



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

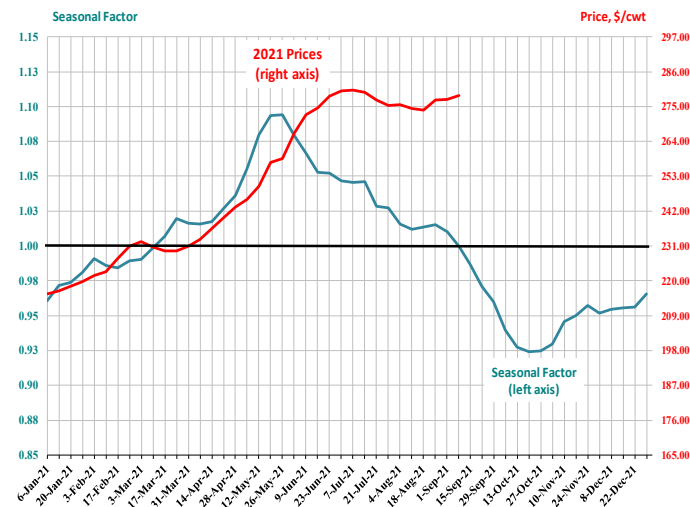
- Prices for imported beef remain steady to higher due to limited supply of Oceania product, firm prices for domestic lean beef and the freight benefit that imported beef provides for plants located near the coast.
- US lean beef prices seasonally decline in the fall due to increasing supplies and waning summer demand. This year prices have managed to defy the seasonal trend even as slaughter has increased by double digits compared to last year. Strong demand and higher overall beef prices have helped bolster lean grinding beef values.
- Retail ground beef prices continue to trend higher and recent trend in wholesale beef prices will likely push ground beef values even higher in September and October.
- Brazilian beef exports in August were up 11% from a year ago, with exports to China up 35%. While exports to the US have also increased, they are still a small share of overall Brazilian exports.
- US cattle on feed supply on September 1 estimated 3% under last year but the supply of market ready cattle still running 5% above year ago.

Imported Market Activity for the Week

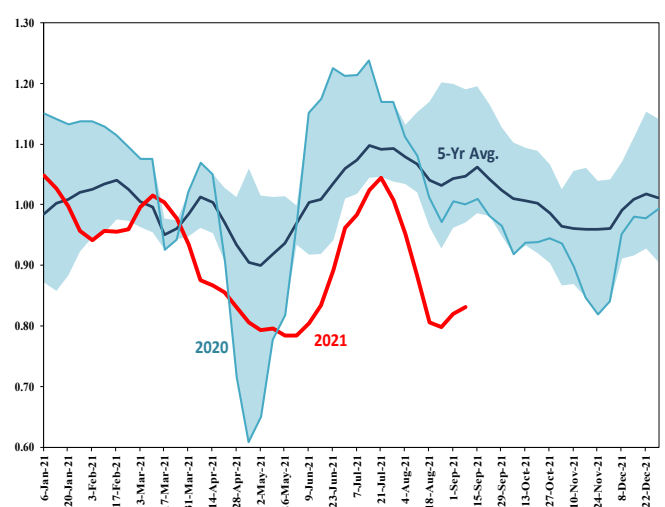
Imported beef prices were steady to higher last week although there is great variability depending on product origin and who's looking to buy. Some large end users still do not include South American (i.e. Brazil) in their spec while availability of Oceania product remains limited. This has created a very wide spread between Brazilian grinding beef and Australian/NZ product. Some market participants contend that the spread can be as wide as 30 cents a pound but others think the spread is more likely 10-15 cents. Both could be right depending on who their buyers are.

