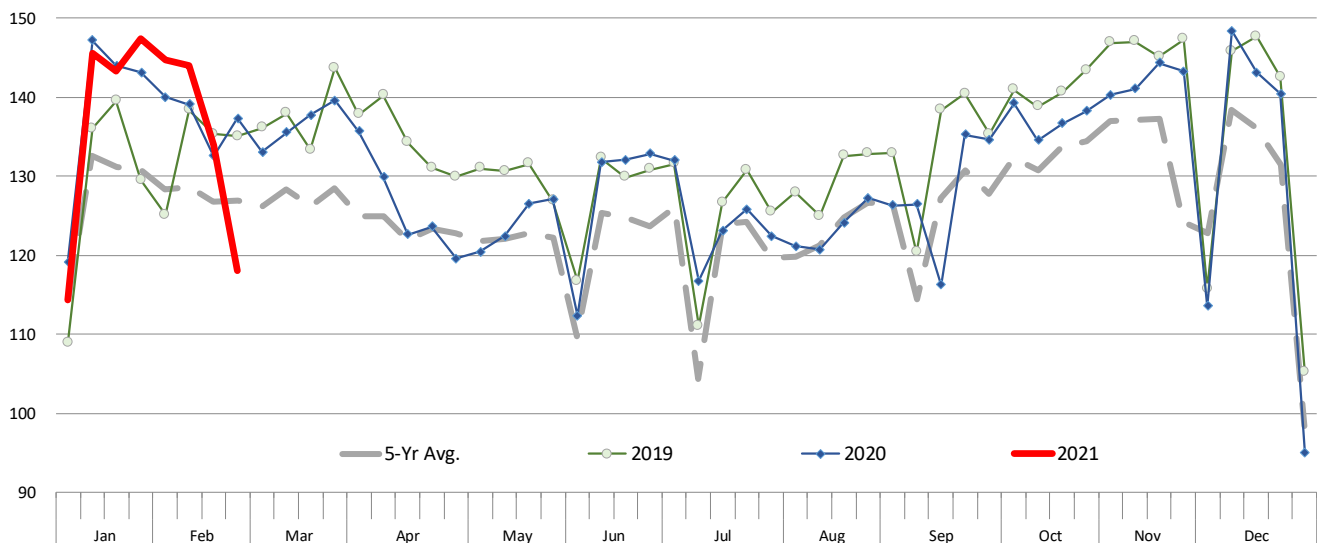
Imported beef trade was slower to develop last week as large buyers have stepped back from the market. Sellers looking to move product had to lower prices in order to put some orders on the books. With that said, volume was light as replacement prices overseas remain high. Higher prices for fat trim also gave buyers some pause. The increase in the price of fat trim was largely due to the sharp decline in fed cattle slaughter. End users also struggled to get deliveries and given all the uncertainty the immediate reaction was to sit on the sidelines and see how the situation

developed. Buyers clearly saw no reason to be in the market with all the uncertainty regarding transportation. Some were focused on the disruptions to their business brought about by extreme cold temperatures and logistical bottlenecks and buying raw material was briefly put on the backburner.

Supply disruptions in the US (see page 2 for discussion) and limited imports will likely impact the market in the next two to three weeks. The start of Lent (Feb 17 - Apr 3) usually results in a slowdown in retail demand although the impact is far smaller today than 10-15 years ago. Retailers have been very aggressive in featuring beef in

WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS. Analysis by Steiner Consulting



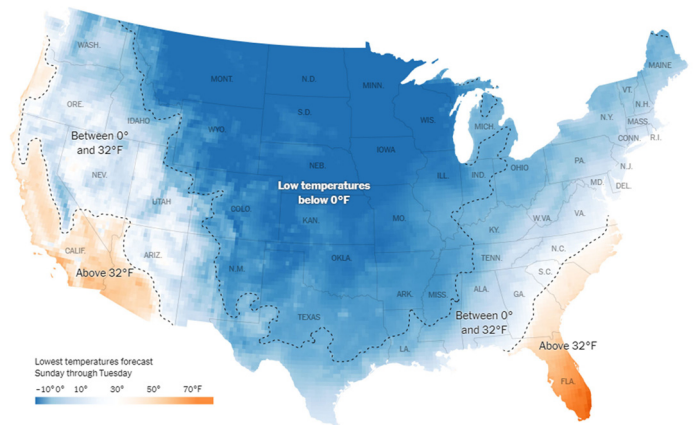
the first few weeks of this year and the combination of more limited supply due to slaughter cuts and high wholesale beef prices may impact features/beef movement in the near term. With that said, futures remain extremely firm as supply availability is expected to be limited in Q2. The decline in the number of COVID cases and the normal improvement in beef demand in the spring continues to present significant upside price risk. Buyers are likely to take advantage of a pullback in price to cover their needs for Q2 and Q3. Despite the modest decline in imported lean beef prices, little has changed with regard to the inflationary price outlook for lean beef prices this spring and summer.

