



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- Cattle slaughter down 16k from the previous week and 24k head lower than in 2019. The decline was all driven by fewer fed cattle coming to slaughter while non-fed cattle slaughter at 139k head was 8k head higher than in 2019.
- Slaughter capacity and labor constraints for trim/fab lines remains a major limiting factor, driving wholesale beef inflation and depressing fed cattle values.
- Choice wholesale beef prices are now 32% higher than where they were just six weeks ago, with near 2/3 of the increase due to higher prices for steak cuts.
- Memorial Day is around the corner and retailers are gearing up for steak promotions at a time when foodservice business is opening up and the consumer has a lot of cash in the pocket and a year of missing out.
- Drought conditions have intensified in some areas, driving some beef cow liquidation
- New Zealand exports flat in March vs. year ago. But exports to China up 43% while exports to the US were down 10%.

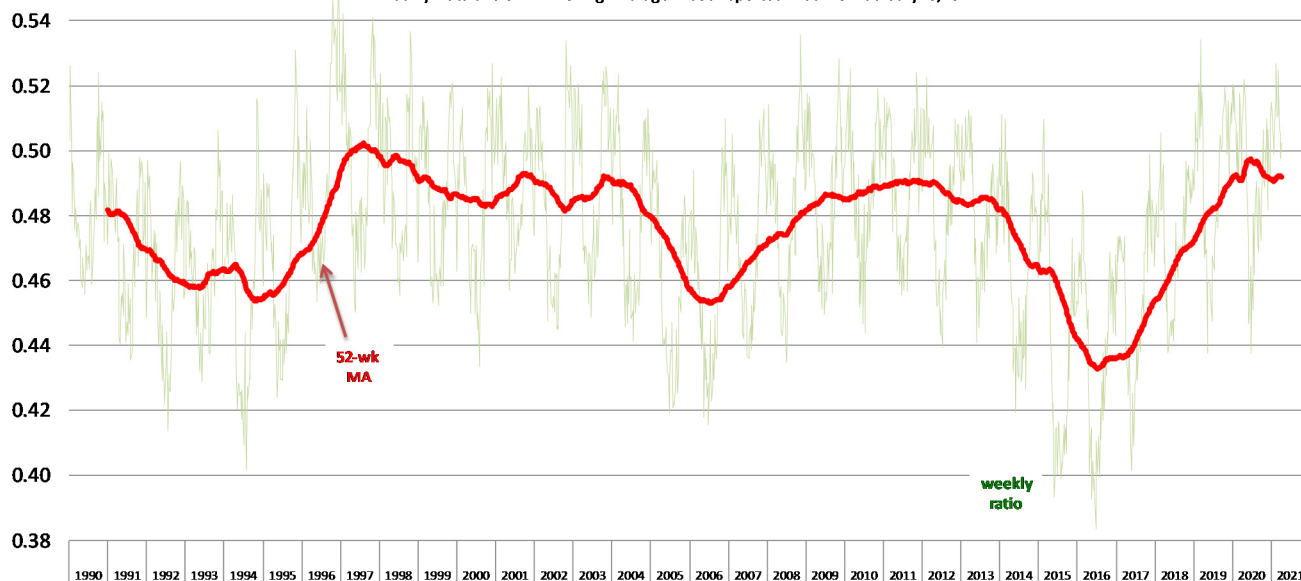
Imported Market Activity for the Week

Imported beef prices were marginally lower for the week but trade volume was light and offerings from overseas suppliers were limited. Market participants we contacted noted that large end users seemed to step back a bit this week and the lower trade was largely due to importers to keep the flow of product moving. There is a lot of uncertainty about prices in late June and July. Seasonally we see some weakness start to develop during that time of year as hot summer weather starts to take its toll. There is also a lot of specula-

tion about domestic lean grinding beef supplies this summer as drought conditions have worsened (more on this on page 2). With that said, participants continue to point out that Asian markets are consistently outbidding the US, limiting supply availability. China remains a major factor and lack of supply in Australia is unlikely to improve anytime soon. South American supply remains limited but there has been some improvement in Central American supplies recently. For now imported beef market is at a standstill, looking for direction but, in our opinion, price risk remains skewed to the upside.

