# US Imported Beef Market

## A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

Volume 22, Issue 18

May 10, 2021

Prepared by: Steiner Consulting Group | SteinerConsulting.com |800-526-4612 |service@steinerconsulting.com

***Market Highlights for the Week:***

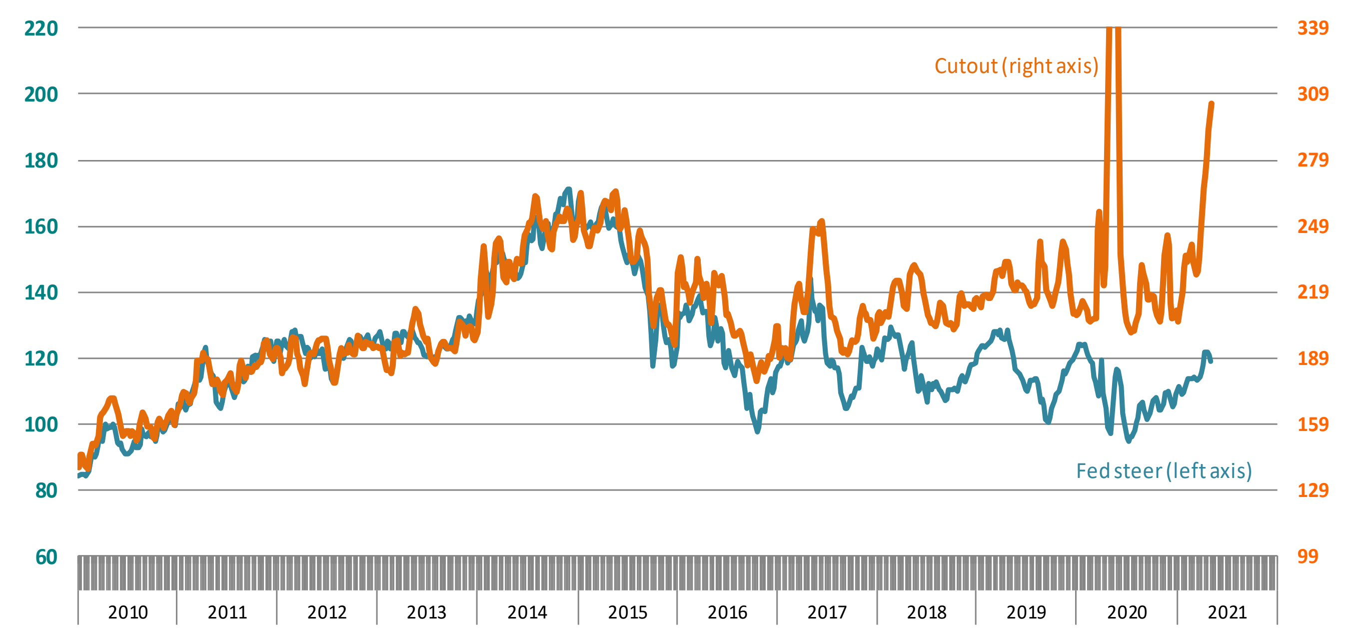
- US imported beef prices continued to escalate last week as overseas suppliers saw strong demand from large users and steadily raised asking prices.
- Higher prices for US lean beef and skyrocketing prices for wholesale beef overall underpin demand for imported product.
- US beef imports were down 8.3% in March but imports of Australian beef were down 48% and imports of New Zealand beef were down 12%. End users that rely on grinding beef supply from these markets are struggling to meet needs and having to pay up to secure adequate supply.
- Corn prices in the US have jumped 40% since March. A large supply of long fed cattle, high feed costs and limited processing capacity means that feedlots have not been able to capitalize on the beef rally of recent weeks. While wholesale beef prices have increased 36% since mid March, fed cattle prices are up less than 5%.
- US beef exports hit an all time record level in March, largely due to strong Chinese beef demand. China is now the third largest export destination for US beef.

## Imported Market Activity for the Week

**Imported beef prices jumped sharply higher last week, largely pushed by higher offering prices from overseas packers.** Market participants noted that large buyers were especially aggressive in bidding on product overseas. In turn this significantly limited availability to importers and overseas supplier were comfortable holding on to their limited book of sales and asking ever higher prices through the course of the week. All this we think driven by the dynamics in the US beef and meat market. It is difficult to find a meat item that has not increased by double digits in recent weeks. The choice beef cutout, an index of wholesale beef prices in the US, was quoted on Friday at \$305.9/cwt, up \$81/cwt or 36% since mid march. All beef primals are up during this period but by far the biggest impact has been from high value cuts in the loin and rib primal. The price increases from these two parts of the carcass have accounted for about 2/3 of the overall increase in wholesale