Sometimes if an importer needs to move a load and regular customers can only take it if Brazilian 90s are priced around 250 or 260, then that's the price, especially if product was bought a while ago and still has a good margin on it. Sales at foodservice are characterized as just ok, gone is the enthusiasm and optimism we saw back in the spring. Consumer confidence saw a sharp drop in August and initial September data is not much different and now at decade lows. Some of this is starting to show up in the market. Buyers remain cautious but much depends on who you are what your demand profile looks like. A large company that normally users millions of pounds of lean grinding

90CL Trlm: 5-Yr Seasonal vs. Current Price Trends



Price Ratio of 90CL Boneless Beef vs. Choice Cutout



beef a year and relies on imports for a good portion of that does not always have the option to stay on the market and buy spot. For these buyers, product availability is often an even bigger concern than price. For Australia and New Zealand product we are seeing premiums paid for product delivering even further out than our 7:45 day benchmark. The premium reflects uncertainty about supply availability later this year and in early 2022 as well as the level of demand from other markets, particularly China.

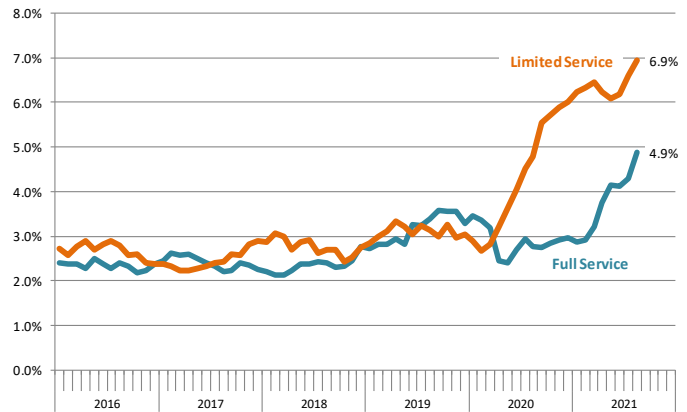
Domestic lean beef prices hold firm despite double digit increase in cow slaughter

Seasonally lean beef prices fade after mid July, and they are substantially lower after Labor Day. The fact that lean beef prices have been steady to higher suggests that demand remains very good. But we have not seen the spike that we saw in the price of the choice cutout because domestic lean grinding beef was more available than fed beef cuts. It is also important to recognize that grinding beef values do not get the labor premiums that fed beef packers need to charge. With limited labor availability, packers have struggled to fill retail orders that call for specific specs. Gone are the days when retailers would trim product in the store. With a large share of retail beef now case ready, packers have struggled to cover retail orders and the labor needed to do that is reflected in the tight spot supply and big premiums paid.

The chart on page 1 shows the ratio of 90CL boneless beef to the value of the choice cutout. The price of 90s continues to run far below the value of the cutout for the reasons noted above. However, one should also recognize that despite this 90CL prices are far higher than where they would otherwise be. Lack of imports has likely played a role but the most important factor remains the shift in demand. Retail ground beef prices have been trending higher although they are still below the pandemic peak last May. The narrowing spread between wholesale and retail prices implies that domestic retail ground beef prices will continue to advance in the next couple of months. Rising retail prices will eventually ration out domestic demand (that’s what they are supposed to do). If domestic cow slaughter numbers continue to increase and choice cutout drifts lower, we could see do-

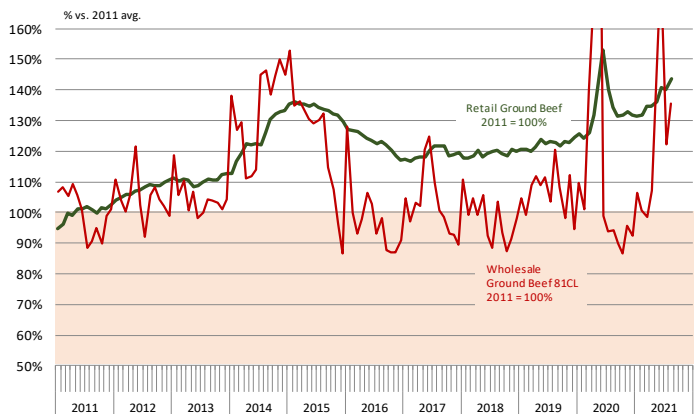
Food Price Inflation at Full Service and Limited Service Establishments