Ratio of Female Slaughter (Heifers + Cows) To Total US Cattle Slaughter

Weekly Data and 52wk Moving Average. Last Reported Week is February 26, 2021

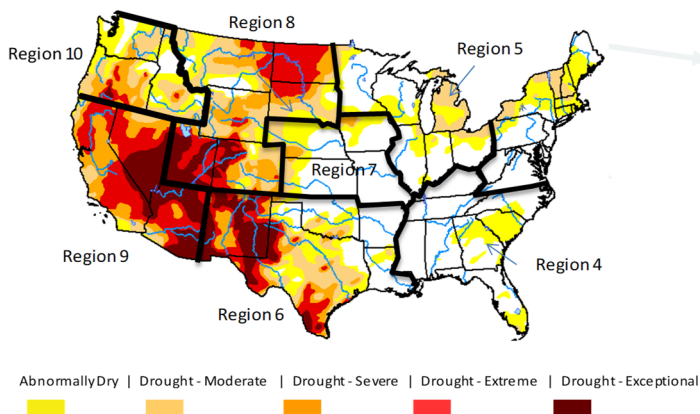


Market notes for the week:

- US cattle slaughter last week declined 16k head from the previous week and also 24k head lower than the comparable week in 2019. Packers continue to struggle with capacity constraints at a time when wholesale beef demand continues to improve. As a result, fed cattle values for the week declined under \$120/cwt while the choice beef cutout on Friday climbed to \$296/cwt. We estimate that fed cattle slaughter last week was 510k head compared 523k the week before and 542k in 2019. Cow and bull slaughter for the week is estimated at 139k head vs 142k the week before and 131k in 2019. The relatively high rate of cow slaughter continues to keep lean grinding beef market well supplied and has helped keep lean beef prices in check despite runaway wholesale beef prices.
- As we have noted in recent weeks, higher prices for steak cuts have been the primary reason for the increase in wholesale beef prices in the last six weeks. Since March 15, the choice beef cutout has increased by \$72/cwt or 32% and almost 2/3 of the increase is due to the higher value of the loin and rib primal. Clearly going into Memorial Day retailers are betting big on steak features. There is broad expectation that there will be far more family and group celebrations this year thanks to the successful rollout of vaccines. Pent up demand, seasonal demand improvement and significantly higher incomes are expected to drive beef demand during Memorial Day. This weekend at the end of May is often seen as the top beef consumption day of the year and this year it is expected to be far higher than any other time in recent memory. Consumer incomes jumped by 21% in March thanks to the rollout of the \$1.9 trillion stimulus bill. Consumer bank accounts were already in excellent shape due to forced savings and previous stimulus checks. Consider that at the end of December checkable deposits were over \$3 trillion compared to around \$800 billion at the end of Q3 in 2019. Those deposits were likely even higher at the end of March.
- Beef cow slaughter has been higher than the same period in 2020 and also above 2019 levels. Drought conditions may have contributed to the increase in beef cow slaughter so far. During the first 17 weeks of this year, beef slaughter in region 5 was up 18% compared to a year ago and slaughter in region 6 was up

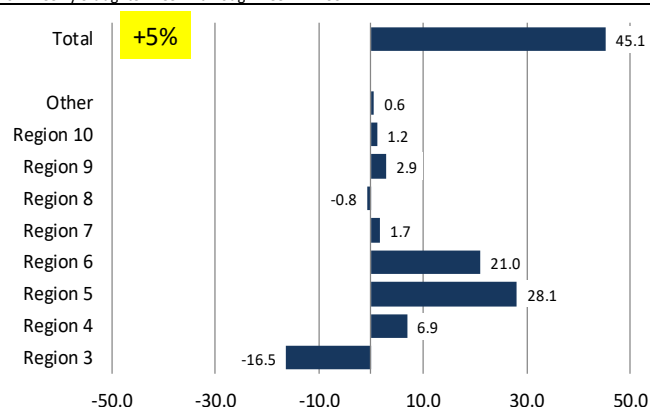
USDA Federal Regions & Current Drought Monitor

Cow Slaughter Region Definition from SJ_LS714. Drought Monitor as of April 29, 2021

