



US Imported Beef Market

A Weekly Update

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

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Market Highlights for the Week:

- US wholesale beef prices have jumped \$47/cwt or 21% in the last four weeks, largely due to sharply higher prices for steak cuts. Spot supply is tight as retailers booked more product on a forward basis earlier in the year and foodservice operators are looking to refill the pipeline now that most states are reopening.
- The price of 50CL beef trim gained another 20 cents this week. Higher overall beef prices, the seasonal decline in fed cattle weights and expected strong retail ground beef demand caused prices to quickly escalate.
- US beef imports in February were down 14% compared to a year ago. Imports from Australia declined by almost 10,000 MT or 65% compared to last year, followed by lower imports from New Zealand and Nicaragua.
- US cattle slaughter last week was 641k head, 21% higher from a year ago but only 0.5% higher than in 2019. Seasonally cattle slaughter is higher in Q2 but tight labor supply and COVID mitigation measures may limit available capacity.

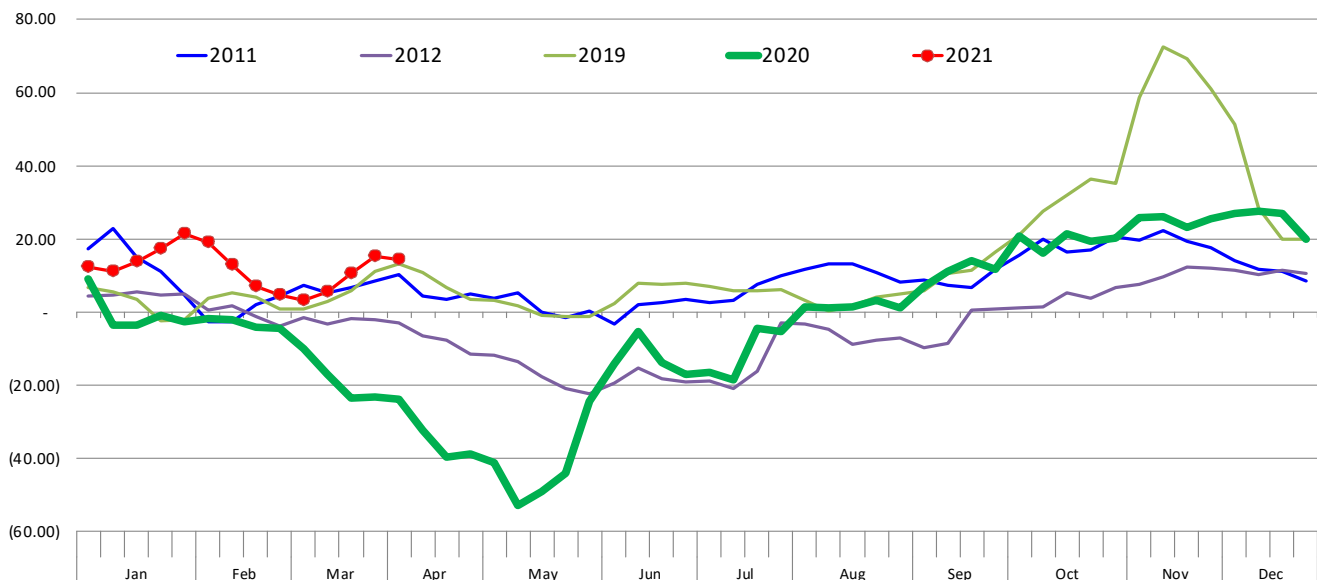
Imported Market Activity for the Week

Imported beef market continues to trade very firm and prices were higher on limited spot supplies, escalating asking prices from overseas packers and a very bullish attitude in the domestic market. Buyers looking for bull meat found supply extremely thin and New Zealand suppliers point out that the supply simply does not exist as it is committed to regular large buyers and seasonally slaughter is limited at this time of year. Cow slaughter is slowly increasing but availability is limited now that China has be-

come a more active participant. Suppliers are also well aware of the sharp escalation in prices for all meat products in the US and this has dramatically changed their approach to sales for the next few months. US importers note that demand is extremely good. But the low rate of imports from Australia the last three months has significantly affected their positions. Imports from Brazil and Argentina have been relatively light as well. But for those with some inventory business was described as excellent as buyers are scrambling to get needs covered. The quick escalation in the price of 50CL trim had an immediate impact on prices