Y/Y % Change. Source: BLS. Analysis by Steiner Consulting



RETAIL GROUND BEEF PRICE VS. 81CL GROUND BEEF AT WHOLESALE

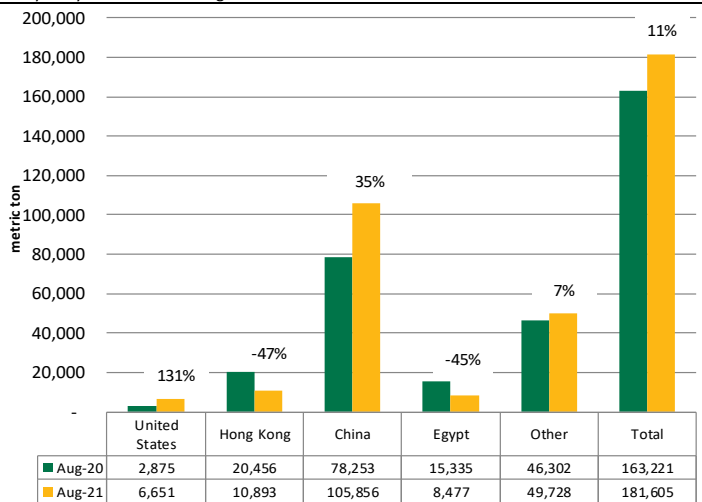
Indexed so 2011 = 100. Data Source: USDA. Compiled and Analysis by Steiner Consulting



Brazil Fresh/Frozen Beef Exports in August 2021 vs. August 2020

Analysis by Steiner Consulting

Units: Metric Tons



estic lean beef prices soften a bit this fall. The bigger challenge for the grinding beef market will be in Q1 and Q2 of next year as domestic cow slaughter eventually declines and Oceania availability remains limited.

Other market notes:

- US cattle slaughter last week was estimated at 660k, higher than our earlier estimates. Somehow packers managed to run a big Saturday slaughter, estimated at 67k head. Robust beef demand and good margins continue to incentivize packers to run as hard as they can but labor availability remains a limiting factor.

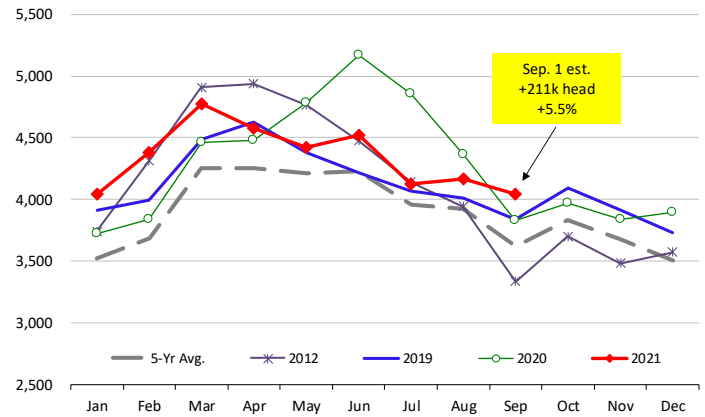
- Choice beef cutout dropped another \$3.50/cwt on Friday as end cuts continue to lose ground. Middle meats are holding firm, with boneless ribeyes still near \$15/cwt and rib primal over \$600/cwt. Rounds have lost significant ground in recent days as retail demand has slowed down. However, fat trim continues to trade firm, quoted at \$140/cwt on Friday, suggesting ground beef demand remains in good shape.

