



# US Imported Beef Market

## A Weekly Update

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

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### Market Highlights for the Week:

- Imported lean beef prices steady to lower last week as end users try to assess demand in late summer and fall while overseas offerings remain limited.
- South American supply availability has improved but it is still relatively small vs the size of demand. Prices reportedly trading at a discount to Australia/NZ.
- Fat beef trim prices last week were 72% higher than at the end of May thanks to a recovery in ground beef demand and prices. As ground beef prices seasonally pull back in the fall, fat trim prices are likely to decline as well.
- Australian beef shipments to the US in July are forecast above 15,000 MT compared to less than 12,000 MT last month but still as much as 35% lower than a year ago.
- Steiner forecast is for July 1 cattle on feed inventory to be 0.6% lower than a year ago but still the third largest July 1 inventory on record.

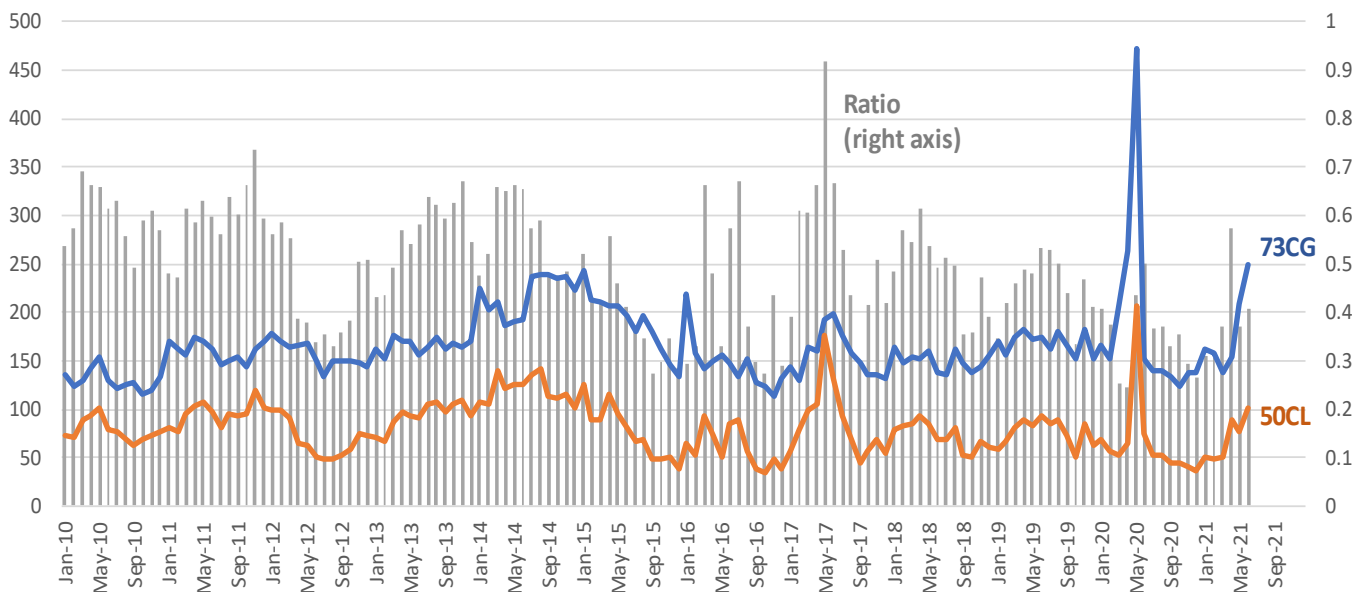
### Imported Market Activity for the Week

Imported beef market was steady to lower this past week on light volume and limited interest from domestic end users. Domestic demand at foodservice was seen as sluggish following robust sales in June. In part the sluggish demand is par for the course this time of year but according to some market participants we spoke with, it appears that sales were lower than expected following the July 4th holiday, leaving some users with a bit

more inventory than they expected. End users are also paying close attention to the market for domestic beef (cutout) which has been drifting lower since hitting its annual peak in early June. While there is still a lot of talk about domestic price inflation (see our discussion in the next page), there is also a lot of uncertainty given the price pullback experienced in the last two years during Q3. This explains their reluctance to chase product for future delivery. Importers with some inventory con-