Extreme cold temperatures result in major disruptions for US beef processors, could affect supply in March/April

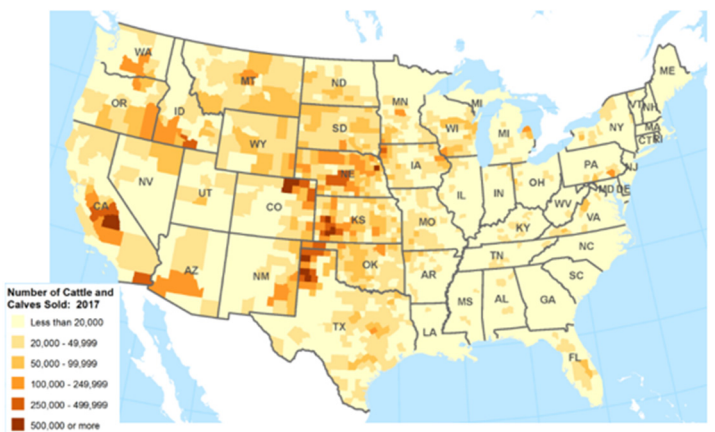
US cattle slaughter for the week ending February 20 was estimated at 552k head, 11.8% lower than a year ago. USDA does not give a breakout of fed and non fed cattle slaughter but our estimate is that cow/bull slaughter declined the most due to the temporary closure of important cow slaughter plants in the Southern Plains (TX/OK). We estimate that non-fed cow slaughter last week was 118k head, down 14% compared to a year ago. Fed cow slaughter is estimated at 434k head, down 11% compared to a year ago. Some plants struggled with labor and transportation disruptions. Some of the market participants we spoke with indicated that they expect some of these issues to continue to affect processors this coming week as well. Transportation is a major issue, with trucks stranded around the country and unable to deliver product. While some packers probably had the ability to run shifts on Saturday, they were limited by the lack of transportation available. We expect that the situation may need 7-10 days to return to a more normal flow.

At this time, it is hard to assess the impact that the extreme cold temperatures have had on livestock. Anecdotal evidence suggests that there have been some livestock losses due to lack of fresh water and feed. The attached map shows the location of feeding operations in the US. Please note that while USDA does not tell us exactly where feedlots are located in this map, cattle marketings provide a good approximation for this. Cold temperatures in April 2017 had a significant impact on fed cattle weights for several weeks. Due to genetics, cattle in the Southern US are less prepared to handle cold temperatures and we could

Cold Temps Across US Wreak Havoc on Livestock, Transportation

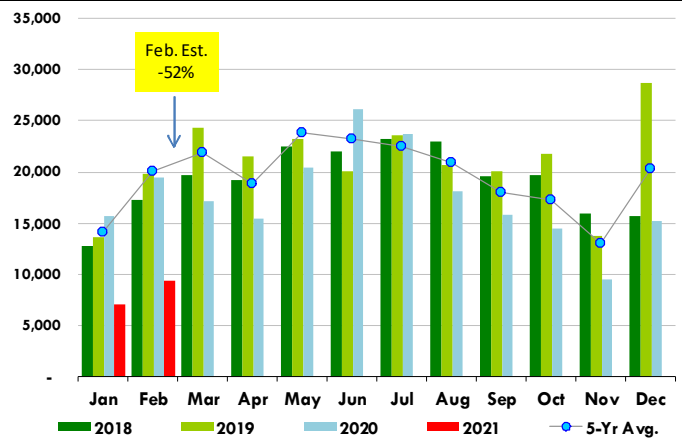


Distribution of Feedlots in the US



AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

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



see a significant deterioration in cattle performance in the next few weeks.