Relationship of Fed Steer Prices (Live) vs. Choice Beef Cutout. \$/cwt

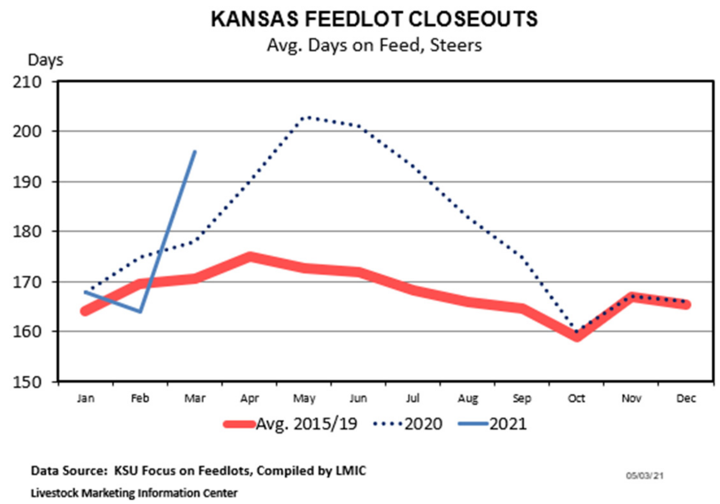
Weekly Prices. Source: USDA. Analysis by Steiner Consulting



beef prices. But beef prices have not increased in a vacuum. Prices for chicken breasts are also at the highest point in years as fast food chicken promotions and limited supply growth have created a wide gap between supply / demand in the spot market. Beef manufacturers are rightly worried that what will come next is a shift of some promotions towards ground beef. This could come over the summer when imported lean beef supply usually starts to decline (less New Zealand product) and domestic supply also is at its annual low. Some market participants speculating that lean beef prices may be heading to $300/cwt and thus looking to stay ahead of the rally. Prices in Australia and New Zealand took some time to catch up with the market trend but overseas suppliers appear to have recognized the situation, hence the jump in asking prices last week. Prices for beef cuts were also reportedly quite firm as demand in Asian markets remains very strong. A new case of ASF in S. Korea may not have an immediate impact but it underscores the risk to supply at a time when demand is on the upswing.

Other quick market notes from the past week:

- Cattle slaughter at 638k was about 11k head smaller than we expected, largely due to lower slaughter on Friday and Saturday. Major packers continue to struggle with holes in their production lines and high rates of absenteeism. This is not an issue for hog packers because the lower supply of hogs naturally reduces packing service demand during this time of year. For cattle packers this is peak demand and processing time, however.
- The chart on page 1 underscores a major issue for US cattle producers currently. While wholesale beef prices have skyrocketed in recent weeks, thanks to strong domestic and export demand, fed cattle prices have actually declined. As noted earlier, wholesale beef prices at the end of the week were up 36% compared to mid March. Fed cattle prices during this period have increased by less than 5%.
- Higher corn prices are long term inflationary for beef prices in the US. Part of the reason for the weakness in the US fed cattle market is the recent spike in feed costs. Since March, US corn prices have jumped 40%. Feedlots were struggling with heavy front end fed cattle inventories due to the lingering impact of the backup created by COVID last year. Feedlots were also negatively impacted by winter storms in February, which limited slaughter for a couple of weeks. A survey of Kansas feedlots shows a sharp increase in the average number of days on feed (see chart above) as well as a precipitous decline in average daily gain. It is not hard to see how reduced productivity and high feed costs created an untenable situation for feedlots in April, resulting in more competition for shackle space and thus lower fed cattle prices.




May 2021 Corn Futures


**Summary of Australian Beef and Veal Exports: April 2021**

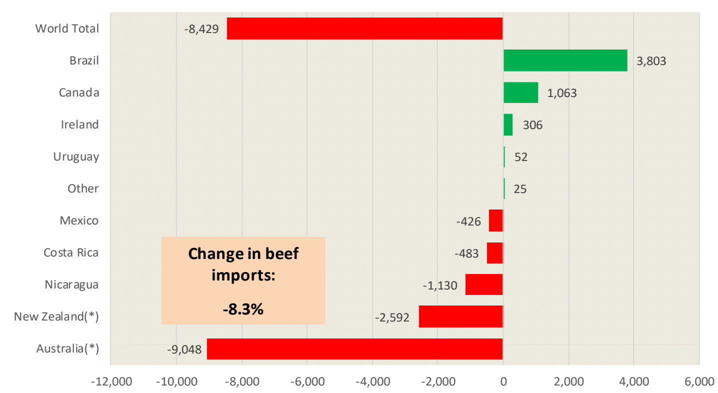
Source: MAFF. Analysis by Steiner Consulting