### Monthly Price History and Ratio of 73CL Coarse Ground (Retail Ground Beef) and 50CL Beef Trim

Data source: USDA-AMS Wt. Avg. Analysis by Steiner Consulting



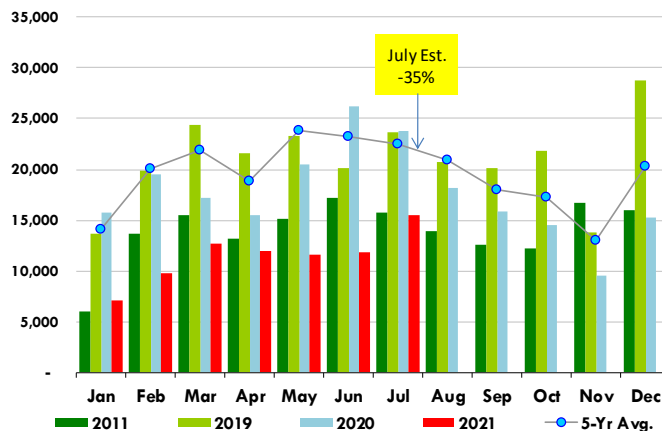
tinued to offer at modestly lower prices in order to get some sales on the books. Prices were notably lower for round cuts, mirroring the pullback in domestic fed beef prices. Some importers currently own product at some very sizable margins and are looking to capitalize rather than hold the price and maybe miss out

Overseas offerings remain modest, however. Australian shipments appear to have improved somewhat and we currently project July shipments from Australia to the US at over 15,000 MT, about 3,000 MT higher than the previous month. This volume is still about 35% lower than a year ago and 31% lower than the five year average. Brazil shipments to the US were higher in June and we think that trend has continued this month as well. US imports from Brazil during the four weeks ending July 10 were 2,132 MT, offsetting some of the reduction in imports from Australia. Imports from New Zealand during this period were also up about 1,500 MT. But while New Zealand availability is expected to remain limited through September, Brazilian supply is expected to be available and trade at a discount to Australian product.

US fat beef trim values last week continued to defy expectations. USDA reported the average weekly price form 50CL beef trim at \$124/cwt, 72% higher than prices in late May, ahead of Memorial Day. We think that going into Memorial Day retailers were focused on featuring higher value beef cuts, looking to capitalize on pent up consumer demand, willingness to spend following lockdowns and forward bookings they were able to get back in February and early March. However, as high value beef cuts spiked in May and June, retailers seemed to shift gears and focus on less expensive beef options for the retail case, round/chuck cuts and ground beef. We think the improvement in retail ground beef demand, the seasonal improvement in foodservice demand and processors bidding on school lunch business all has contributed to the runup in the value of fat beef trim. The chart on page 1 shows the monthly price history of 73CL coarse ground beef sold for retail and the price of 50CL beef. We also included the price ratio of 50CL vs. 73CL coarse ground. As we look for direction in the price of 50CL, the relationship to ground beef is an important indicator. Last week we saw coarse ground beef prices pull back significantly and that trend is expected to continue for the rest of the month. That could help

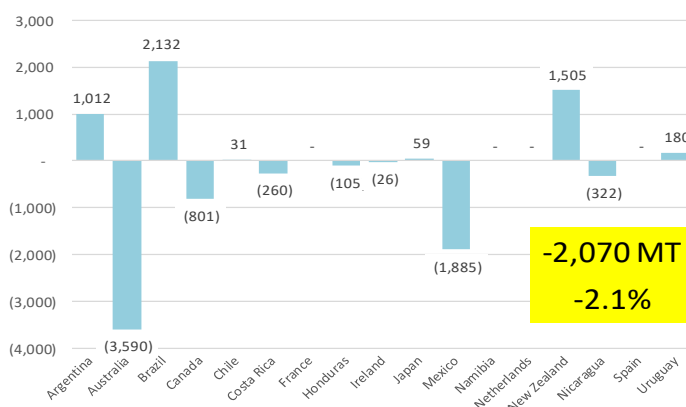
**AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES**

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



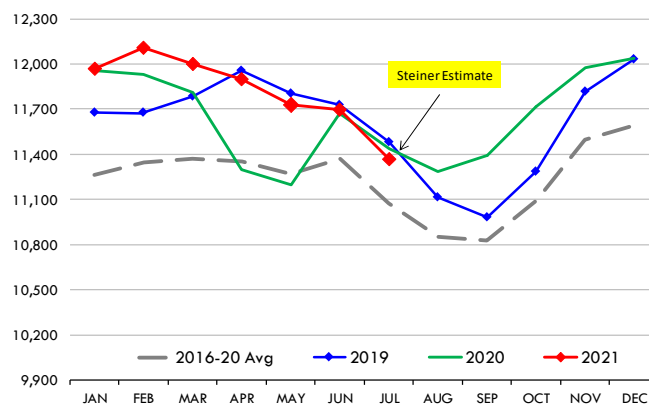
**Y/Y Increase in the Volume of Beef Imported During Last Four Weeks**

Source: USDA-AMS. Product wt. basis.



