



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

Volume 22, Issue 38

September 24, 2021

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

Market Highlights for the Week:

- US cattle slaughter was down 16k head from the previous week as a major fed cattle processing plant was offline the last three days of the week. Despite the decline wholesale beef prices continued to drift lower.
- Imported beef prices were modestly lower as well as buyers seemed content to sit on the sidelines given the declines in wholesale beef prices.
- Inventory of boneless beef in cold storage at the end of August was down the equivalent of 1,168 loads of beef or 8.1% lower than a year ago.
- Fat beef trim prices may see some downward pressure in the near term but prices will likely remain significantly above year ago levels given the general inflation in US beef prices. Current fat trim beef prices are still in line with overall wholesale beef values.
- Australian beef shipments to the US in September are expected to be down 7% from a year ago.
- The inventory of cattle on feed as of September 1 was estimated 1.4% lower than a year ago. However, the inventory of cattle with +120 days on feed was still 5.6% higher than last year and 11% higher than the five year average.

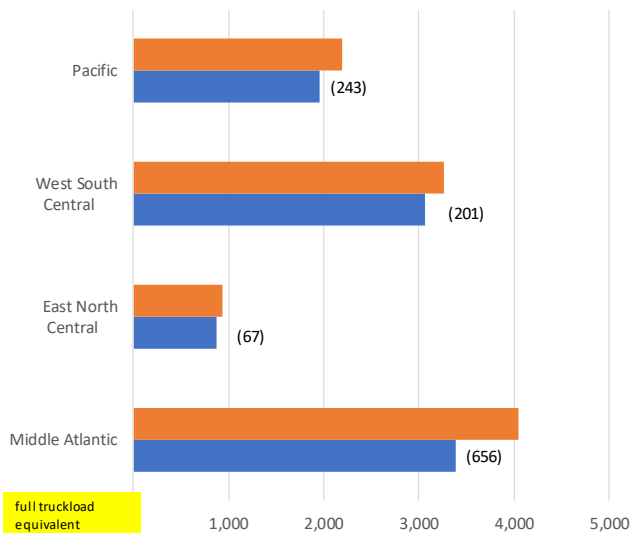
Imported Market Activity for the Week

Imported beef prices were modestly lower this past week as prices in the domestic market held a softer undertone and buyers seemed in no rush to cover needs. Overall demand picture does not appear as robust as it was during the summer, to be expected and in line with seasonal trends for this time of year. But even as imported values were lower in the US, Oceania offerings were firm and trade done at lower prices was quite limited. South and Central American prices seemed to be softer and more in line with the trend in the domestic market. While Brazil continues to ship sig-

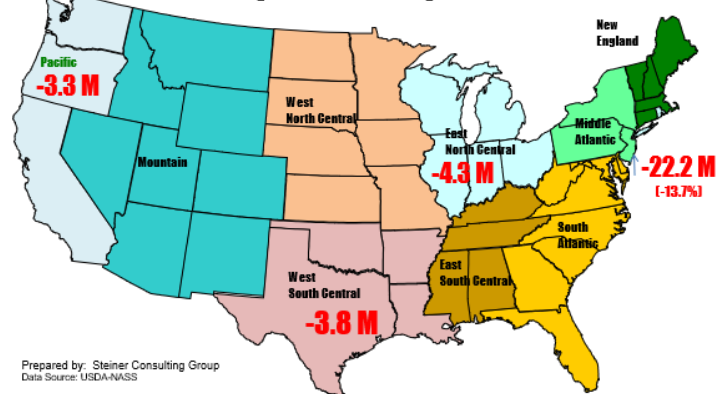
nificant volumes to China, we also continue to see offerings into the US. Argentina and Uruguay availability is more limited and often for high value products rather than grinding beef. The market for imported round cuts, mostly frozen, was lower as the price of domestic fed beef has come under pressure. The value of the round primal in the last four weeks has declined by 14%, only the loin primal has posted a bigger decline during this period. Chilled availability is almost non-existent. Product is getting delayed in the West Coast and getting chilled product to the US in time is often logistically impossible. Some market participants note cases where chilled product has been converted

Boneless Beef Inventories by Region: August 2021 vs. August 2020

Data source: USDA-NASS. Analysis by Steiner Consulting



Change in Boneless Beef Cold Storage Inventories by Region August 2021 vs. August 2020



Prepared by: Steiner Consulting Group
Data Source: USDA-NASS

into frozen when in the container due to the delay in getting product unloaded.