Imported Minus Domestic 90CL Beef

Weekly Data



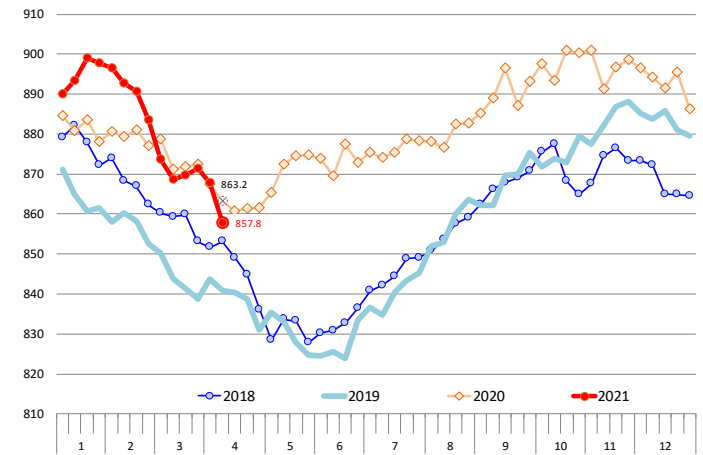
for 85CL product, which registered the biggest gain for the week. Supplies of imported fat trim are almost non-existent because US prices have been weak for so long that very little product has come this way. Similarly, round cuts from Australia and New Zealand are not available as Asia continues to pay premiums that US market so far has not been able to match. Some round cuts are available from South America.

Market notes from last week:

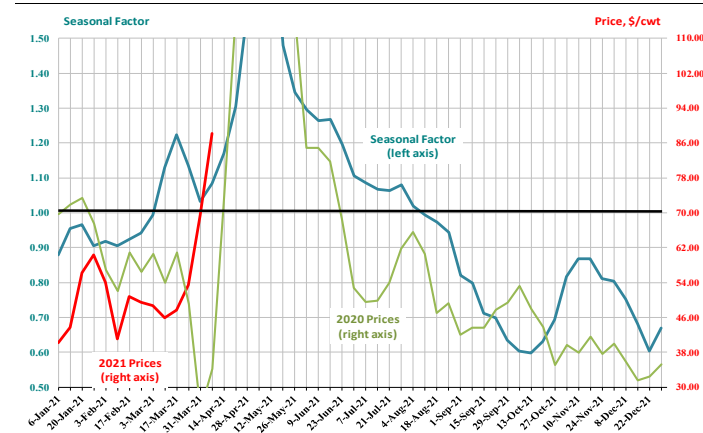
- Cattle slaughter last week was 641,000 head, some 21% higher than the COVID reduced slaughter a year ago but 0.5% higher than the comparable week in 2019. Packer margins have been excellent so far this year but a tight labor supply and restrictions put in place during the pandemic have limited overall slaughter capacity. While overall on feed inventories on March 1 were higher than in 2019, cattle slaughter in the last four weeks has averaged 0.3% lower than in 2019. Usually packers ramp up slaughter in Q2 in order to meet demand. In previous years they were able to do this by scheduling more cattle for slaughter on Saturday. However, Saturday slaughter in the last three months has averaged some 75% higher than what it was in 2019. This means there is not much slack left to increase slaughter in the next three months.
- The price of 50CL beef has jumped sharply higher in the last two weeks. The speed at which prices have escalated caught some by surprise, but seasonally it is not unusual to see fat trim prices move higher in April. Retailers have started to ramp up their ground beef features now that weather is improving and this means packers have less product available to sell in the open market. Fed cattle weights are also coming down, which tends to limit the supply of fat trim available. The previous week average fed cattle weights declined by 10 pounds and weights are now below year ago. In the next six weeks we expect to see fed cattle weights continue to decline as packers run slaughter at near full capacity. Lower placements in Oct/Nov/Dec and a robust slaughter pace should see feedlots become increasingly current at a time when demand for ground beef normally improves. All this has contributed to the recent gains in the value of 50CL beef and prices are expected to increase further in the