**USA Cattle on Feed Inventory**

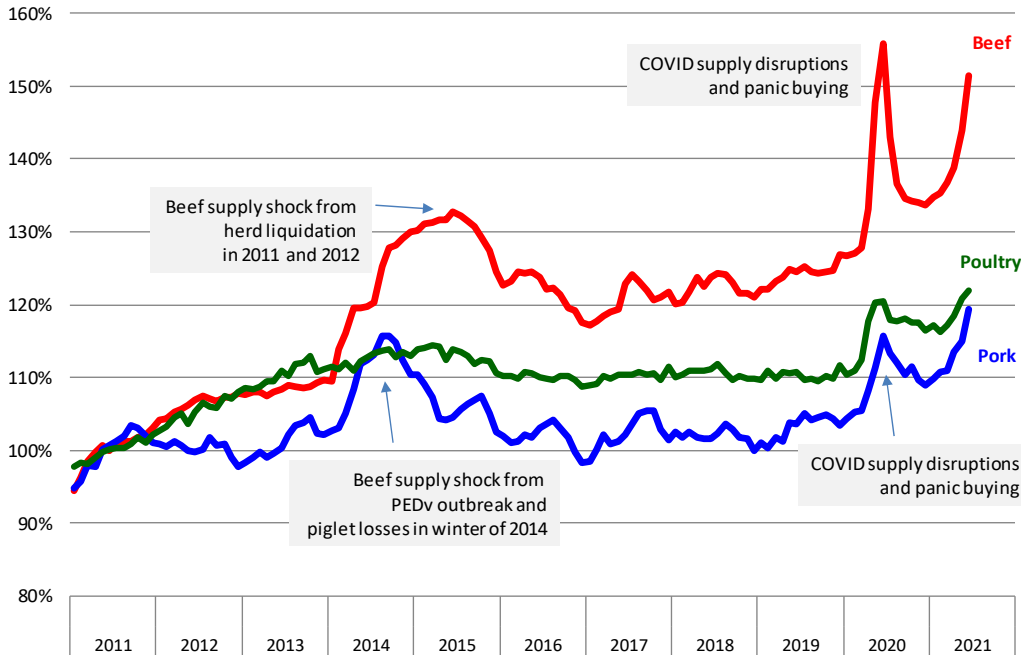
Feedlots with +1000 head Capacity. 1st of Month Inventory. '000 head. USDA



temper the value of fat beef trim, at least in the near term. Normally ground beef prices still have some support in August as retailers look to cover needs for Labor Day (1st Monday in September) and school lunch business remains very active. So while fat trim prices should moderate, it may not be until mid September when we seasonally see this market correct lower.

**Retail Meat Prices (CPI): Beef, Pork and Poultry**

CPI Values Re-Indexed with Year 2011 = 100%. Analysis by Steiner Consulting



**Factors that could drive retail meat price inflation in H2 of 2021 and in 2022**

- Broader inflationary trends
- Cattle and hog breeding herd declines
- Higher feed and energy prices
- Rising global demand
- Environmental restrictions and inability to expand production in line with demand

**Steiner Cattle on Feed Estimates**

Placed on feed in June:	96.8
Marketed in June:	102.2
Total on Feed July 1:	99.4

**June food cost inflation slows down but remains well above long run trends**

Food prices were also higher in June compared to a year ago but the pace of growth differed. COVID shifted consumer demand to the grocery store last year, resulting in significant price inflation for food consumed at home. As a result, current inflation is relatively muted when compared to last year’s high levels. June inflation for food consumed at home was up 0.9% compared to a year ago but 6.5% higher than in June 2019. Reopening of the economy and lifting of restrictions as resulted in higher prices for food consumed away from home. This component of the index in June was up 4.2% compared to the depressed levels a year ago and 7.5% higher than two years ago. The chart to the right illustrates the y/y change in cost inflation for food consumed at grocery stores (at home) and foodservice (away from home). While the broader inflationary trends impact both these sectors, retail food