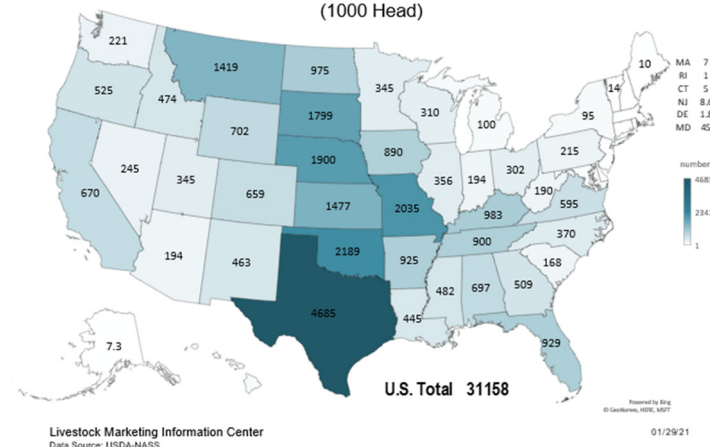


Y/Y Change in Beef Cow Sltr. Jan-Apr. 000 Head

Based on Weekly Slaughter week 1 through week 17. USDA



BEEF COWS THAT CALVED JANUARY 1, 2021 (1000 Head)



10% y/y. Beef cow slaughter has also increased in region 9, which includes California. Drought in the region has intensified and YTD beef cow slaughter in this region is up 32% compared to the same period in 2019. The increase in beef cow slaughter and more heifers going to slaughter continue to drive liquidation. Some long run forecasts are suggesting the potential for herd rebuilding and higher beef sup-

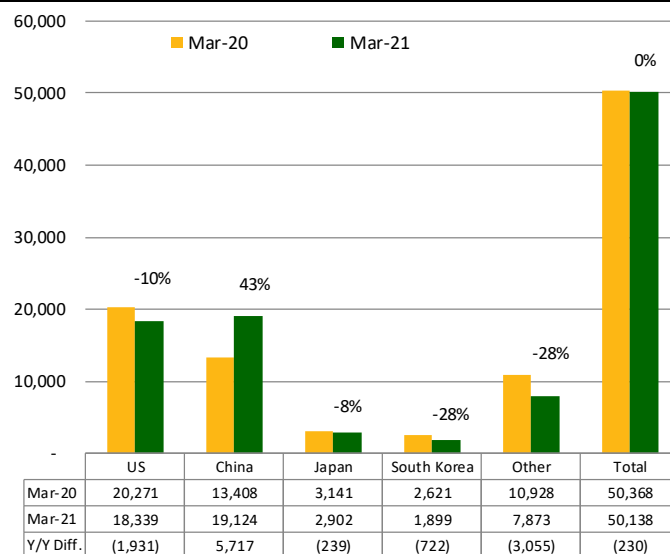
plies in late 2022 and 2023. We think those forecasts may be too optimistic. Higher corn prices have negatively impacted feeder cattle prices recently and increasing drought pressure have put more pressure on cow-calf producers to curtail their growth plans. In the near term this has helped bolster lean beef values and the ratio of 90CL boneless beef to the cutout is on the low end of the five year range. However, this will tend to drive inflation expectations for 2022 and 2023 as beef supply growth is further delayed.

- Chinese buyers have become more active in the New Zealand market, driving competition and prices. While higher supplies from New Zealand helped offset the shortfall in Australian product earlier in the year, that will not be the case in Q2. March New Zealand beef exports were about the same as a year ago. However, exports to the US market declined 10% compared to last year while exports to China were up 43% from the depressed levels of last year. Seasonally New Zealand slaughter peaks in May and early June. So far slaughter has been running lower than the last three years thanks to generally positive moisture conditions and higher beef prices in the world market. Higher price expectations and feed availability have encouraged producers to limit the flow of cattle to market. With that said, we still expect New Zealand supplies to decline sharply in late June and July. At that time the lack of Australian product will become more obvious.