| | 4/1/2019 | 4/1/2020 | 4/1/2021 | MT y/y ch. | % ch. vs. '20 | % ch. vs. '1 |
|---|---|---|---|---|---|---|
| Japan | 22,108 | 23,850 | 18,476 | (5,374) | -23% | -16% |
| South Korea | 14,661 | 12,704 | 14,470 | 1,766 | 14% | -1% |
| Taiwan | 2,308 | 1,979 | 1,610 | (369) | -19% | -30% |
| China | 20,629 | 23,788 | 10,820 | (12,968) | -55% | -48% |
| Total Asia | 71,804 | 72,482 | 56,319 | (16,163) | -22% | -22% |
| | | | | | | |
| USA East | 15,050 | 10,936 | 8,284 | (2,652) | -24% | -45% |
| USA West | 6,524 | 4,534 | 3,705 | (829) | -18% | -43% |
| Hawaii | 29 | 66 | - | (66) | -100% | -100% |
| Total USA | 21,603 | 15,536 | 11,989 | (3,547) | -23% | -45% |
| | | | | | | |
| Indonesia | 6,066 | 4,225 | 3,620 | (605) | -14% | -40% |
| Philippines | 2,944 | 1,431 | 2,758 | 1,327 | 93% | -6% |
| Total EU | 926 | 567 | 761 | 194 | 34% | -18% |
| Total Middle East | 2,664 | 2,061 | 2,322 | 261 | 13% | -13% |
| | | | | | | |
| Other Markets | 4,739 | 6,336 | 5,676 | (660) | -10% | 20% |
| | | | | | | |
| **Total Aus** | **98,647** | **92,476** | **72,502** | **(19,974)** | **-22%** | **-27%** |

- Australian official trade data for April confirmed what we already expected, double digit declines in slaughter resulted in a similar reduction in imports to a number of markets. Total Australian exports in April were almost 20,000 MT or 22% lower than in 2020 and 27% lower than in 2019. The reduction hit exports to the US more than it did exports to some key Asian markets. Comparisons to 2020 are skewed by COVID outbreak last year so comparisons to 2019 are more appropriate. While overall Australian April export shipments declined 27% from April 2019, exports to the US were down 45%. However exports to Japan for this reference period were down 16% and exports to S. Korea were down only 1%.
- Official US beef import data for March confirmed some of the information we have seen in the unofficial weekly updates released from USDA-AMS. Total imports in March were down 8,429 MT or 8.3% compared to a year ago. The decline in imports of Australian and New Zealand beef was even bigger, which explains why large users that have yet to include South American beef in their specs have struggled to cover their needs. Imports from Australia were down 9,048 MT or 48% compared to the previous year and imports from New Zealand declined 2,500 MT or 12% from last year. Brazil was the only market showing a notable increase, with 6,055 MT imported in March, up 3,800 MT or 169% from a year ago. Imports from Argentina and Uruguay have shown very limited growth and market participants note that they are mostly shipping higher quality grass fed/organic product given their limited quota, opting to send much of their manufacturing beef and lower value cuts to China.
- US **beef exports** were negatively impacted by weather events in February but jumped 20% in March and were 13% higher than a year ago. **This was the highest monthly export volume on record** but in line with what weekly export figures suggested. The key driver for the growth in US beef exports was China, something that we have noted repeatedly in this report. Total exports of fresh/frozen and cooked beef in March were 98,986 MT, 11,363 MT higher than the previous year (+13%). **Exports to China in March were 14,188 MT, 13,713 MT higher than a year ago**. Japan remains the top market for US beef, with exports in March pegged at 23,562 MT. This export volume was 13% lower than a year ago. Exports to S. Korea in March were 23,414 MT, 9% higher than a year ago. We think exports to both S. Korea and Japan will be even higher in April and, combined with continued strong exports to China, have set the stage for April shipments to be around 96k MT. March exports to Mexico were 5% higher than last year, but lower than what we have seen in previous years due to sharply higher prices. Exports to Canada were down 13%, in part because more Canadian beef is staying in Canada but also because of the continued negative impact of COVID lockdowns on the food service business there.

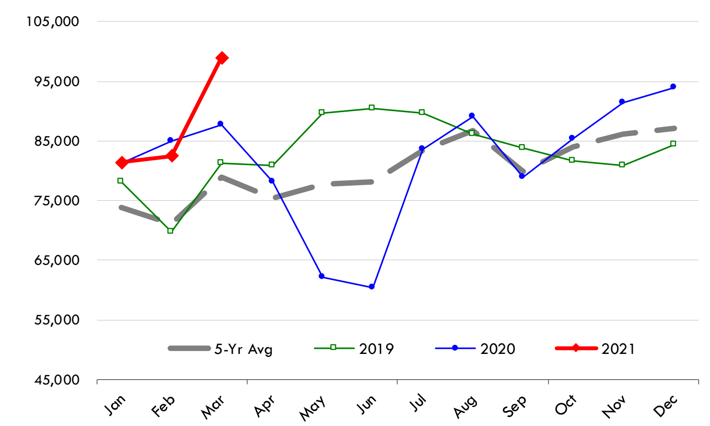
**Y/Y Ch. in Mar. 21 vs. Mar 20 US Beef and Veal Imports, MT**