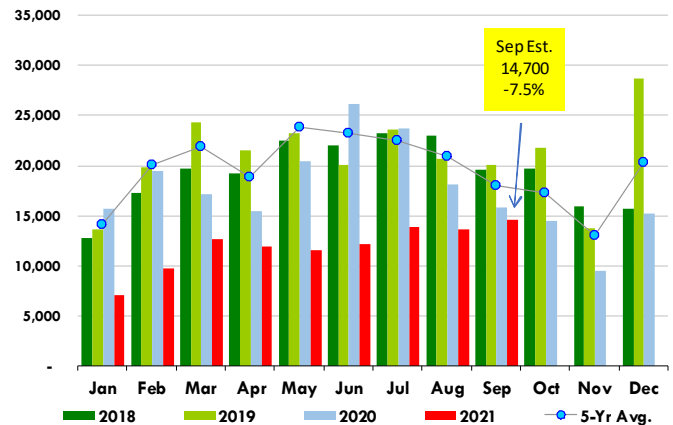
Other market notes:

- The total supply of beef in cold storage at the end of August was estimated at 414.9 million pounds, 7.7% lower than a year ago and 12.6% lower than the five year average. Normally we see beef inventories start to increase in June but high prices over the summer have prevented market participants from building inventories. In August beef inventories increased 3.5% from the previous month compared to an average 4.5% increase in the last five years. The inventory of beef cuts in cold storage was 30.7 million pounds, 2.2% lower than the extremely tight inventory last year and 17.9% under the five year average. Boneless beef inventory at the end of August was 384.2 million pounds, down 8.1% from a year ago. The chart on page 1 shows the distribution of boneless beef inventories by the USDA defined cold storage region. We converted the inventory in full truckload equivalent to give a sense of the scale. The biggest decline has been in the Mid-Atlantic region. The inventory in this region is down 13.7% or the equivalent of 656 full truckloads. Total US boneless beef inventory in cold storage at the end of August was down the equivalent of 1,168 full truckloads. Some of the reduction is a function of lower imports. But we also think that strong demand and high prices have caused end users, especially processors/traders on the East Coast, to deplete inventories. So far the market has not provided an opportunity to rebuild stocks. As more buyers are in the spot market looking for product, this has contributed to the price inflation we have seen in the last three months.

- The total supply of beef in cold storage at the end of August was estimated at 414.9 million pounds, 7.7% lower than a year ago and 12.6% lower than the five year average. Normally we see beef inventories start to increase in June but high prices over the summer have prevented market participants from building inventories. In August beef inventories increased 3.5% from the previous month compared to an average 4.5% increase in the last five years. The inventory of beef cuts in cold storage was 30.7 million pounds, 2.2% lower than the extremely tight inventory last year and 17.9% under

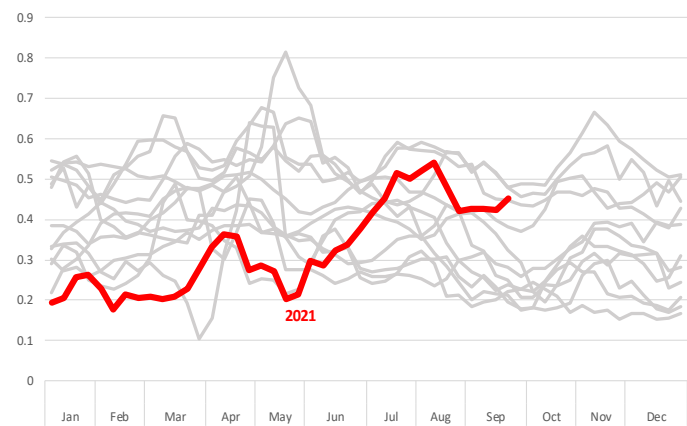
AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