Imported grinding beef supply remains limited

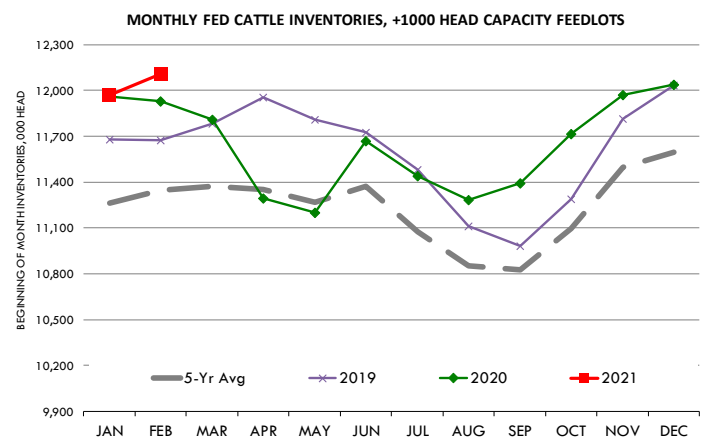
We currently think that Australian beef exports to the US in February will be around 9k to

9.3k MT, down 52% compared to a year ago. Overall Australian beef exports for the month of February are on track to be around 65k MT, 30% lower than a year ago. Imports from other markets remain limited as well although higher imports from New Zealand have helped offset the decline in Australian imports in the early weeks of this year. We calculate that imports from grinding beef supplying countries are currently running at less than 8,000 MT per week, 20% lower than a year ago. We have yet to see any significant volumes from Brazil and Argentina although there has been some improvement in imports from Central America after a very slow start to the year.

US Cattle on Feed update

On February 1 the total inventory of cattle in feedlots with +1000 head capacity was estimated at 12.106 million head, 178k head or 1.5% higher than the previous year. Analysts polled ahead of the report were expecting the inventory to be up 0.9%. The inventory of cattle on feed continues to be front loaded, with a large number of cattle that have been on feed for more than 120 days. Per our calculations, the +120 day feedlot inventory on February 1 was 4.392 million head, 557k head or 14.5% higher than a year ago. The large supply of long fed cattle continues to impact cash prices, which have been stagnant despite a sharp rally in the cutout. It is also reflected in fed cattle weights, with the latest data showing steer weights up 16 pounds or +1.8% compared to a year ago and heifer weights up 14 pounds or +1.7% compared to last year.

Placements: Feedlots with +1000 head capacity placed 2.017 million head of cattle on feed during January, **62,000 head or 3.2% more than a year ago.** Analysts polled ahead of the report on average expected placements to be slightly lower than last year. The increase in placements should not be a big surprise, however. The supply of cattle outside feedlots on January 1 was only marginally lower than the previous year. Fed cattle values were quite robust in January but higher feed costs may have offset some of those gains. June fed cattle prices at the start of January were \$112.5/cwt. By the end of the month, June futures had gained 4.5%. Corn futures during January gained 13% and soybean meal futures were up 1.6%. Feeder and stocker receipts were higher in January. Data



for the four weeks ending January 29 show feeder and stocker sales were up 8.6% compared to the same four week period a year ago. Auction receipts were up 2.7% while direct receipts were up 46% and video/internet sales were up 11.6%. Some regional surveys also showed robust placements during the month. Most of the increase was in placements of cattle between 700-799 pounds, which increased by 40k head or 7% compared to a year ago. We would expect these animals to come to market in late April and May. One surprise was the increase in placements of calves under 600 pounds, which were up 20k head or 5% compared to last year. High feed costs should incentivize producers to add more pounds outside feedlots. However, dry conditions may have forced producers to push light calves onto feedlots. Placements of under 600 lb. calves in Kansas were up 10k head or 20% and placements of such cattle in Texas were up 20k head or 15%.