Source: USDA/FAS Data in MT, Product Weight Basis



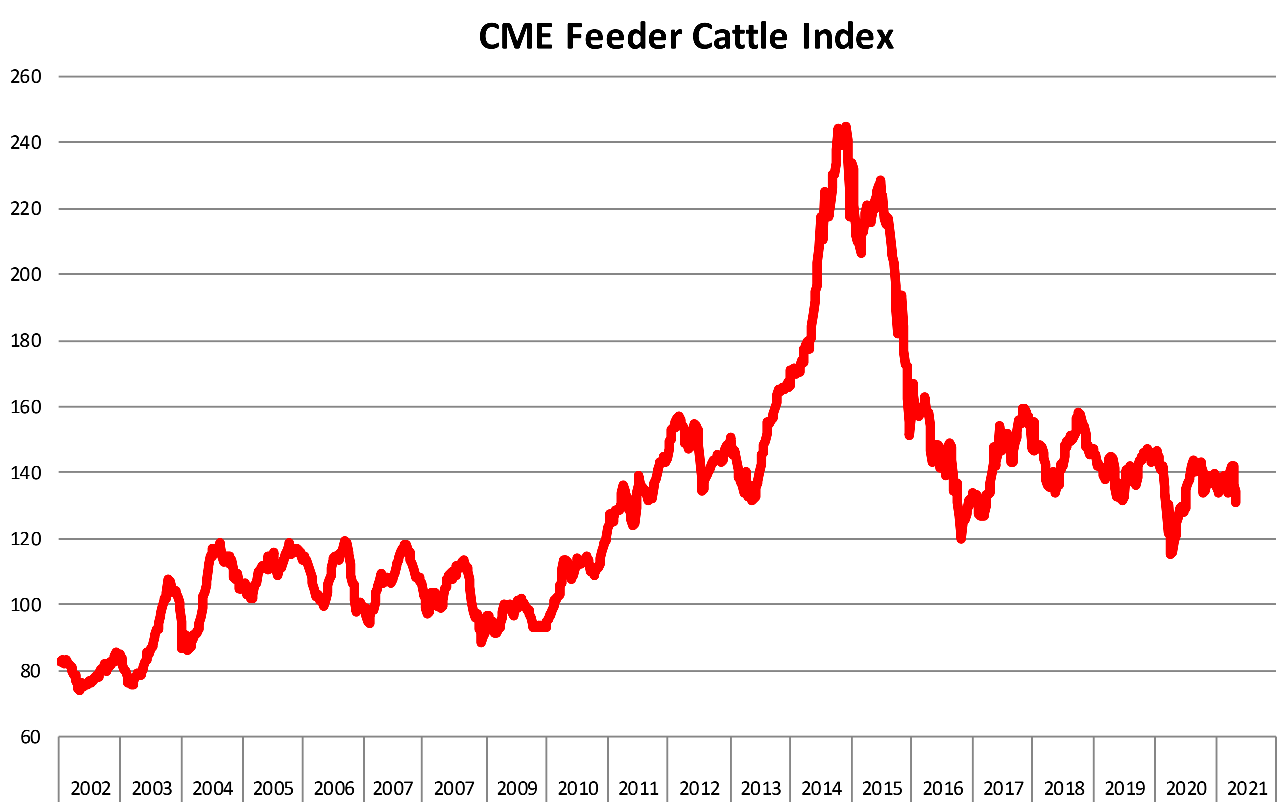

**Quantity of US Exports of Fr/Frz/Pres Beef & Veal: World Total**

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



# CME Cattle Feeder Index and US Cattle Markets

| | Current Week | Prior Week | % CHANGE VS. WK AGO | Last Year | Change from Last Year |
|---|---|---|---|---|---|
| | 6-May-21 | 29-Apr-21 | | 7-May-20 | |
| CME FEEDER CATTLE INDEX | 130.83 | 134.13 | -2.5% | 121.14 | 8.0% |
| | 7-May-21 | 30-Apr-21 | | 8-May-20 | |
| FED STEER (5-MKT AVG) | 118.55 | 119.64 | -0.9% | 100.03 | 18.5% |
| CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.) | 119.00 | 120.00 | -0.8% | 102.00 | 16.7% |
| BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.) | 121.00 | 123.00 | -1.6% | 108.50 | 11.5% |
| BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.) | 120.00 | 120.00 | 0.0% | 108.00 | 11.1% |
| CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA | 203.23 | 197.89 | 2.7% | 221.23 | -8.1% |