Fed Cattle (Steer+Heifer) Weights from USDA Weekly Comprehensive Cattle Report

Year/Year Comparison. Data Series Started in August 2017. Source: USDA-AMS

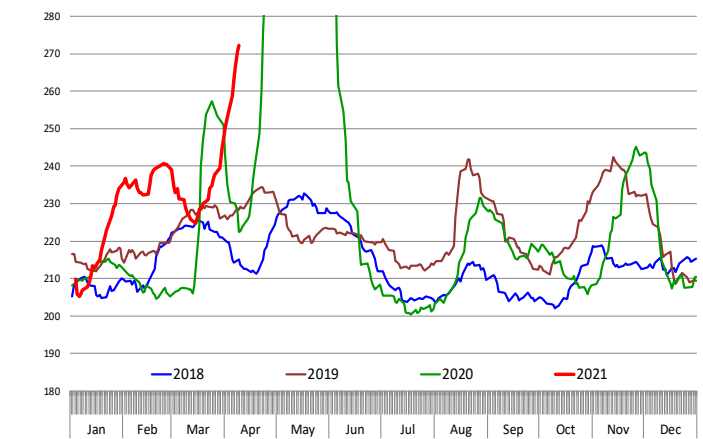


50CL Trim 5-Yr Seasonal vs. Current Price Trends



CHOICE BEEF CUTOUT VALUE

Daily Prices: \$/cwt. Source: USDA-AMS Mandatory Price Reporting Service

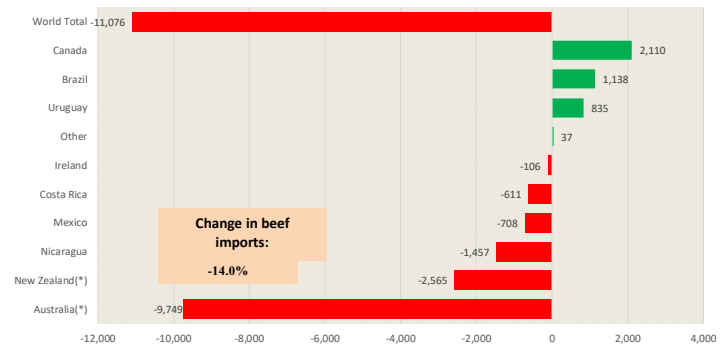


coming weeks.

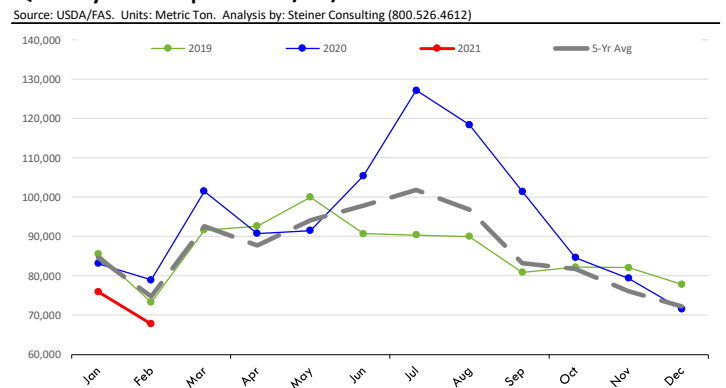
- Grinding beef prices were higher last week but the price gains were far slower than the increase in overall wholesale beef prices. The choice beef cutout closed on Friday over \$270/cwt, an all time record high for this time of

year and second only to last year's May price when COVID caused slaughter to decline by 35%. This time around it is demand that is driving beef price inflation. Retailers were very aggressive in forward booking beef in January and February, well aware of their needs going into the grilling season. This means that a larger share of weekly production is already committed. At the same time, foodservice operators and their distributors are hard at work to refill the pipeline now that the pace of vaccinations has accelerated. Export demand also remains very good, with China now the third largest market for US beef while Japan and S. Korea remain major buyers. Big orders from S. Korea last week (over 9,000 MT) likely contributed to the \$1 jump in the price of briskets. Most of the gains in the cutout, however, have been due to higher prices for steak cuts. It is hard to call at top in the US wholesale beef market at this time, especially as prices for other proteins also continue to escalate. In the near term, however, very high prices for wholesale beef cuts will continue to underpin prices for imported grinding beef and cuts.