New Zealand Fresh/Frozen Beef Exports in March

Source: Statistics NZ

Units: Metric Tons



CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	29-Apr-21	22-Apr-21		30-Apr-20	
CME FEEDER CATTLE INDEX	134.13	136.36	-1.6%	119.39	12.3%
	30-Apr-21	23-Apr-21		1-May-20	
FED STEER (5-MKT AVG)	119.64	121.57	-1.6%	96.57	23.9%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	120.00	118.50	1.3%	99.00	21.2%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	123.00	120.00	2.5%	101.50	21.2%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	120.00	120.00	0.0%	103.50	15.9%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	197.89	196.89	0.5%	200.95	-1.5%

CME Feeder Cattle Index



Source: Chicago Mercantile Exchange

TABLE 2 – IMPORTED BEEF PRICES, 7:45 DAYS, CIF

					Change From Last Week			Change From Last Year
Current Week			Prior Week			Last Year		
30-Apr-21			23-Apr-21			1-May-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	264.0	265.0	265.0	266.0	-1.0	232.0	235.0	30.0
90 CL Blended Cow	245.0	246.0	245.0	248.0	-2.0	215.0	217.0	29.0
90 CL Shank		250.0	250.0	252.0	-2.0	225.0	226.0	24.0
85 CL Fores	228.0	229.0	227.0	230.0	-1.0	204.0	205.0	24.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	262.0	264.0	264.0	265.0	-1.0	230.0	232.0	32.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	227.0	228.0	227.0	228.0	0.0		204.0	24.0
80 CL Trimmings		200.0	198.0	200.0	0.0	192.0	193.0	7.0
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, CIF</u>								
Cap Off Steer Insides	340.0	345.0	340.0	345.0	0.0	300.0	305.0	40.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		295.0		295.0	0.0		UNQ	N/A
Steer Knuckles	290.0	295.0	295.0	297.0	-2.0		UNQ	N/A

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

					Change From Last Week			Change From Last Year
Current Week			Prior Week			Last Year		
30-Apr-21			23-Apr-21			1-May-20		
US East Coast Australian/NZ Lean, FOB US Port								
95 CL Bull, E. Coast	276.0	277.0	276.0	278.0	-1.0	236.0	240.0	37.0
90 CL Blended Cow	258.0	259.0	259.0	260.0	-1.0	226.0	227.0	32.0
90 CL Shank	260.0	261.0	262.0	264.0	-3.0		235.0	26.0
85 CL Fores	237.0	238.0	240.0	241.0	-3.0	215.0	216.0	22.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	274.0	276.0	275.0	277.0	-1.0	235.0	237.0	39.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
US East Coast, Trimmings, FOB US Port								
85 CL Trimmings	235.0	236.0	238.0	239.0	-3.0	214.0	215.0	21.0
80 CL Trimmings		208.0	208.0	210.0	-2.0	207.0	208.0	0.0
75 CL Trimmings		UNQ		UNQ	N/A	197.0	198.0	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
US East Coast Australian Cuts, FOB US Port								
Cap Off Steer Insides	350.0	355.0	350.0	355.0	0.0	320.0	330.0	25.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	300.0	310.0	310.0	315.0	-5.0		UNQ	N/A
Steer Knuckles		300.0	300.0	305.0	-5.0	285.0	290.0	10.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	30-Apr-21			23-Apr-21				1-May-20			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	296.50			283.77			12.7	377.45			-81.0
Select Cutout	283.05			272.13			10.9	357.13			-74.1
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	238.0	259.0	242.5	235.0	259.0	239.6	2.9	246.0	270.0	255.7	-13.3
85 CL Beef Trimmings	210.0	228.0	215.3	204.0	240.0	214.5	0.8	209.0	268.0	221.3	-6.0
50 CL Beef Trim	60.0	105.0	85.9	86.0	109.0	97.9	-12.0	122.0	251.0	210.0	-124.2
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	65.2	102.5	83.2	65.2	119.5	79.7	3.5	33.7	59.0	44.6	38.6
72 CL Pork Trim	105.0	151.0	115.2	97.7	153.0	118.5	-3.3	35.9	107.3	77.5	37.8
<u>Point of Lean Values</u>											
90 CL Domestic	269.4			266.2			3.2	284.1			-14.7
50 CL Beef Trimming	171.7			195.8			-24.1	420.1			-248.4
42 CL Pork Trim	198.2			189.7			8.4	106.3			91.9
72 CL Pork Trim	160.0			164.5			-4.5	107.6			52.4
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg.</u> <u>price)</u>	119.64			121.57			-1.9	96.57			23.1