- USDA will release on Friday, September 24 the results of the monthly survey of feedlots with +1000 head capacity. Below are our estimates (percent of year ago):

Placed on feed in August:	93.7
Marketed in in August:	99.8
Total on feed Sep. 1:	97.0

INVENTORY OF CATTLE THAT HAVE BEEN ON FEED FOR 120 DAYS OR MORE

Calculated using the USDA Monthly "Cattle on Feed" Report



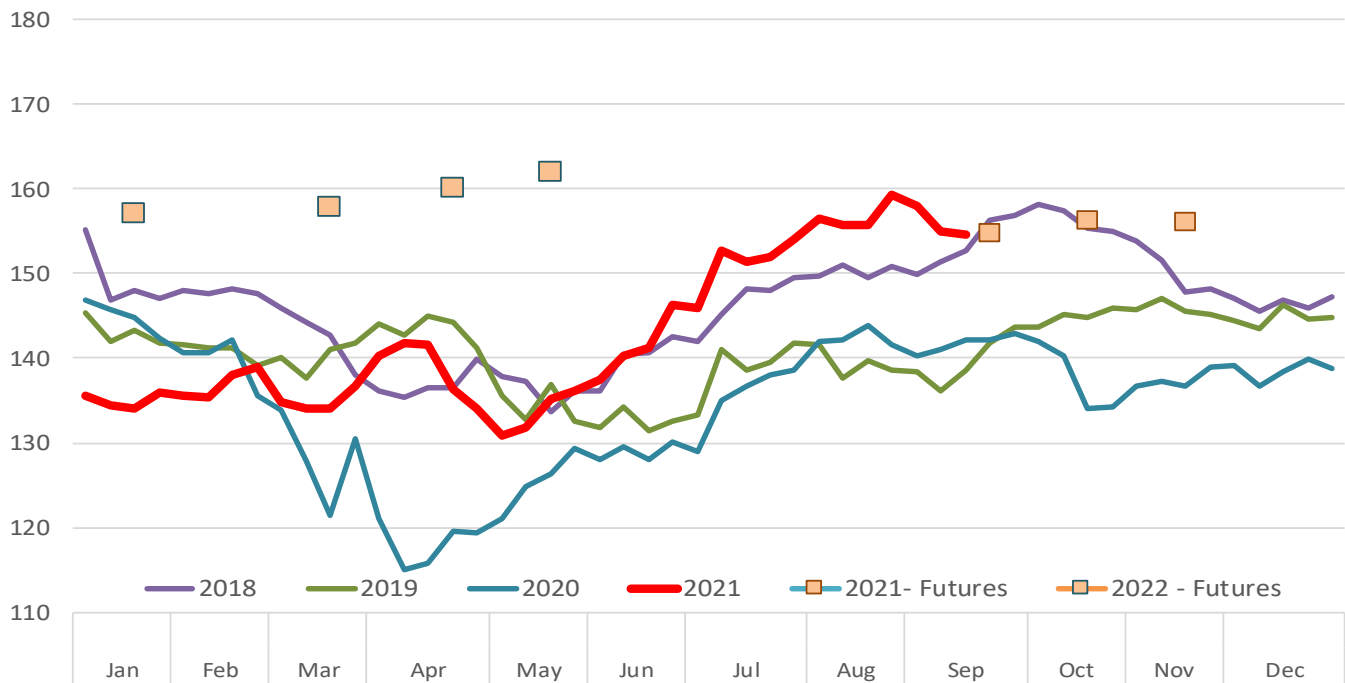
While overall feedlot inventories are below year ago levels, the inventory of market ready cattle continues to remain heavy. We estimate that the inventory of cattle with more than 120 days on feed as of September 1 was 211k head or 5.5% higher than a year ago. Fed cattle values have come under pressure recently and we think a big part of that is due to the still large supply of market ready cattle. As cutout drifts lower and packers struggle with labor, feedlots have little choice but lower prices in order to get their cattle scheduled. The lower placement rate this summer will limit supply availability late this year and in Q1 of 2022, however.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	16-Sep-21	9-Sep-21		17-Sep-20	
CME FEEDER CATTLE INDEX	154.60	155.00	-0.3%	142.18	8.7%
	17-Sep-21	10-Sep-21		18-Sep-20	
FED STEER (5-MKT AVG)	124.56	124.94	-0.3%	102.73	21.2%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	138.50	138.00	0.4%	127.00	9.1%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	137.50	138.50	-0.7%	127.00	8.3%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	132.50	132.50	0.0%	116.50	13.7%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	235.23	235.54	-0.1%	178.10	32.1%