Y/Y Ch. in Feb. 21 vs. Feb 20 US Beef and Veal Imports, MT
 Source: USDA/FAS Data in MT, Product Weight Basis



Quantity of US Imports of Fr/Frz/Pres Beef: World Total



- Total imports of fresh/frozen and cooked beef in February were 67,853 MT, 11,076 MT or 14% lower than a year ago. The decline was largely due to lower imports from Australia, something we have pointed out for the last few weeks. Total imports from Australia were just 5,583 MT, down almost 10,000 MT or 64% from the previous year. In the first two months of the year, US imports from Australia are down 20,100 MT. Imports from New Zealand in February were 9,741 MT, 2,565 MT or 21%

lower than a year ago and imports from Nicaragua at 4,386 MT were 25% lower than a year ago. The slow pace of shipments from Australia and New Zealand in February and March implies that imports will continue to remain limited in the near term and help explain the tight supply situation and higher prices in the market.

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CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	8-Apr-21	1-Apr-21		9-Apr-20	
CME FEEDER CATTLE INDEX	141.79	140.35	1.0%	114.97	23.3%
	9-Apr-21	2-Apr-21		10-Apr-20	
FED STEER (5-MKT AVG)	121.45	117.36	3.5%	105.00	15.7%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	123.50	120.50	2.5%	102.50	20.5%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	123.50	121.00	2.1%	105.00	17.6%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	120.00	118.00	1.7%	99.50	20.6%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	190.71	189.25	0.8%	183.80	3.8%

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
	9-Apr-21		2-Apr-21			10-Apr-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	260.0	250.0	254.0	6.0	220.0	225.0	35.0	
90 CL Blended Cow	240.0	235.0	237.0	3.0	210.0	212.0	28.0	
90 CL Shank	243.0	245.0	235.0	236.0	9.0	208.0	209.0	36.0
85 CL Fores	220.0	221.0	215.0	216.0	5.0	195.0	197.0	24.0
85 CL Chucks	UNQ		UNQ	N/A		UNQ	N/A	
95 CL Bull, W. Coast	257.0	258.0	250.0	252.0	6.0	220.0	224.0	34.0
Uruguay CFH 90CL, E. Coast	UNQ		UNQ	N/A		UNQ	N/A	
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	219.0	220.0	214.0	215.0	5.0	194.0	195.0	25.0
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	325.0	330.0	325.0	5.0	290.0	295.0	35.0	
Steer Insides 14/18	UNQ		UNQ	N/A		UNQ	N/A	
Steer Flats	285.0	290.0	280.0	10.0		UNQ	N/A	
Steer Knuckles	285.0	290.0	275.0	15.0		UNQ	N/A	

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	9-Apr-21		2-Apr-21			10-Apr-20		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	271.0	272.0	265.0	266.0	6.0	231.0	233.0	39.0
90 CL Blended Cow	250.0	252.0	248.0	249.0	3.0	210.0	213.0	39.0
90 CL Shank		255.0	245.0	246.0	9.0	225.0	226.0	29.0
85 CL Fores	231.0	232.0	227.0	228.0	4.0	200.0	201.0	31.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	270.0	271.0		264.0	7.0	230.0	232.0	39.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	230.0	231.0	225.0	227.0	4.0		200.0	31.0
80 CL Trimmings	200.0	205.0	190.0	195.0	10.0	190.0	192.0	13.0
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	330.0	335.0	330.0	335.0	0.0	290.0	300.0	35.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		300.0		290.0	10.0		UNQ	N/A
Steer Knuckles	290.0	295.0		285.0	10.0	265.0	270.0	25.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	9-Apr-21			2-Apr-21				10-Apr-20			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	272.17			252.85			19.3	223.93			48.2
Select Cutout	264.07			246.97			17.1	208.33			55.7
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	231.0	242.0	233.9	229.0	237.0	231.5	2.3	233.0	250.0	240.3	-6.5
85 CL Beef Trimmings	199.0	224.0	207.0	192.5	225.0	202.9	4.1	197.0	225.0	208.9	-1.9
50 CL Beef Trim	62.0	96.0	83.3	43.0	82.0	67.6	15.7	18.0	60.5	33.6	49.7
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	83.9	121.5	102.7	91.0	125.5	103.3	-0.6	14.0	37.3	17.5	85.2
72 CL Pork Trim	117.1	165.0	133.9	106.8	161.8	132.0	2.0	27.0	75.8	37.5	96.5
<u>Point of Lean Values</u>											
90 CL Domestic	259.8			257.3			2.6	267.0			-7.2
50 CL Beef Trimming	166.5			135.2			31.3	67.1			99.4
42 CL Pork Trim	244.6			245.9			-1.3	41.7			202.9
72 CL Pork Trim	186.0			183.3			2.7	52.0			134.0
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	121.45			117.36			4.1	105.00			16.5