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

<i>Futures Contracts</i>	<i>Current Week</i>	<i>Prior Week</i>	<i>Change From Last Week</i>		<i>Last Year</i>	<i>Change From Last Year</i>	
	30-Apr-21	23-Apr-21			1-May-20		
<u>Live Cattle Futures</u>							
June '21	116.575	115.725	↑	0.85	87.250	↑	29.33
August '21	118.625	116.850	↑	1.78	92.550	↑	26.08
October '21	122.900	122.050	↑	0.85	96.800	↑	26.10
December '21	126.250	126.050	↑	0.20	100.975	↑	25.28
<u>Feeder Cattle Futures</u>							
May '21	133.600	137.675	↓	-4.08	117.825	↑	15.78
August '21	146.750	149.900	↓	-3.15	127.650	↑	19.10
October '21	151.300	153.650	↓	-2.35	129.900	↑	21.40
November '21	152.775	154.825	↓	-2.05	130.475	↑	22.30
<u>Corn Futures</u>							
May '20	740.000	655.500	↑	84.50	311.500	↑	428.50
July '20	673.250	632.500	↑	40.75	318.500	↑	354.75
September '20	592.250	575.750	↑	16.50	325.500	↑	266.75
December '20	563.750	550.750	↑	13.00	325.500	↑	238.25
<u>Ch Wheat Futures</u>							
May '20	742 1/2	710 1/4	↑	32.25	521 1/2	↑	221.00
July '20	734 3/4	712 1/4	↑	22.50	516 1/2	↑	218.25
September '20	732 1/4	712 3/4	↑	19.50	520 1/4	↑	212.00
December '20	732 3/4	716	↑	16.75	529	↑	203.75

<i>Slaughter Information</i>	<i>7 Days Ending</i>	<i>7 Days Ending</i>	<i>Change From Last Week</i>		<i>7 Days Ending</i>	<i>Change From Last Year</i>	
	30-Apr-21	23-Apr-21			1-May-20		
<u>Total Cattle Slaughter</u>	649,000	665,000	↓	-16,000	439,000	↑	210,000
	17-Apr-21	10-Apr-21			18-Apr-20		
Total Cow Slaughter	128,279	124,155	↑	4,124	116,300	↑	11,979
Dairy Cow Slaughter	60,411	60,514	↓	-103	67,800	↓	-7,389
Beef Cow Slaughter	67,868	63,641	↑	4,227	48,500	↑	19,368