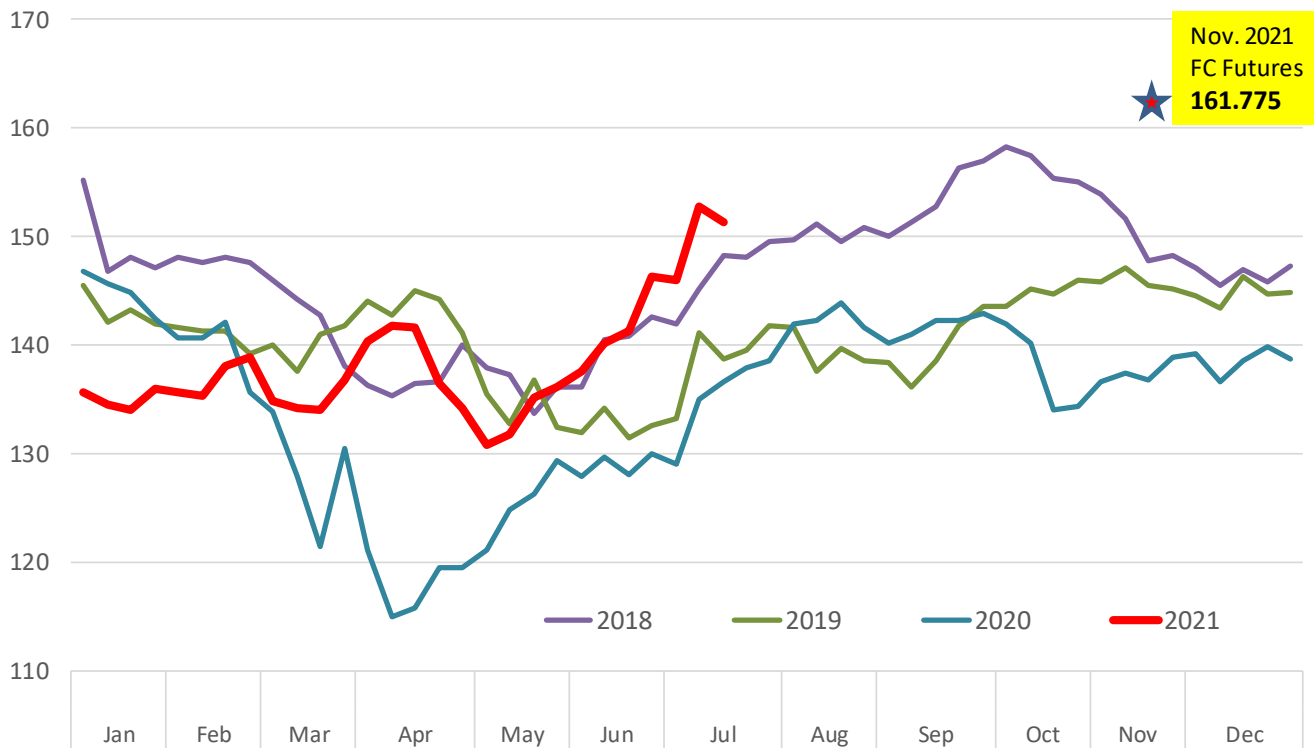
prices are clearly much more volatile and responsive to shifts in wholesale price inflation. We expect inflation at the restaurant level to continue to outpace inflation at the grocery store because structural issues, especially labor cost pressures, are much more acute in that sector. As the economy recovers from COVID and the labor force slowly returns to pre-Pandemic work patterns, we also expect increased inflationary pressures at the restaurant level. The reduction in the number of restaurants available, down as much as 9% by some count, will also tend to bolster cost inflation at foodservice.

# CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	15-Jul-21	8-Jul-21		16-Jul-20	
CME FEEDER CATTLE INDEX	151.39	152.77	-0.9%	136.61	10.8%
	16-Jul-21	9-Jul-21		17-Jul-20	
FED STEER (5-MKT AVG)	123.07	122.53	0.4%	96.29	27.8%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	126.50	126.50	0.0%	119.50	5.9%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	134.50	129.50	3.9%	124.50	8.0%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	135.00	137.00	-1.5%	109.50	23.3%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	232.44	230.24	1.0%	193.27	20.3%

## Weekly CME Feeder Cattle Index

Source: CME. Analysis by Steiner Consulting



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
	16-Jul-21		9-Jul-21			17-Jul-20		
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	289.0	290.0	290.0	290.0	0.0	240.0	50.0	
<b>90 CL Blended Cow</b>	266.0	267.0	268.0	269.0	-2.0	215.0	218.0	49.0
<b>90 CL Shank</b>	268.0	270.0	270.0	275.0	-5.0	217.0	218.0	52.0
<b>85 CL Fores</b>	243.0	245.0	247.0	247.0	-2.0	197.0	198.0	47.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	288.0	289.0	288.0	290.0	-1.0	240.0	49.0	
<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>	243.0	244.0	245.0	246.0	-2.0	196.0	198.0	46.0
<b>80 CL Trimmings</b>	225.0	226.0	227.0	230.0	-4.0	190.0	192.0	34.0
<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>	355.0	370.0	380.0	385.0	-15.0	290.0	295.0	75.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	310.0	315.0	315.0	315.0	0.0	240.0	75.0	
<b>Steer Knuckles</b>	280.0	290.0	290.0	300.0	-10.0		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
	16-Jul-21	9-Jul-21	16-Jul-21	9-Jul-21		17-Jul-20	17-Jul-20	
<b><u>US East Coast Australian/NZ Lean, FOB US Port</u></b>								
<b>95 CL Bull, E. Coast</b>	295.0	297.0	295.0	297.0	0.0	250.0	252.0	45.0
<b>90 CL Blended Cow</b>	275.0	276.0	275.0	277.0	-1.0	228.0	229.0	47.0
<b>90 CL Shank</b>		280.0	278.0	280.0	0.0	227.0	229.0	51.0
<b>85 CL Fores</b>	253.0	254.0	254.0	255.0	-1.0	210.0	212.0	42.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	295.0	296.0	295.0	296.0	0.0	248.0	250.0	46.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast, Trimmings, FOB US Port</u></b>								
<b>85 CL Trimmings</b>		253.0		254.0	-1.0	210.0	211.0	42.0
<b>80 CL Trimmings</b>		235.0	236.0	237.0	-2.0	204.0	205.0	30.0
<b>75 CL Trimmings</b>	217.0	219.0		220.0	-1.0		UNQ	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, FOB US Port</u></b>								
<b>Cap Off Steer Insides</b>	360.0	380.0	395.0	400.0	-20.0	305.0	310.0	70.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	320.0	330.0	340.0	345.0	-15.0	250.0	255.0	75.0
<b>Steer Knuckles</b>	290.0	295.0	305.0	310.0	-15.0		UNQ	N/A

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

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	16-Jul-21			9-Jul-21				17-Jul-20			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<b><u>Domestic Cutouts</u></b>											
Choice Cutout	267.94			278.59			-10.7	200.47			67.5
Select Cutout	251.79			257.41			-5.6	190.31			61.5
<b><u>Domestic Lean Grinding Beef</u></b>											
90 CL Boneless	279.0	304.6	281.1	275.5	286.5	280.7	0.3	235.0	259.0	243.3	37.7
85 CL Beef Trimmings	254.0	278.0	261.0	254.0	280.0	261.3	-0.3	198.3	225.0	212.1	48.9
50 CL Beef Trim	111.0	143.0	124.3	105.0	137.0	118.1	6.2	43.3	56.4	48.3	76.1
<b><u>Domestic Pork Trim</u></b>											
42 CL Pork Trim	100.5	131.3	111.5	94.9	121.4	107.7	3.7	31.5	69.0	39.6	71.9
72 CL Pork Trim	115.9	161.8	133.5	106.2	150.0	116.0	17.4	66.0	108.8	84.0	49.5
<b><u>Point of Lean Values</u></b>											
90 CL Domestic	312.3			311.9			0.4	270.4			41.9
50 CL Beef Trimming	248.7			236.2			12.4	96.5			152.1
42 CL Pork Trim	265.4			256.5			8.9	94.2			171.2
72 CL Pork Trim	185.4			161.2			24.2	116.6			68.8
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	123.07			122.53			0.5	96.29			26.8