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week		Change From Last Week		Change From Last Year	
	9-Apr-21	1-Apr-21			9-Apr-20	
Live Cattle Futures						
April '21	123.425	120.025	↑	3.40	94.000	↑ 29.43
June '21	122.575	122.550	↑	0.03	84.375	↑ 38.20
August '21	122.400	121.525	↑	0.88	90.750	↑ 31.65
October '21	125.700	124.625	↑	1.08	96.650	↑ 29.05
Feeder Cattle Futures						
Apr '21	144.750	143.875	↑	0.88	119.525	↑ 25.23
May '21	149.625	149.225	↑	0.40	118.950	↑ 30.68
August '21	159.950	158.000	↑	1.95	128.875	↑ 31.08
October '21	161.550	159.150	↑	2.40	129.900	↑ 31.65
Corn Futures						
May '20	577.250	559.750	↑	17.50	331.750	↑ 245.50
July '20	562.750	545.250	↑	17.50	336.750	↑ 226.00
September '20	510.750	501.000	↑	9.75	341.750	↑ 169.00
December '20	496.500	484.500	↑	12.00	341.750	↑ 154.75
Ch Wheat Futures						
May '20	638 3/4	611	↑	27.75	556 1/2	↑ 82.25
July '20	640 1/2	610 1/2	↑	30.00	557 1/2	↑ 83.00
September '20	641 1/2	612 1/2	↑	29.00	561 1/4	↑ 80.25
December '20	646	618 3/4	↑	27.25	567 3/4	↑ 78.25

Slaughter Information	7 Days Ending		Change From Last Week		Change From Last Year	
	9-Apr-21	2-Apr-21			11-Apr-20	
Total Cattle Slaughter	641,000	609,000	↑	32,000	529,000	↑ 112,000
	27-Mar-21	20-Mar-21			28-Mar-20	
Total Cow Slaughter	131,531	123,167	↑	8,364	127,918	↑ 3,613
Dairy Cow Slaughter	65,899	62,316	↑	3,583	67,478	↓ -1,579
Beef Cow Slaughter	65,632	60,851	↑	4,781	60,440	↑ 5,192