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 |
|---|---|---|---|---|---|---|---|---|
| | 7-May-21 | | 30-Apr-21 | | | 8-May-20 | | |
| ***US East Coast Australian/NZ Lean, CIF*** | | | | | | | | |
| ***95 CL Bull, E. Coast*** | 270.0 | 271.0 | 264.0 | 265.0 | 6.0 | 240.0 | 245.0 | 26.0 |
| ***90 CL Blended Cow*** | 250.0 | 252.0 | 245.0 | 246.0 | 6.0 | 225.0 | 228.0 | 24.0 |
| ***90 CL Shank*** | 250.0 | 255.0 | | 250.0 | 5.0 | | 240.0 | 15.0 |
| ***85 CL Fores*** | | 235.0 | 228.0 | 229.0 | 6.0 | 210.0 | 212.0 | 23.0 |
| ***85 CL Chucks*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***95 CL Bull, W. Coast*** | 268.0 | 270.0 | 262.0 | 264.0 | 6.0 | 240.0 | 242.0 | 28.0 |
| ***Uruguay CFH 90CL, E. Coast*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***US East Coast, Trimmings, CIF*** | | | | | | | | |
| ***85 CL Trimmings*** | 232.0 | 233.0 | 227.0 | 228.0 | 5.0 | 210.0 | 211.0 | 22.0 |
| ***80 CL Trimmings*** | 208.0 | 210.0 | | 200.0 | 10.0 | 200.0 | 201.0 | 9.0 |
| ***75 CL Trimmings*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***65 CL Trimmings*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***US East Coast Australian Cuts, CIF*** | | | | | | | | |
| ***Cap Off Steer Insides*** | 340.0 | 350.0 | 340.0 | 345.0 | 5.0 | 305.0 | 310.0 | 40.0 |
| ***Steer Insides 14/18*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***Steer Flats*** | 295.0 | 300.0 | | 295.0 | 5.0 | 285.0 | 290.0 | 10.0 |
| ***Steer Knuckles*** | 295.0 | 300.0 | 290.0 | 295.0 | 5.0 | | 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 |
|---|---|---|---|---|---|---|---|---|
| | 7-May-21 | | 30-Apr-21 | | | 8-May-20 | | |
| ***US East Coast Australian/NZ Lean, FOB US Port*** | | | | | | | | |
| ***95 CL Bull, E. Coast*** | 279.0 | 280.0 | 276.0 | 277.0 | 3.0 | 250.0 | 260.0 | 20.0 |
| ***90 CL Blended Cow*** | 264.0 | 265.0 | 258.0 | 259.0 | 6.0 | 240.0 | 245.0 | 20.0 |
| ***90 CL Shank*** | | 265.0 | 260.0 | 261.0 | 4.0 | | 250.0 | 15.0 |
| ***85 CL Fores*** | 242.0 | 244.0 | 237.0 | 238.0 | 6.0 | 225.0 | 227.0 | 17.0 |
| ***85 CL Chucks*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***95 CL Bull, W. Coast*** | 278.0 | 279.0 | 274.0 | 276.0 | 3.0 | 250.0 | 255.0 | 24.0 |
| ***Uruguay CFH 90CL, E. Coast*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***US East Coast, Trimmings, FOB US Port*** | | | | | | | | |
| ***85 CL Trimmings*** | 240.0 | 242.0 | 235.0 | 236.0 | 6.0 | | 225.0 | 17.0 |
| ***80 CL Trimmings*** | | 215.0 | | 208.0 | 7.0 | 210.0 | 215.0 | 0.0 |
| ***75 CL Trimmings*** | | UNQ | | UNQ | N/A | | 205.0 | N/A |
| ***65 CL Trimmings*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***US East Coast Australian Cuts, FOB US Port*** | | | | | | | | |
| ***Cap Off Steer Insides*** | | 360.0 | 350.0 | 355.0 | 5.0 | 320.0 | 330.0 | 30.0 |
| ***Steer Insides 14/18*** | | UNQ | | UNQ | N/A | | UNQ | N/A |
| ***Steer Flats*** | | 310.0 | 300.0 | 310.0 | 0.0 | 300.0 | 320.0 | -10.0 |
| ***Steer Knuckles*** | 305.0 | 310.0 | | 300.0 | 10.0 | 305.0 | 310.0 | 0.0 |

# TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

| | Current Week | | | Prior Week | | | Change From Last Week | Last Year | | | Change from Last Year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 7-May-21 | | | 30-Apr-21 | | | | 8-May-20 | | | |
| | Low | High | Wt.Avg | Low | High | Wt.Avg | | Low | High | Wt.Avg | |
| **Domestic Cutouts** | | | | | | | | | | | |
| Choice Cutout | 305.88 | | | 296.50 | | | 9.4 | 460.88 | | | -155.0 |
| Select Cutout | 290.27 | | | 283.05 | | | 7.2 | 448.99 | | | -158.7 |
| **Domestic Lean Grinding Beef** | | | | | | | | | | | |
| 90 CL Boneless | 241.9 | 260.0 | 245.8 | 238.0 | 259.0 | 242.5 | 3.4 | 254.0 | 295.0 | 272.3 | -26.4 |
| 85 CL Beef Trimmings | 210.6 | 238.0 | 218.6 | 210.0 | 228.0 | 215.3 | 3.3 | 218.4 | 290.0 | 238.6 | -19.9 |
| 50 CL Beef Trim | 72.0 | 96.0 | 87.5 | 60.0 | 105.0 | 85.9 | 1.6 | 235.5 | 325.0 | 275.3 | -187.8 |
| **Domestic Pork Trim** | | | | | | | | | | | |
| 42 CL Pork Trim | 77.9 | 98.4 | 86.3 | 65.2 | 102.5 | 83.2 | 3.1 | 38.0 | 87.3 | 76.1 | 10.2 |
| 72 CL Pork Trim | 104.2 | 150.0 | 120.9 | 105.0 | 151.0 | 115.2 | 5.7 | 70.0 | 146.3 | 117.7 | 3.2 |
| **Point of Lean Values** | | | | | | | | | | | |
| 90 CL Domestic | 273.2 | | | 269.4 | | | 3.7 | 302.5 | | | -29.4 |
| 50 CL Beef Trimming | 175.0 | | | 171.7 | | | 3.3 | 550.6 | | | -375.6 |
| 42 CL Pork Trim | 205.5 | | | 198.2 | | | 7.3 | 181.2 | | | 24.3 |
| 72 CL Pork Trim | 167.9 | | | 160.0 | | | 7.9 | 163.4 | | | 4.4 |
| **National Direct Fed Steer (5-day accum. wt. avg. price)** | 118.55 | | | 119.64 | | | -1.1 | 100.03 | | | 18.5 |

# TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

| *Futures Contracts* | *Current Week* | *Prior Week* | *Change From Last Week* | *Last Year* | *Change From Last Year* |
|---|---|---|---|---|---|
| | **7-May-21** | **30-Apr-21** | | **8-May-20** | |
| ***Live Cattle Futures*** | | | | | |
| ***June '21*** | 116.025 | 116.575 | ↓ -0.55 | 94.650 | ↑ 21.38 |
| ***August '21*** | 118.850 | 118.625 | ↑ 0.23 | 100.200 | ↑ 18.65 |
| ***October '21*** | 123.450 | 122.900 | ↑ 0.55 | 104.275 | ↑ 19.18 |
| ***December '21*** | 127.450 | 126.250 | ↑ 1.20 | 107.700 | ↑ 19.75 |
| ***Feeder Cattle Futures*** | | | | | |
| ***May '21*** | 131.725 | 133.600 | ↓ -1.88 | 127.900 | ↑ 3.82 |
| ***August '21*** | 144.275 | 146.750 | ↓ -2.47 | 136.950 | ↑ 7.33 |
| ***October '21*** | 147.750 | 151.300 | ↓ -3.55 | 139.025 | ↑ 8.72 |
| ***November '21*** | 149.400 | 152.775 | ↓ -3.38 | 139.625 | ↑ 9.78 |
| ***Corn Futures*** | | | | | |
| ***May '20*** | 772.750 | 740.000 | ↑ 32.75 | 319.000 | ↑ 453.75 |
| ***July '20*** | 732.250 | 673.250 | ↑ 59.00 | 319.250 | ↑ 413.00 |
| ***September '20*** | 654.750 | 592.250 | ↑ 62.50 | 324.750 | ↑ 330.00 |
| ***December '20*** | 636.500 | 563.750 | ↑ 72.75 | 324.750 | ↑ 311.75 |
| ***Ch Wheat Futures*** | | | | | |
| ***May '20*** | 773 1/2 | 742 1/2 | ↑ 31.00 | 529 1/2 | ↑ 244.00 |
| ***July '20*** | 761 3/4 | 734 3/4 | ↑ 27.00 | 522 | ↑ 239.75 |
| ***September '20*** | 762 1/4 | 732 1/4 | ↑ 30.00 | 525 1/4 | ↑ 237.00 |
| ***December '20*** | 765 1/4 | 732 3/4 | ↑ 32.50 | 533 3/4 | ↑ 231.50 |

| *Slaughter Information* | *7 Days Ending* | *7 Days Ending* | *Change From Last Week* | *7 Days Ending* | *Change From Last Year* |
|---|---|---|---|---|---|
| | **7-May-21** | **30-Apr-21** | | **8-May-20** | |
| ***Total Cattle Slaughter*** | 638,000 | 649,000 | ↓ -11,000 | 476,000 | ↑ 162,000 |
| | **24-Apr-21** | **17-Apr-21** | | **25-Apr-20** | |
| ***Total Cow Slaughter*** | 130,979 | 128,279 | ↑ 2,700 | 112,200 | ↑ 18,779 |
| ***Dairy Cow Slaughter*** | 59,143 | 60,411 | ↓ -1,268 | 63,000 | ↓ -3,857 |
| ***Beef Cow Slaughter*** | 71,836 | 67,868 | ↑ 3,968 | 49,200 | ↑ 22,636 |