Metric Ton. Source: DAFF. Analysis by Steiner Consulting



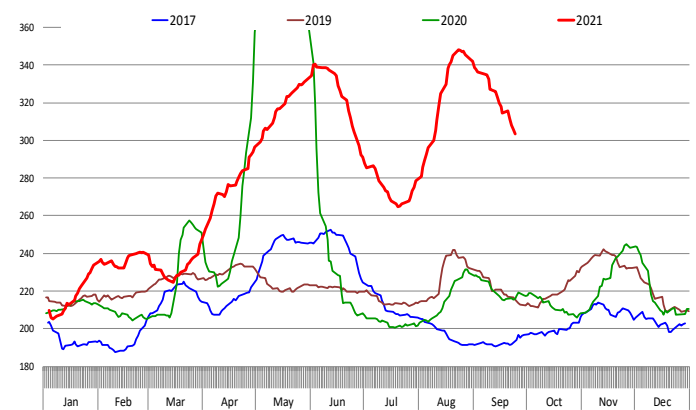
Price Ratio of 50CL Beef Trim vs Choice Beef Cutout

Data from USDA-AMS. Analysis by Steiner Consulting



CHOICE BEEF CUTOUT VALUE

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



the five year average.

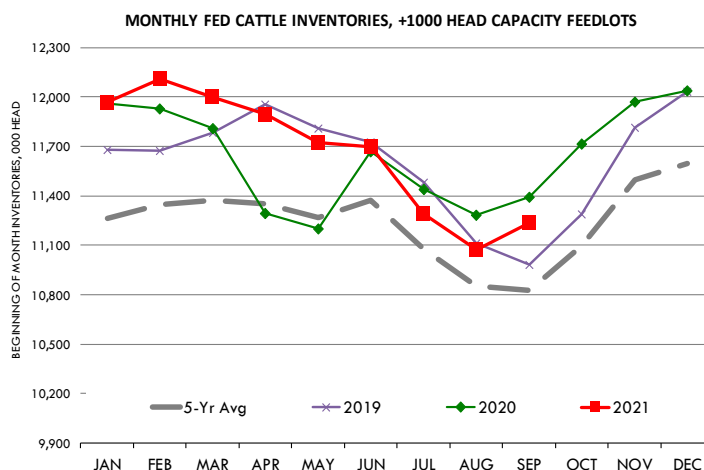
- The total supply of beef in cold storage at the end of August was estimated at 414.9 million pounds, 7.7% lower than a year ago and 12.6% lower than the five year average. Normally we see beef inventories start to increase in June but high prices over the summer have prevented market participants from building inventories. In August beef invento-

ries increased 3.5% from the previous month compared to an average 4.5% increase in the last five years. The inventory of beef cuts in cold storage was 30.7 million pounds, 2.2% lower than the extremely tight inventory last year and 17.9% under the five year average.

US cattle on feed supply and implications

The total inventory of cattle on feed as of September 1 was estimated at 11.234 million head, 160k head higher than the previous month but 160k head or 1.4% lower than the previous year. Analysts polled ahead of the report expected the inventory to be 1.9% lower. The inventory of cattle that have been on feed for more than 120 days is estimated at 4.048 million head, 5.6% higher than a year ago and 427k head or 11.8% higher than the five year average. When we look at the structure of placements, feedlots placed more heavy cattle on feed during August, which will tend to become market ready this fall. This will add to the already large number of market ready cattle that we currently have on feed and which will need to be processed in the next 30-60 days. Spreads are currently wide enough. Given processing bottlenecks, the report suggests that we may continue to see weak cattle pricing persist well into the fall and possibly early winter.