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
	17-Sep-21		10-Sep-21			18-Sep-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	290.0	290.0	289.0	290.0	0.0	247.0	248.0	42.0
90 CL Blended Cow	271.0	272.0	270.0	271.0	1.0	218.0	220.0	52.0
90 CL Shank	270.0	275.0	273.0	275.0	0.0		222.0	53.0
85 CL Fores	250.0		249.0	250.0	0.0	198.0	199.0	51.0
85 CL Chucks	UNQ			UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	289.0		288.0	289.0	0.0		247.0	42.0
Uruguay CFH 90CL, E. Coast	UNQ			UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	249.0		249.0		0.0	197.0	198.0	51.0
80 CL Trimmings	230.0	232.0	230.0		2.0	187.0	189.0	43.0
75 CL Trimmings	UNQ			UNQ	N/A		175.0	N/A
65 CL Trimmings	UNQ			UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	360.0	365.0	360.0	365.0	0.0		290.0	75.0
Steer Insides 14/18	UNQ			UNQ	N/A		UNQ	N/A
Steer Flats	300.0	305.0	305.0	310.0	-5.0		250.0	55.0
Steer Knuckles	275.0	285.0		290.0	-5.0	270.0	275.0	10.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	17-Sep-21	30-Sep-21	10-Sep-21	27-Sep-21		18-Sep-20	18-Sep-20	
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	298.0	300.0	295.0	298.0	2.0	253.0	254.0	46.0
90 CL Blended Cow	280.0	282.0	280.0	281.0	1.0	227.0	228.0	54.0
90 CL Shank	281.0	283.0	282.0	283.0	0.0		230.0	53.0
85 CL Fores	257.0	258.0	256.0	258.0	0.0	208.0	209.0	49.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	298.0	299.0	296.0	297.0	2.0	252.0	253.0	46.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings		257.0	256.0	257.0	0.0	207.0	208.0	49.0
80 CL Trimmings	240.0	241.0		240.0	1.0		205.0	36.0
75 CL Trimmings		UNQ		UNQ	N/A	183.0	184.0	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	370.0	375.0	370.0	380.0	-5.0		300.0	75.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		325.0	325.0	330.0	-5.0		260.0	65.0
Steer Knuckles	290.0	295.0	295.0	305.0	-10.0	280.0	285.0	10.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
	17-Sep-21			10-Sep-21				18-Sep-20			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout		318.00			327.22		-9.2		215.64		102.4
Select Cutout		280.27			293.37		-13.1		203.94		76.3
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	274.0	283.0	277.7	277.0	288.0	278.4	-0.6	208.0	232.0	219.0	58.8
85 CL Beef Trimmings	254.0	265.1	258.6	256.0	268.1	260.7	-2.1	182.7	206.7	188.2	70.4
50 CL Beef Trim	123.0	150.0	138.4	101.0	150.0	138.6	-0.2	32.0	51.0	43.1	95.3
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	61.7	114.0	76.9	62.0	122.3	82.1	-5.2	46.4	74.5	60.0	17.0
72 CL Pork Trim	112.2	134.8	122.0	85.7	130.0	109.2	12.8	76.5	115.8	87.5	34.5
<u>Point of Lean Values</u>											
90 CL Domestic		308.6			309.3		-0.7		243.3		65.3
50 CL Beef Trimming		276.8			277.1		-0.4		86.3		190.5
42 CL Pork Trim		183.2			195.5		-12.3		142.7		40.4
72 CL Pork Trim		169.4			151.6		17.8		121.6		47.9
<u>National Direct Fed Steer (5-day accum. wt. avg. price)</u>		124.56			124.94		-0.4		102.73		21.8