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

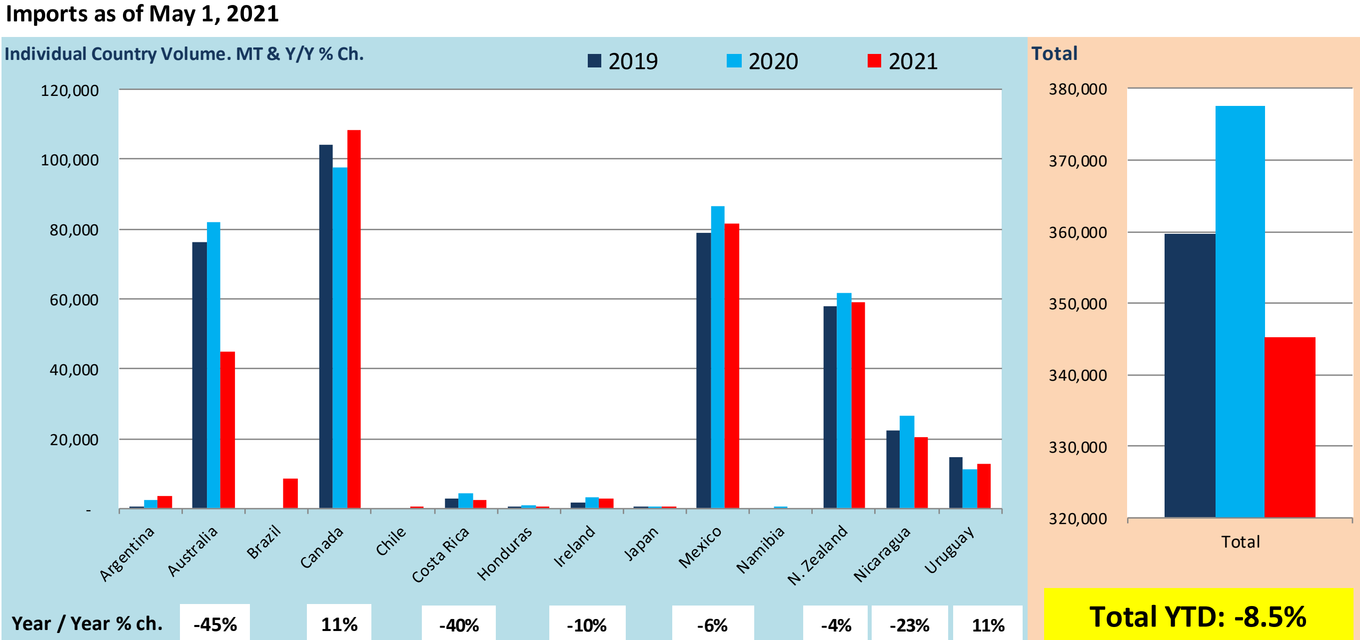
### YTD Imported Fresh/Frz Beef Passed for Entry in the US

| week 18 | 5/2/2020 | 5/1/2021 | | |
|---|---|---|---|---|
| Argentina | 2,637 | 3,793 | 1,156 | |
| Australia | 81,870 | 44,807 | (37,063) | -45.3% |
| Brazil | - | 8,587 | 8,587 | |
| Canada | 97,628 | 108,233 | 10,605 | 10.9% |
| Chile | - | 110 | 110 | |
| Costa Rica | 4,414 | 2,650 | (1,764) | -40.0% |
| France | - | - | - | |
| Honduras | 1,098 | 22 | (1,076) | -98.0% |
| Ireland | 3,247 | 2,925 | (322) | -9.9% |
| Japan | 143 | 282 | 139 | 97.2% |
| Mexico | 86,723 | 81,700 | (5,023) | -5.8% |
| Namibia | | - | - | |
| Netherlands | - | - | - | |
| New Zealand | 61,790 | 59,176 | (2,614) | -4.2% |
| Nicaragua | 26,479 | 20,348 | (6,131) | -23.2% |
| Spain | - | - | - | |
| Uruguay | 11,424 | 12,669 | 1,245 | 10.9% |
| Total | 377,477 | 345,302 | **(32,175)** | **-8.5%** |