Marketings: There was no surprise in the marketing number, as USDA survey pegged January marketings 5.6% below last year, consistent with fed cattle slaughter during the month and analyst estimates. There were two fewer marketing days in January, which affected the total number. This also affected the inventory turnover rate in January (ratio of marketings to the +90day inventory). This ratio in January was 29.3% compared to 33.5% last year and 32.9% average of the last five years. February will likely see lower marketings as well due to weather events and a generally lower slaughter rate during regular business days.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	18-Feb-21	11-Feb-21		20-Feb-20	
CME FEEDER CATTLE INDEX	138.11	135.34	2.0%	142.08	-2.8%
	19-Feb-21	12-Feb-21		21-Feb-20	
FED STEER (5-MKT AVG)	114.04	113.87	0.1%	119.75	-4.8%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	114.50	115.50	-0.9%	97.00	18.0%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	118.00	115.50	2.2%	102.00	15.7%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	116.00	111.00	4.5%	103.50	12.1%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	184.66	182.25	1.3%	178.53	3.4%

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
	19-Feb-21		12-Feb-21			21-Feb-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	250.0		251.0	253.0	-3.0	215.0	220.0	30.0
90 CL Blended Cow	227.0	230.0	230.0	232.0	-2.0	205.0	210.0	20.0
90 CL Shank	230.0	232.0	234.0	235.0	-3.0	208.0	210.0	22.0
85 CL Fores	200.0	205.0		UNQ	N/A	200.0	201.0	4.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	248.0	249.0	249.0	250.0	-1.0	215.0	220.0	29.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	200.0	202.0		UNQ	N/A	198.0	200.0	2.0
80 CL Trimmings		UNQ		UNQ	N/A	185.0	190.0	N/A
75 CL Trimmings		UNQ		UNQ	N/A	175.0	180.0	N/A
65 CL Trimmings		UNQ		UNQ	N/A	155.0	160.0	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	215.0	320.0	320.0	325.0	-5.0	280.0	285.0	35.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		270.0		UNQ	N/A	240.0	245.0	25.0
Steer Knuckles	265.0	270.0		UNQ	N/A	260.0	265.0	5.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	19-Feb-21	12-Feb-21	12-Feb-21	21-Feb-20		21-Feb-20		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	260.0	261.0	263.0	-3.0	238.0	240.0	20.0	
90 CL Blended Cow	237.0	238.0	240.0	241.0	-3.0	220.0	222.0	16.0
90 CL Shank	240.0	241.0	243.0	245.0	-4.0	223.0	225.0	16.0
85 CL Fores	211.0	212.0	212.0	213.0	-1.0	210.0	211.0	1.0
85 CL Chucks	UNQ		UNQ	N/A		UNQ	N/A	
95 CL Bull, W. Coast	258.0	259.0	261.0	262.0	-3.0	238.0	239.0	20.0
Uruguay CFH 90CL, E. Coast	UNQ		UNQ	N/A		UNQ	N/A	
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	211.0	211.0	212.0	-1.0	209.0	210.0	1.0	
80 CL Trimmings	185.0		UNQ	N/A	195.0	198.0	-13.0	
75 CL Trimmings	165.0	170.0		UNQ	N/A	183.0	185.0	-15.0
65 CL Trimmings	UNQ		UNQ	N/A	163.0	165.0	N/A	
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	330.0	335.0	330.0	340.0	-5.0	290.0	295.0	40.0
Steer Insides 14/18	UNQ		UNQ	N/A		UNQ	N/A	
Steer Flats	280.0	280.0	285.0	-5.0		250.0	30.0	
Steer Knuckles	270.0	275.0	280.0	-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			
	19-Feb-21	12-Feb-21	21-Feb-20	Low	High	Wt.Avg	Low	High	Wt.Avg	Low	High	Wt.Avg
<u>Domestic Cutouts</u>												
Choice Cutout	239.23			232.37			6.9	205.79			33.4	
Select Cutout	227.90			220.93			7.0	201.70			26.2	
<u>Domestic Lean Grinding Beef</u>												
90 CL Boneless	222.8	230.0	226.5	220.0	229.0	223.8	2.8	227.0	242.0	231.8	-5.2	
85 CL Beef Trimmings	188.5	216.0	201.5	185.0	212.1	195.0	6.5	180.0	215.2	198.8	2.7	
50 CL Beef Trim	40.0	59.5	48.9	35.0	61.0	43.7	5.1	47.0	98.0	59.9	-11.0	
<u>Domestic Pork Trim</u>												
42 CL Pork Trim	34.0	57.5	39.3	24.9	49.5	30.6	8.7	20.5	47.5	25.2	14.1	
72 CL Pork Trim	82.0	122.0	91.0	70.3	100.3	82.6	8.4	45.0	74.6	49.8	41.2	
<u>Point of Lean Values</u>												
90 CL Domestic	251.7			248.6			3.1	257.5			-5.8	
50 CL Beef Trimming	97.7			87.5			10.2	119.7			-22.0	
42 CL Pork Trim	93.6			72.8			20.8	60.1			33.5	
72 CL Pork Trim	126.4			114.8			11.7	69.1			57.3	
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	114.04			113.87			0.2	119.75			-5.7	