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>	
	17-Sep-21	10-Sep-21			18-Sep-20		
<u>Live Cattle Futures</u>							
October '21	122.800	123.425	↓	-0.63	107.350	↑	15.45
December '21	127.525	128.225	↓	-0.70	111.850	↑	15.68
February '22	131.550	132.025	↓	-0.47	116.075	↑	15.48
April '22	135.000	135.050	↓	-0.05	118.150	↑	16.85
<u>Feeder Cattle Futures</u>							
October '21	156.375	157.725	↓	-1.35	142.425	↑	13.95
November '21	156.100	159.125	↓	-3.03	142.525	↑	13.58
January '22	157.075	159.400	↓	-2.32	141.350	↑	15.73
March '22	157.875	159.450	↓	-1.57	140.950	↑	16.93
<u>Corn Futures</u>							
December '21	527.250	517.500	↑	9.75	378.500	↑	148.75
March '22	534.250	526.500	↑	7.75	387.500	↑	146.75
May '22	538.250	531.500	↑	6.75	392.750	↑	145.50
May '22	536.250	531.000	↑	5.25	395.500	↑	140.75
<u>Ch Wheat Futures</u>							
December '21	708 3/4	688 1/2	↑	20.25	575	↑	133.75
March '22	719 3/4	699 1/4	↑	20.50	582 3/4	↑	137.00
May '22	722 3/4	705 1/4	↑	17.50	586 3/4	↑	136.00
May '22	703 3/4	689 3/4	↑	14.00	582 3/4	↑	121.00

<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>	
	17-Sep-21	10-Sep-21			18-Sep-20		
<u>Total Cattle Slaughter</u>	624,000	651,000	↓	-27,000	635,000	↓	-11,000
	4-Sep-21	28-Aug-21			5-Sep-20		
<u>Total Cow Slaughter</u>	126,104	131,411	↓	-5,307	114,800	↑	11,304
<u>Dairy Cow Slaughter</u>	58,822	62,379	↓	-3,557	55,300	↑	3,522
<u>Beef Cow Slaughter</u>	67,282	69,032	↓	-1,750	59,500	↑	7,782

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

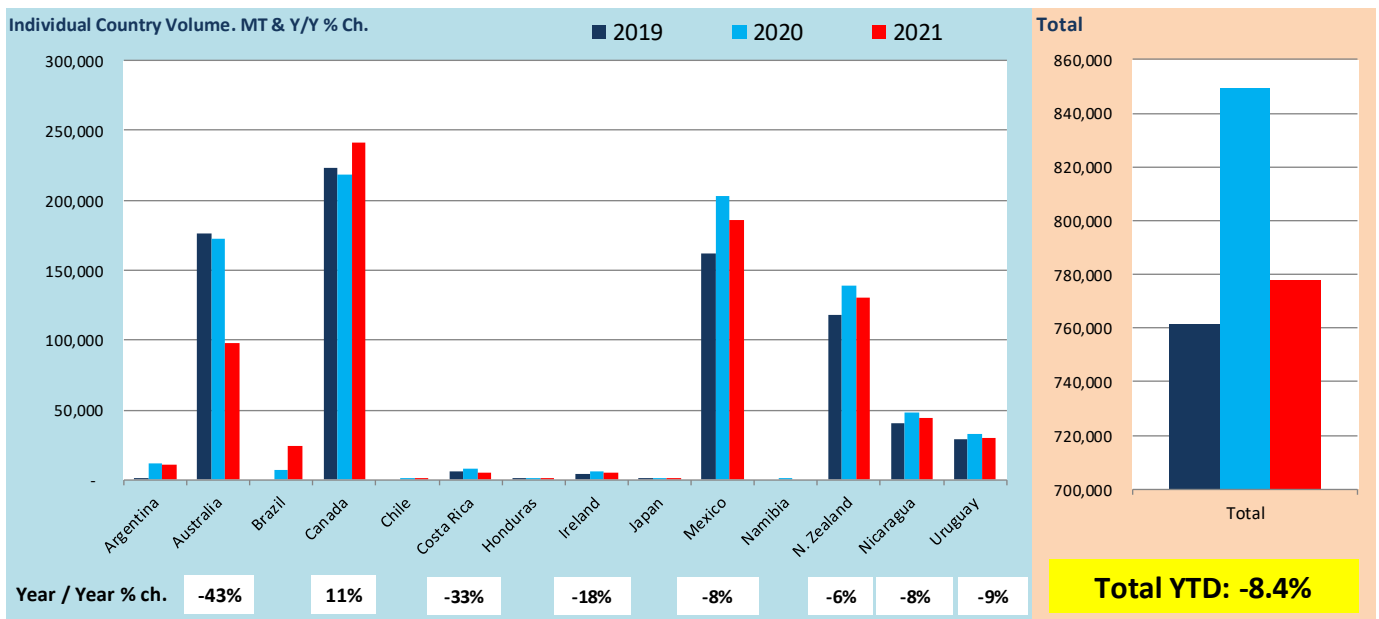
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 37	9/12/2020	9/11/2021		
Argentina	11,722	10,684	(1,038)	-8.9%
Australia	172,165	98,398	(73,767)	-42.8%
Brazil	7,237	24,667	17,430	240.8%
Canada	217,974	241,435	23,461	10.8%
Chile	48	181	133	277.1%
Costa Rica	8,317	5,587	(2,730)	-32.8%
France	-	-	-	
Honduras	1,572	22	(1,550)	-98.6%
Ireland	6,559	5,390	(1,169)	-17.8%
Japan	280	763	483	172.5%
Mexico	202,812	185,818	(16,994)	-8.4%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	138,910	130,436	(8,474)	-6.1%
Nicaragua	48,583	44,597	(3,986)	-8.2%
Spain	-	-	-	
Uruguay	32,655	29,770	(2,885)	-8.8%
Total	849,239	777,746	(71,493)	-8.4%