Source: AMS - USDA

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

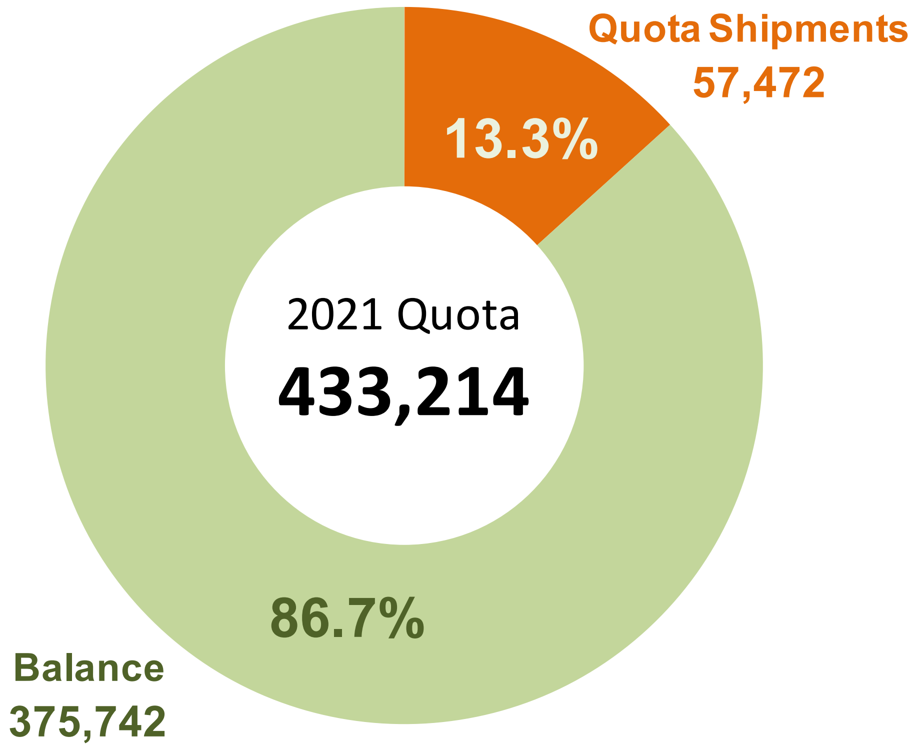
**Imports as of May 1, 2021**



## Australian Beef Quota Position

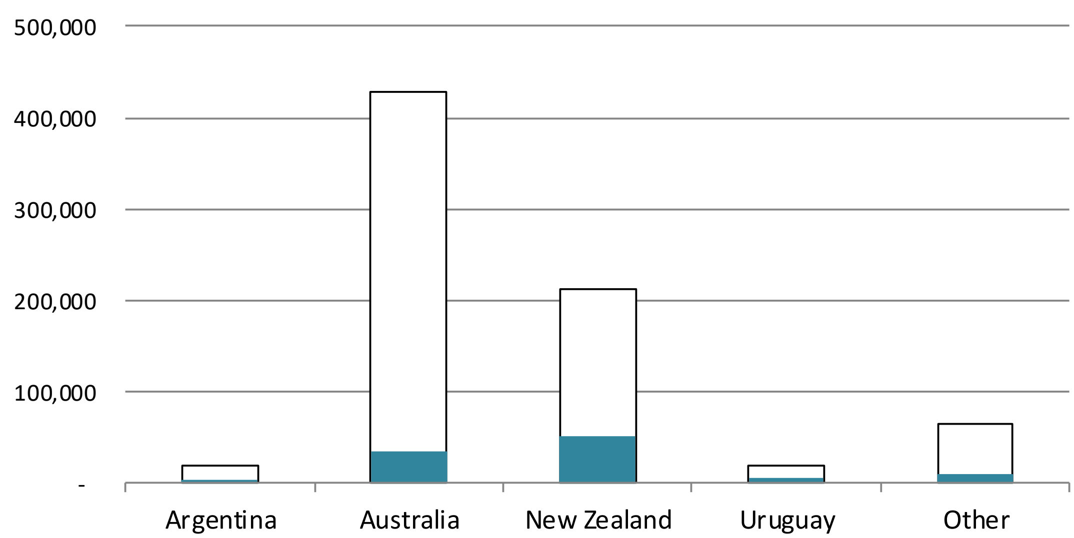
**7-May-21**

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




| | Argentina | Australia | New Zealand | Uruguay | Other |
|---|---|---|---|---|---|
| 2020 YTD | 2,918 | 70,107 | 58,703 | 6,654 | 3,081 |
| 2021 YTD | 3,685 | 34,546 | 52,531 | 5,663 | 9,586 |
| Y/Y % | | -51% | -11% | -15% | 211% |
| Quota | 20,000 | 428,214 | 213,402 | 20,000 | 65,005 |
| % cleared | **18%** | **8%** | **25%** | **28%** | **15%** |