Placements: USDA pegged the number of cattle placed on feed during August at 2.104 million head, 2.3% higher than a year ago and higher than the five year average. There was a wide range of opinions on placements for August. Last year placements were very high as feedlots were catching up with the backlog of feeder cattle that was created by COVID during the spring of 2020. With fewer cattle outside feedlots than a year ago and a decline in the number of feeder cattle marketed during August, it was reasonable to expect a decline in feedlot placements. However, some analysts looked at the incentives in place during August, with fed cattle prices for December as high as \$138/cwt at a time when corn futures were flat. High feed costs also incentivized feedlots to try and increase placements of yearlings. Placements in August increased by 47k head compared to a year ago. Placements of cattle weighing between 900 and 999 pounds increased by 45k head



or 20%, while placements of cattle between 600 and 699 pounds declined by 25k head or 7.5%. As noted above, this structure of placements implies continued wide spreads between Oct/Dec and Feb. Also, as feedlots place more feeders in late summer and early fall, we think this will tend to limit placements later this year and therefore supply availability next spring. It is always important to remember that feedlot survey tells us about the flow of cattle into feedlots while the cattle survey tells us about supply availability. With fewer beef cows on the ground as of July 1, a smaller calf crop and continued cow liquidation, we will see cattle supplies slowly decline into 2022 and 2023. The recent cattle on feed report tells us that near term supplies remain plentiful relative to processing capacity but the pendulum will slowly shift in 2022.

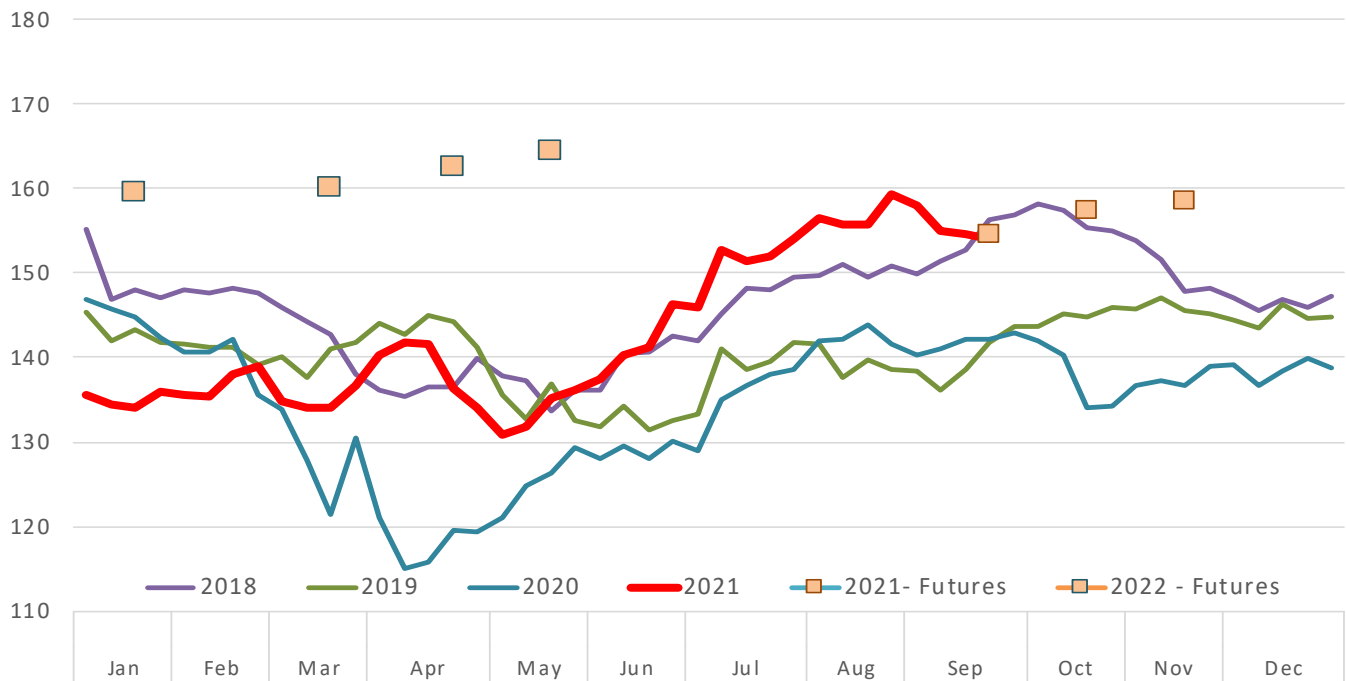
Marketings: The number of cattle that +1000 head capacity feedlots marketed in August was 1.885 million head, 0.4% lower than the previous year. Analysts on average expected marketings to be down 0.2%. According to USDA daily slaughter statistics, fed cattle slaughter in August was 0.2% lower than in 2020 and 3.6% lower than in 2019. The USDA marketing numbers were largely consistent with the slaughter data. The feedlot turn-over rate (ratio of marketings vs. the +90day inventory) was 31.8% compared to 33% last year and 34.9% vs. the five year average. The lower rate of marketings, a function of processing challenges, remains a major factor impacting cattle pricing in the near term.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	23-Sep-21	16-Sep-21		24-Sep-20	
CME FEEDER CATTLE INDEX	154.04	154.60	-0.4%	142.23	8.3%
	24-Sep-21	17-Sep-21		25-Sep-20	
FED STEER (5-MKT AVG)	123.64	124.56	-0.7%	104.94	17.8%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	137.00	138.50	-1.1%	124.00	10.5%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	137.50	137.50	0.0%	128.00	7.4%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	140.50	132.50	6.0%	116.50	20.6%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	232.67	235.23	-1.1%	178.83	30.1%