Source: AMS - USDA

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

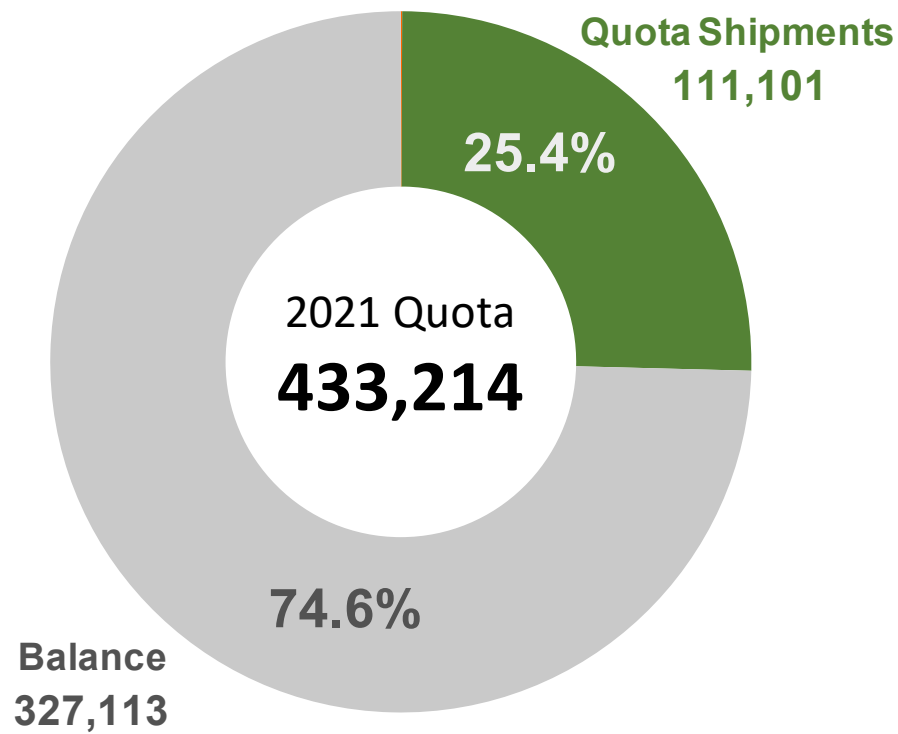
Imports as of September 11, 2021



Australian Beef Quota Position

16-Sep-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending September 13. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