**TABLE 5 – FUTURES AND SLAUGHTER INFORMATION**

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From Last Year
			Week	Week		
	<b>16-Jul-21</b>	<b>9-Jul-21</b>			<b>17-Jul-20</b>	
<b><u>Live Cattle Futures</u></b>						
August '21	120.175	119.225	↑	0.95	103.275	↑ 16.90
October '21	125.600	125.575	↑	0.03	106.875	↑ 18.73
December '21	131.325	130.900	↑	0.42	110.700	↑ 20.63
February '22	136.250	135.450	↑	0.80	113.775	↑ 22.48
<b><u>Feeder Cattle Futures</u></b>						
August '21	155.625	159.175	↓	-3.55	142.700	↑ 12.93
October '21	160.475	163.700	↓	-3.22	143.600	↑ 16.88
November '21	161.775	164.900	↓	-3.13	143.850	↑ 17.93
January '22	161.700	164.925	↓	-3.22	142.400	↑ 19.30
<b><u>Corn Futures</u></b>						
September '21	556.000	529.500	↑	26.50	333.000	↑ 223.00
December '21	552.000	517.000	↑	35.00	333.000	↑ 219.00
March '22	559.500	525.000	↑	34.50	349.750	↑ 209.75
May '22	563.500	530.000	↑	33.50	356.000	↑ 207.50
<b><u>Ch Wheat Futures</u></b>						
September '21	692 1/2	615	↑	77.50	534 3/4	↑ 157.75
December '21	699 3/4	623 3/4	↑	76.00	540 1/2	↑ 159.25
March '22	704 3/4	632 1/4	↑	72.50	546 1/4	↑ 158.50
May '22	706 3/4	637 1/2	↑	69.25	548 1/2	↑ 158.25

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From Last Year
			Week	Week		
	<b>16-Jul-21</b>	<b>9-Jul-21</b>			<b>17-Jul-20</b>	
<b><u>Total Cattle Slaughter</u></b>	653,000	575,000	↑	78,000	646,000	↑ 7,000
	<b>3-Jul-21</b>	<b>26-Jun-21</b>			<b>4-Jul-20</b>	
<b><u>Total Cow Slaughter</u></b>	118,995	129,096	↓	-10,101	106,400	↑ 12,595
<b><u>Dairy Cow Slaughter</u></b>	52,901	55,845	↓	-2,944	46,400	↑ 6,501
<b><u>Beef Cow Slaughter</u></b>	66,094	73,251	↓	-7,157	60,000	↑ 6,094



# TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

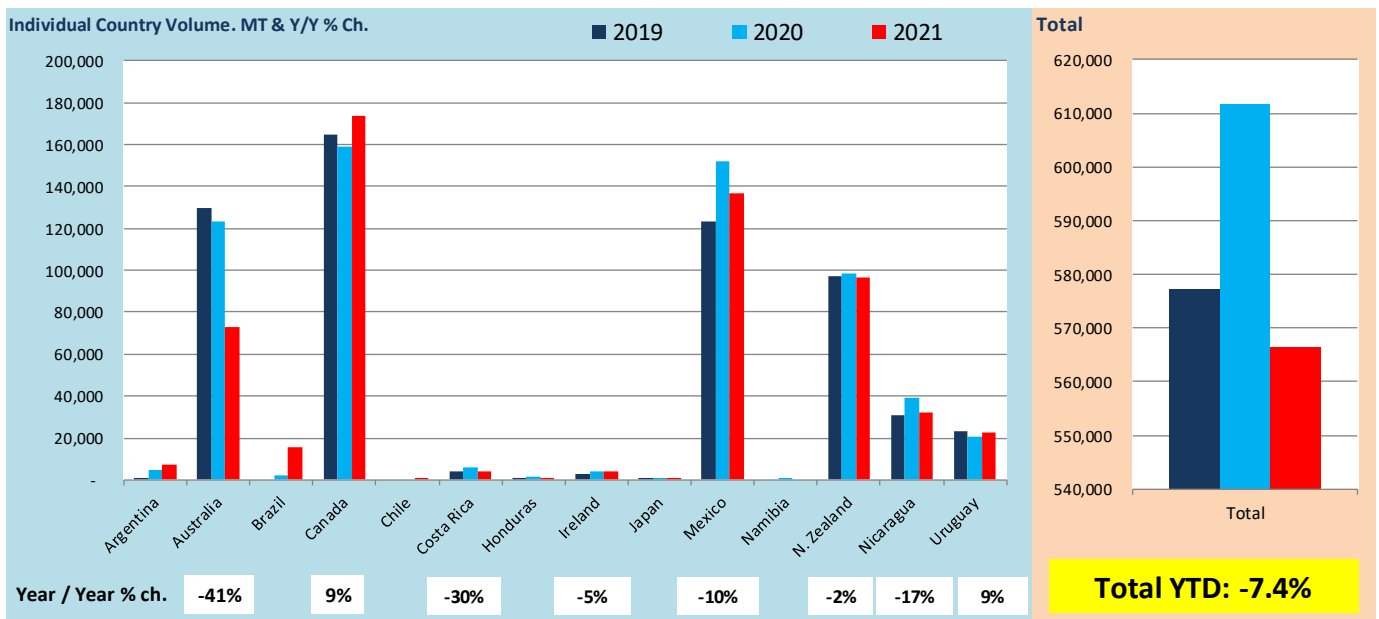
## YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 28	7/11/2020	7/10/2021		
Argentina	4,788	7,007	2,219	46.3%
Australia	123,318	72,970	(50,348)	-40.8%
Brazil	1,901	15,826	13,925	732.5%
Canada	159,088	173,651	14,563	9.2%
Chile	-	181	181	
Costa Rica	6,297	4,398	(1,899)	-30.2%
France	-	-	-	
Honduras	1,510	22	(1,488)	-98.5%
Ireland	4,365	4,156	(209)	-4.8%
Japan	198	529	331	167.2%
Mexico	152,050	136,571	(15,479)	-10.2%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	98,381	96,344	(2,037)	-2.1%
Nicaragua	39,150	32,315	(6,835)	-17.5%
Spain	-	-	-	
Uruguay	20,686	22,447	1,761	8.5%
<b>Total</b>	<b>611,756</b>	<b>566,416</b>	<b>(45,340)</b>	<b>-7.4%</b>

Source: AMS - USDA

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

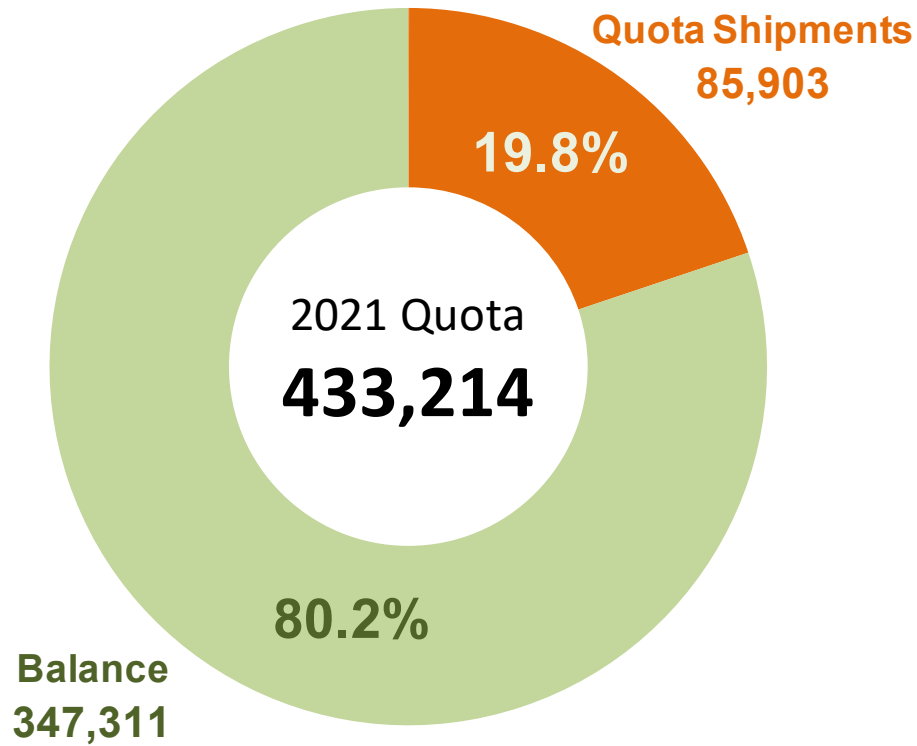
Imports as of July 10, 2021



# Australian Beef Quota Position

15-Jul-21

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending July 13. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