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
	24-Sep-21	29-Sep-21	17-Sep-21	22-Sep-21		25-Sep-20	25-Sep-20	
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	289.0	290.0	290.0	290.0	0.0	245.0	246.0	44.0
90 CL Blended Cow	270.0	271.0	271.0	272.0	-1.0	212.0	215.0	56.0
90 CL Shank	270.0	275.0	270.0	275.0	0.0		220.0	55.0
85 CL Fores	248.0	249.0		250.0	-1.0	195.0	197.0	52.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast		289.0		289.0	0.0		245.0	44.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings		248.0		249.0	-1.0	195.0	196.0	52.0
80 CL Trimmings	230.0	231.0	230.0	232.0	-1.0	187.0	188.0	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	360.0	365.0	-5.0		295.0	65.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	300.0	305.0	300.0	305.0	0.0	250.0	255.0	50.0
Steer Knuckles	275.0	280.0	275.0	285.0	-5.0	275.0	280.0	0.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	24-Sep-21	30-Sep-21	17-Sep-21	24-Sep-21		25-Sep-20	25-Sep-20	
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	298.0	300.0	298.0	300.0	0.0	250.0	252.0	48.0
90 CL Blended Cow	279.0	280.0	280.0	282.0	-2.0	220.0	222.0	58.0
90 CL Shank	280.0	281.0	281.0	283.0	-2.0	225.0	227.0	54.0
85 CL Fores	256.0	257.0	257.0	258.0	-1.0	208.0	208.0	49.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	298.0	299.0	298.0	299.0	0.0	250.0	250.0	49.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	255.0	256.0		257.0	-1.0	206.0	207.0	49.0
80 CL Trimmings	237.0	239.0	240.0	241.0	-2.0	200.0	201.0	38.0
75 CL Trimmings		UNQ		UNQ	N/A		183.0	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	365.0	370.0	370.0	375.0	-5.0	305.0	310.0	60.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		320.0		325.0	-5.0	260.0	265.0	55.0
Steer Knuckles	285.0	295.0	290.0	295.0	0.0	290.0	290.0	5.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	24-Sep-21			17-Sep-21				25-Sep-20			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	303.32			318.00			-14.7	219.34			84.0
Select Cutout	274.53			280.27			-5.7	206.98			67.6
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	274.0	283.8	277.6	274.0	283.0	277.7	-0.1	210.0	225.0	214.5	63.2
85 CL Beef Trimmings	250.0	268.0	258.0	254.0	265.1	258.6	-0.5	170.0	198.0	183.2	74.8
50 CL Beef Trim	76.0	145.3	134.6	123.0	150.0	138.4	-3.8	40.0	57.5	48.4	86.2
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	63.0	99.5	70.9	61.7	114.0	76.9	-6.0	52.6	87.5	62.4	8.5
72 CL Pork Trim	98.5	145.8	109.1	112.2	134.8	122.0	-12.9	78.0	112.8	83.2	25.9
<u>Point of Lean Values</u>											
90 CL Domestic	308.5			308.6			-0.1	238.3			70.2
50 CL Beef Trimming	269.2			276.8			-7.6	96.9			172.3
42 CL Pork Trim	168.8			183.2			-14.4	148.7			20.1
72 CL Pork Trim	151.5			169.4			-17.9	115.5			36.0
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	123.64			124.56			-0.9	104.94			18.7