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From Last Year
			Week	Week		
	19-Feb-21	11-Feb-21			21-Feb-20	
<u>Live Cattle Futures</u>						
February '21	115.925	115.325	↑	0.60	119.725	↓ -3.80
April '21	123.675	123.125	↑	0.55	118.250	↑ 5.43
June '21	120.525	119.525	↑	1.00	110.275	↑ 10.25
August '21	118.425	118.850	↓	-0.42	109.400	↑ 9.02
<u>Feeder Cattle Futures</u>						
March '21	139.125	139.150	↓	-0.03	140.200	↓ -1.07
Apr '21	142.675	143.375	↓	-0.70	142.100	↑ 0.58
May '21	145.725	145.450	↑	0.28	142.850	↑ 2.88
August '21	153.900	153.000	↑	0.90	149.675	↑ 4.22
<u>Corn Futures</u>						
March '20	542.750	541.000	↑	1.75	377.000	↑ 165.75
May '20	541.750	539.750	↑	2.00	380.750	↑ 161.00
July '20	533.000	527.750	↑	5.25	383.500	↑ 149.50
September '20	481.750	474.750	↑	7.00	382.000	↑ 99.75
<u>Ch Wheat Futures</u>						
March '20	650 3/4	633 1/2	↑	17.25	551	↑ 99.75
May '20	655 1/2	639	↑	16.50	552	↑ 103.50
July '20	643 1/4	628 1/4	↑	15.00	552	↑ 91.25
September '20	641 3/4	628 1/4	↑	13.50	558	↑ 83.75

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From Last Year
			Week	Week		
	19-Feb-21	12-Feb-21			22-Feb-20	
Total Cattle Slaughter	552,000	608,000	↓	-56,000	626,000	↓ -74,000
	6-Feb-21	30-Jan-21			8-Feb-20	
Total Cow Slaughter	134,763	135,745	↓	-982	130,830	↑ 3,933
Dairy Cow Slaughter	67,597	69,528	↓	-1,931	67,523	↑ 74
Beef Cow Slaughter	67,166	66,217	↑	949	63,307	↑ 3,859