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

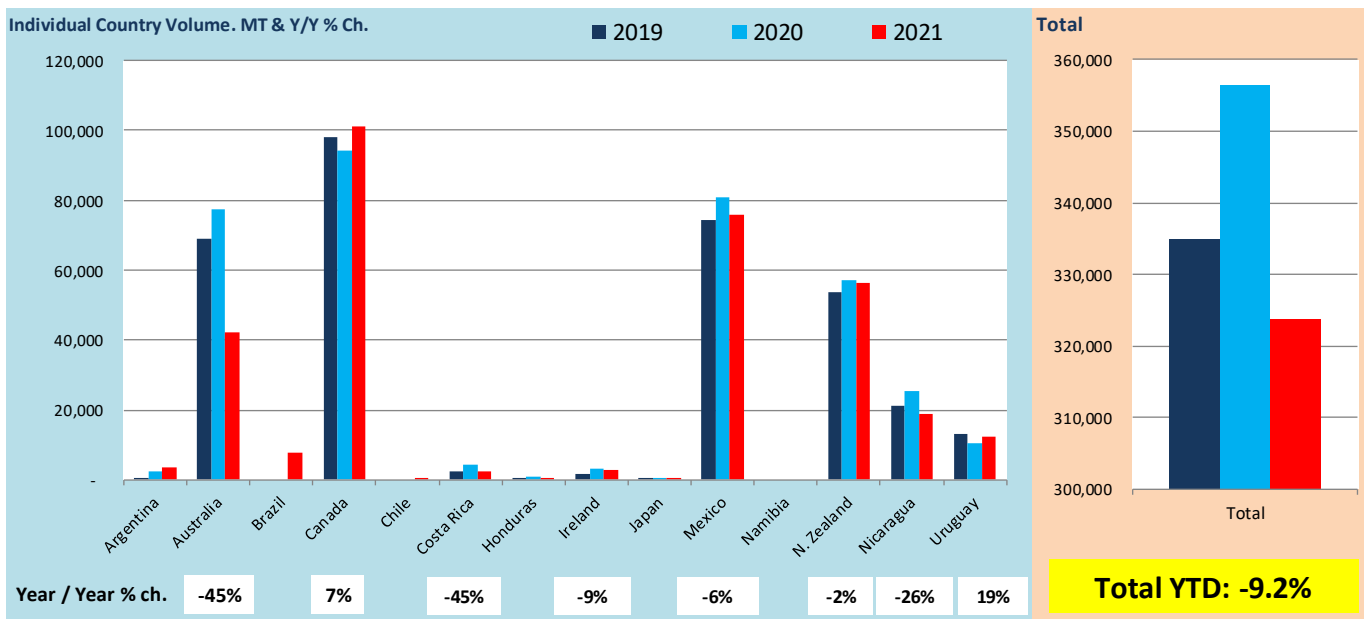
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 17	4/25/2020	4/24/2021	
Argentina	2,339	3,577	1,238
Australia	77,255	42,256	(34,999)
Brazil	-	7,712	7,712
Canada	94,340	101,142	6,802
Chile	-	110	110
Costa Rica	4,376	2,423	(1,953)
France	-	-	-
Honduras	1,059	22	(1,037)
Ireland	3,113	2,820	(293)
Japan	141	263	122
Mexico	80,706	76,034	(4,672)
Namibia	-	-	-
Netherlands	-	-	-
New Zealand	57,305	56,212	(1,093)
Nicaragua	25,400	18,811	(6,589)
Spain	-	-	-
Uruguay	10,337	12,292	1,955
Total	356,371	323,675	(32,696)

Source: AMS - USDA

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

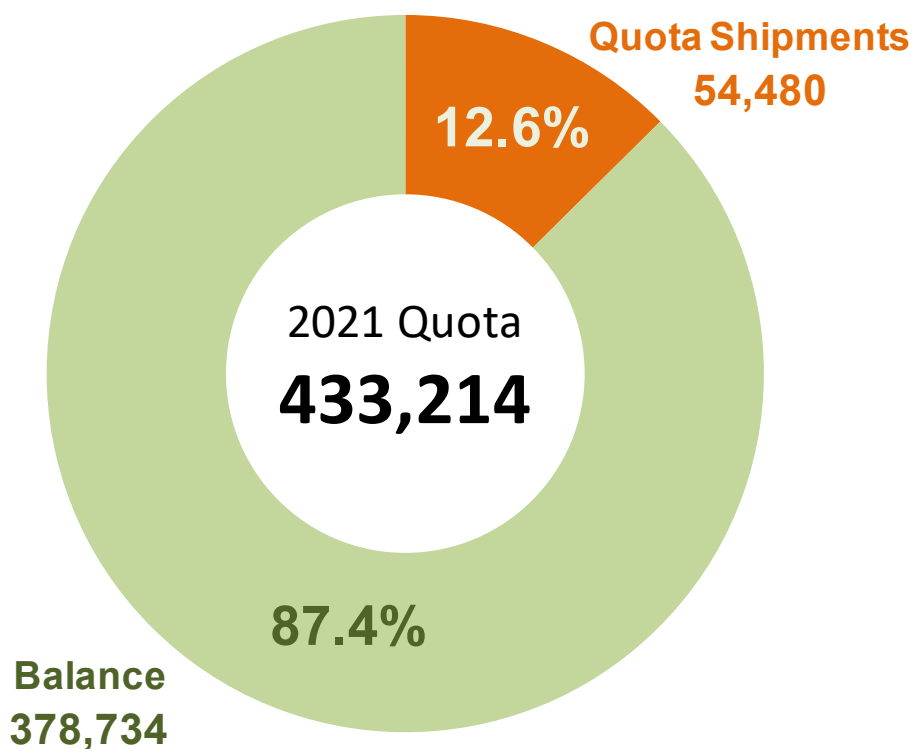
Imports as of April 24, 2021



Australian Beef Quota Position

28-Apr-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending April 26. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