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From Last Year
			Week	Week		
	24-Sep-21	17-Sep-21			25-Sep-20	
<u>Live Cattle Futures</u>						
October '21	122.925	122.800	↑	0.13	107.575	↑ 15.35
December '21	128.150	127.525	↑	0.63	111.400	↑ 16.75
February '22	132.625	131.550	↑	1.07	114.600	↑ 18.03
April '22	136.325	135.000	↑	1.32	116.525	↑ 19.80
<u>Feeder Cattle Futures</u>						
October '21	157.350	156.375	↑	0.97	140.325	↑ 17.03
November '21	158.575	156.100	↑	2.48	140.150	↑ 18.43
January '22	159.600	157.075	↑	2.53	138.825	↑ 20.78
March '22	160.175	157.875	↑	2.30	138.350	↑ 21.83
<u>Corn Futures</u>						
December '21	526.750	527.250	↓	-0.50	365.250	↑ 161.50
March '22	534.500	534.250	↑	0.25	373.250	↑ 161.25
May '22	539.000	538.250	↑	0.75	378.750	↑ 160.25
May '22	538.250	536.250	↑	2.00	382.500	↑ 155.75
<u>Ch Wheat Futures</u>						
December '21	723 3/4	708 3/4	↑	15.00	544 1/4	↑ 179.50
March '22	734 3/4	719 3/4	↑	15.00	551 1/2	↑ 183.25
May '22	738	722 3/4	↑	15.25	556 1/4	↑ 181.75
May '22	716	703 3/4	↑	12.25	556	↑ 160.00

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From Last Year
			Week	Week		
	24-Sep-21	17-Sep-21			25-Sep-20	
Total Cattle Slaughter	624,000	651,000	↓	-27,000	635,000	↓ -11,000
	11-Sep-21	4-Sep-21			12-Sep-20	
Total Cow Slaughter	115,533	126,104	↓	-10,571	106,800	↑ 8,733
Dairy Cow Slaughter	58,643	58,822	↓	-179	54,700	↑ 3,943
Beef Cow Slaughter	56,890	67,282	↓	-10,392	52,100	↑ 4,790

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

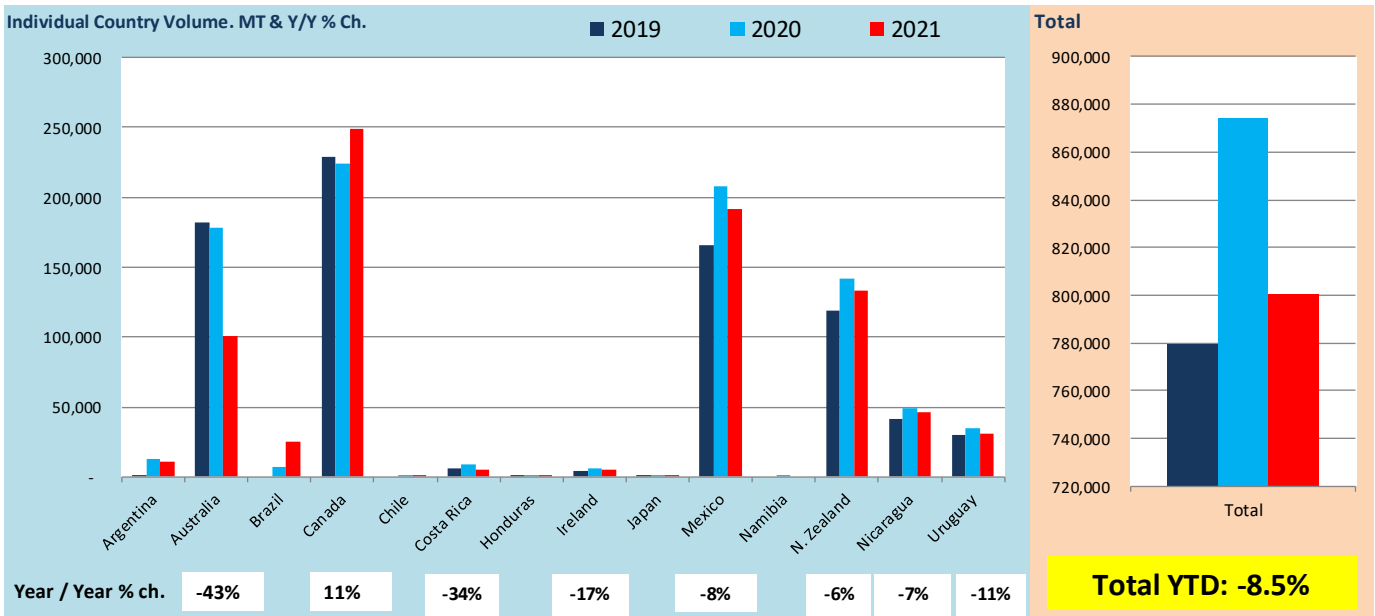
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 38	9/19/2020	9/18/2021		
Argentina	13,107	11,099	(2,008)	-15.3%
Australia	178,260	101,126	(77,134)	-43.3%
Brazil	7,507	25,448	17,941	239.0%
Canada	224,011	249,124	25,113	11.2%
Chile	48	181	133	277.1%
Costa Rica	8,578	5,648	(2,930)	-34.2%
France	-	-	-	
Honduras	1,572	22	(1,550)	-98.6%
Ireland	6,634	5,500	(1,134)	-17.1%
Japan	291	791	500	171.8%
Mexico	207,803	191,173	(16,630)	-8.0%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	141,957	133,265	(8,692)	-6.1%
Nicaragua	49,680	45,999	(3,681)	-7.4%
Spain	-	-	-	
Uruguay	34,487	30,772	(3,715)	-10.8%
Total	874,420	800,147	(74,273)	-8.5%