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

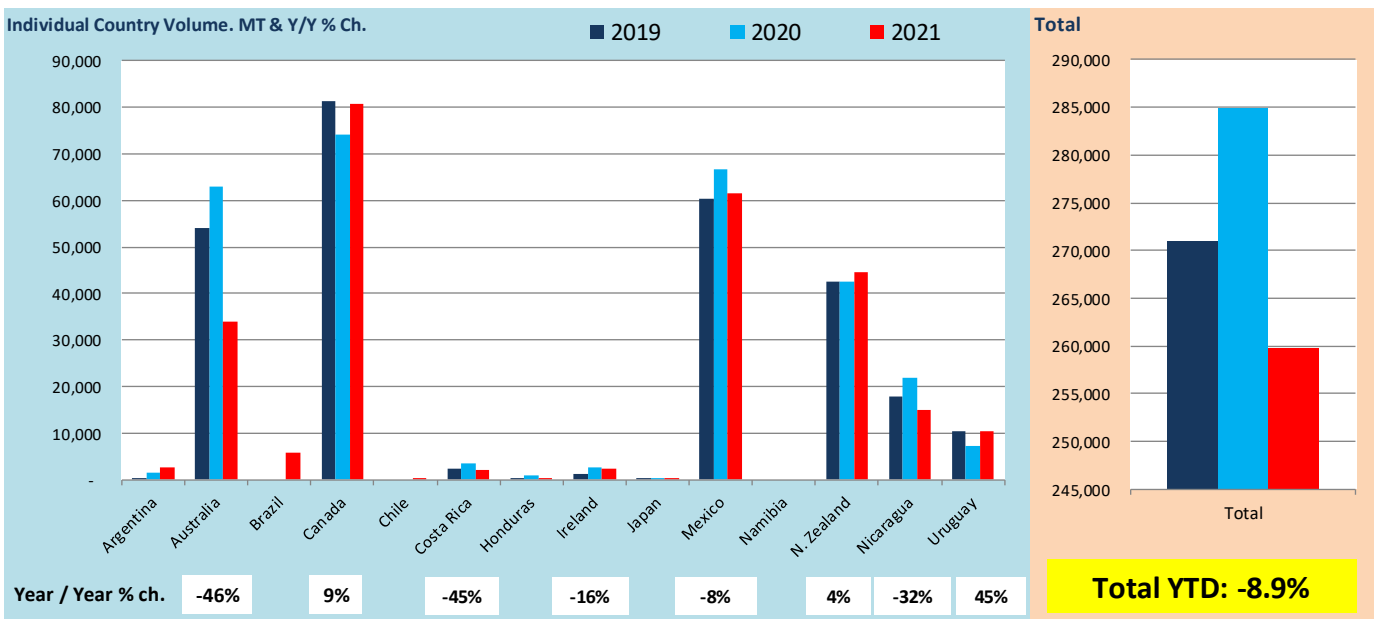
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 14	4/4/2020	4/3/2021		
Argentina	1,651	2,588	937	
Australia	62,946	34,113	(28,833)	-45.8%
Brazil	-	5,915	5,915	
Canada	74,247	80,784	6,537	8.8%
Chile	-	58	58	
Costa Rica	3,689	2,021	(1,668)	-45.2%
France	-	-	-	
Honduras	943	22	(921)	-97.7%
Ireland	2,749	2,299	(450)	-16.4%
Japan	135	203	68	50.4%
Mexico	66,621	61,624	(4,997)	-7.5%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	42,628	44,504	1,876	4.4%
Nicaragua	22,064	14,973	(7,091)	-32.1%
Spain	-	-	-	
Uruguay	7,295	10,595	3,300	45.2%
Total	284,968	259,699	(25,269)	-8.9%

Source: AMS - USDA

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

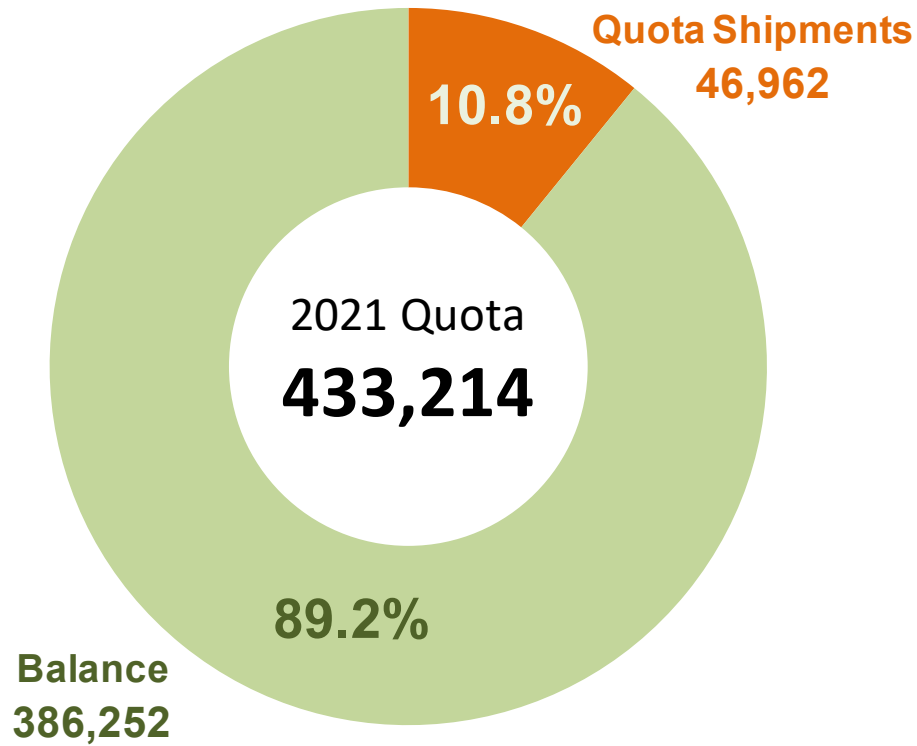
Imports as of April 3, 2021



Australian Beef Quota Position

8-Apr-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending April 5. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