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

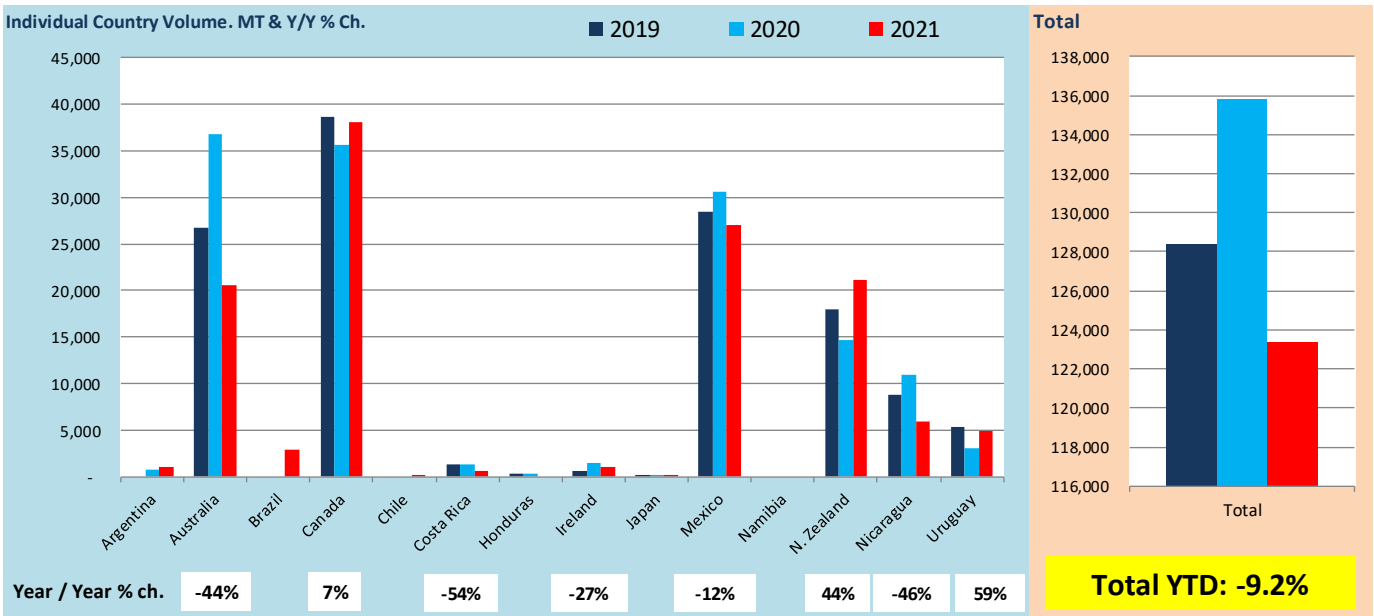
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 7	2/15/2020	2/13/2021		
Argentina	772	1,042	270	
Australia	36,767	20,617	(16,150)	-43.9%
Brazil	-	2,996	2,996	
Canada	35,621	38,018	2,397	6.7%
Chile	-	26	26	
Costa Rica	1,363	623	(740)	-54.3%
France	-	-	-	
Honduras	424	-	(424)	-100.0%
Ireland	1,475	1,071	(404)	-27.4%
Japan	76	85	9	11.8%
Mexico	30,611	27,005	(3,606)	-11.8%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	14,637	21,115	6,478	44.3%
Nicaragua	10,986	5,883	(5,103)	-46.5%
Spain	-	-	-	
Uruguay	3,074	4,899	1,825	59.4%
Total	135,806	123,378	(12,428)	-9.2%

Source: AMS - USDA

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

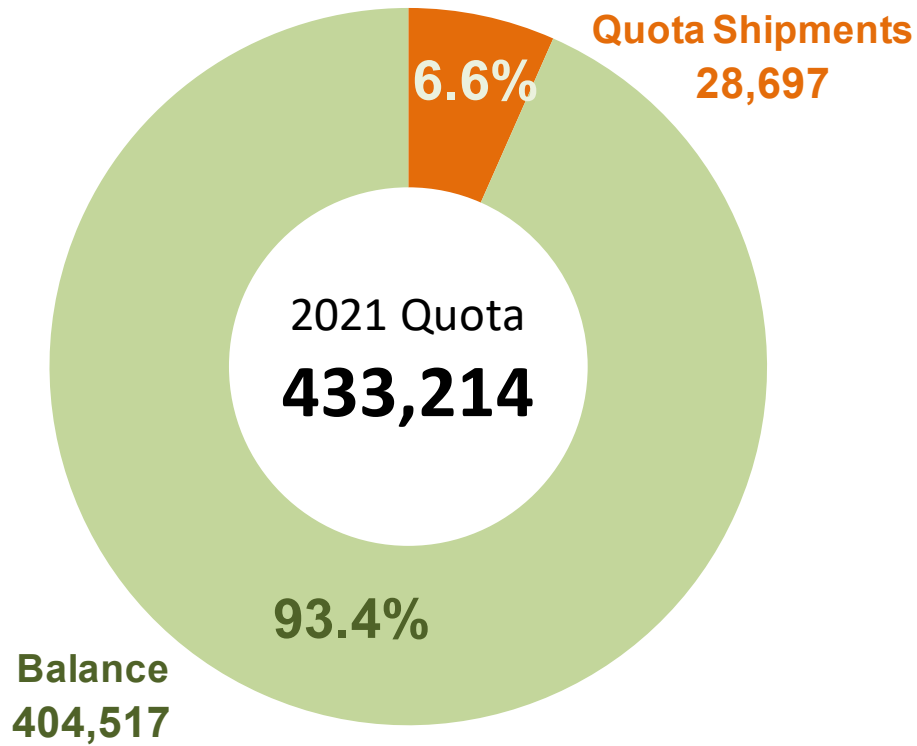
Imports as of February 13, 2021



Australian Beef Quota Position

18-Feb-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending February 16. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