Source: AMS - USDA

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

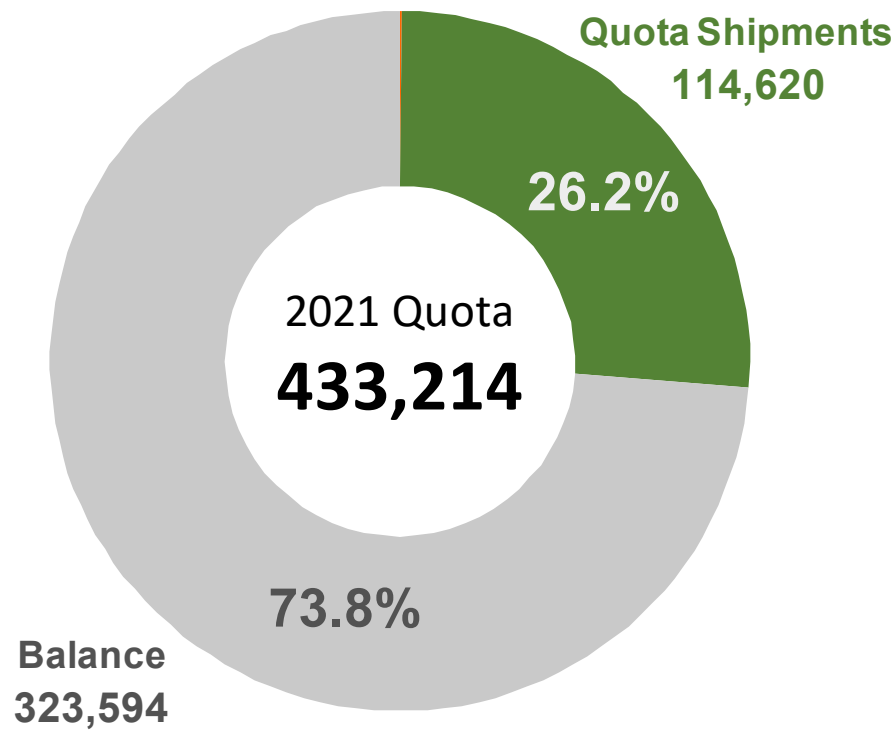
Imports as of September 18, 2021



Australian Beef Quota Position

23-Sep-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending September 20. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

