



US Imported Beef Market

A Weekly Update

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

Volume 22, Issue 39

October 8, 2021

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Market Highlights for the Week:

- Prices for imported Oceania grinding beef firm on limited availability and higher asking prices. Brazilian beef reportedly more available and trading at a significant discount to Oceania.
- Brazilian exports of fresh/frozen beef to the US in September were a little over 7,500 MT, the highest monthly volume since Brazil was allowed to ship fresh beef to the US market.
- US beef imports so far this year are down 6.3% compared to a year ago, as increases in imports from Canada and Brazil were more than offset by the reduction in imports from Australia and New Zealand.
- US cattle slaughter increased by 20k head from last week and cow/bull slaughter was estimated at 143k head, up 6% compared to a year ago.
- Wholesale beef prices continue to trend lower due to the seasonal slowdown in beef demand. Prices for competing products have been declining as well, with lower prices for pork trim and chicken breasts.

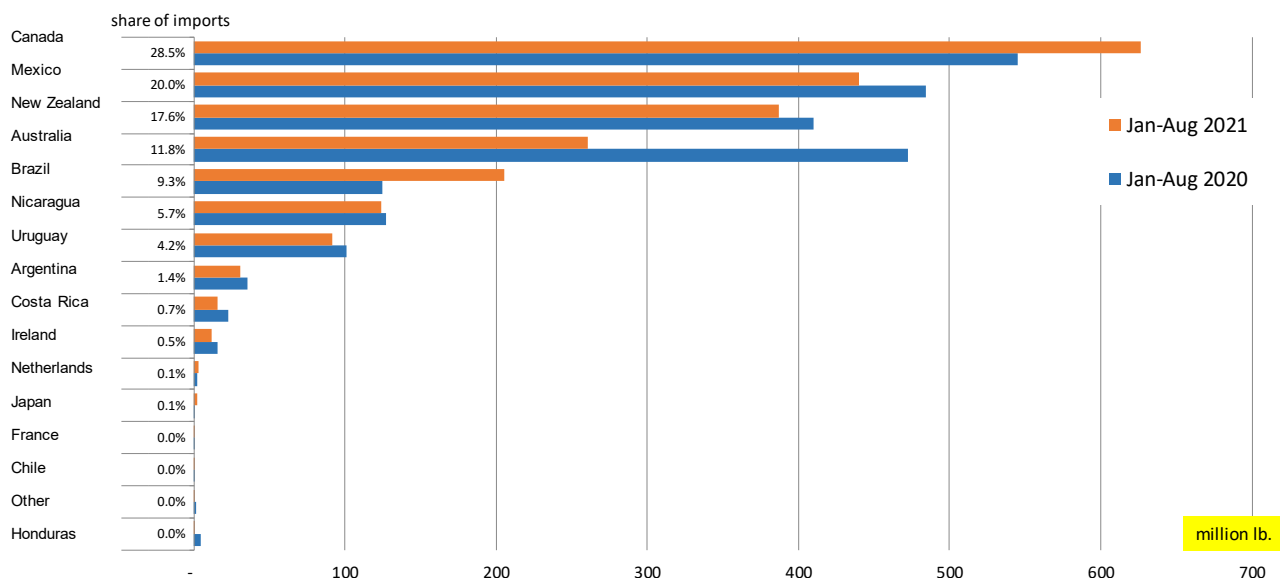
Imported Market Activity for the Week

Imported beef trade was mixed, with product from Australia and New Zealand in limited supply and offered at firm to higher prices. Asking prices from New Zealand also firm as participants there feel more confident that China demand will be sustained now that production there is expected to seasonally increase. We do not have slaughter data for New Zealand for the last couple of weeks (they are reported with a lag) but it is our understanding that supply is near normal levels for this time of year. Moisture conditions are in better

shape than they were a year ago, something that will be more closely watched going into the spring and summer of the Southern Hemisphere. Dairy prices in the world market also showing some improvement, which may further impact slaughter in the next three months. As for Australian suppliers, little seems to have changed, as slaughter continues to be limited and demand in Asian markets remains stout. Fat trim appears to be in limited supply, regularly going to customers in S. Korea and Japan (more on Australia exports later). Offerings from Brazil a bit easier to come by and generally at a significant discount to Australia/New Zealand

Jan- Aug US Beef Imports in 2020 and 2021. Million Pounds. Carcass Weight Basis

Source: USDA-ERS. Analysis by Steiner Consulting. % Reflect Share of Imports in 2021



product. This has been the case for much of this year as traders work bids from buyers that have Brazilian beef in their specs. Quota will not be an issue for Brazil this year but may start to be discussed a bit more in the next couple of years, depending largely on China demand and the amount of Brazilian beef coming to the US. Through September exports of Brazilian fresh/frozen beef to the US were a little over 38,000 MT. September shipments were 7,541 MT, the highest monthly volume since Brazil was allowed to ship fresh beef to the US market. Even if Brazil ships around 8k MT per month in the next two months, it still would not bump up against the quota available to MFN nations. That's because Central American countries, which in the past utilized some of that quota, no longer face a quota. The chart to the right shows the progress of Brazilian beef exports relative to Australia. In recent months, we have seen the gap in shipments from these two countries narrow, something that is also reflected in the price spread of grinding beef from the two countries. But as Brazilian beef supply becomes more consistent and available, we expect to see the spread narrow. The lack of quota will continue to constrain the entry of Brazilian beef to the US, at least as long as China remains a major buyer in Brazil.

A review of US August beef import trends

Per capita domestic beef supply availability in 2021 is forecast by USDA to be down 0.2% from the previous year even as US beef production this year is forecast to increase by 568 million pounds (carcass weight equivalent) or 2%. Part of the reason for the decline in domestic supplies is the increase in beef exports, particularly exports to China (see our discussion yesterday on this topic). But lower imports have also limited the supply of beef available in the US market, especially grinding beef. In its September update, USDA forecast beef imports for 2021 at 3.142 billion pounds, 200 million pounds or 6% lower than in 2020. The latest trade data for August did little to change that outlook. Total US beef imports in August were 331.7 million pounds (carcass wt. basis), almost 19 million pounds or 5% lower than the previous year. Through August, US beef imports were 2.2 billion pounds, down near 149 million pounds or 6.3% compared to year ago levels. Imported beef is not

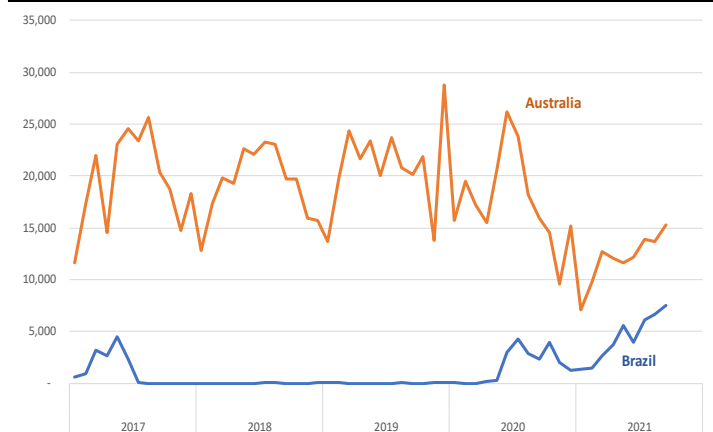
Summary of Australian Beef and Veal Exports: September 2021

Source: MAFF. Analysis by Steiner Consulting

	9/1/2019	9/1/2020	9/1/2021	MT y/y ch.	% ch. vs. '20	% ch. vs. '19
Japan	24,333	20,500	21,435	935	5%	-12%
South Korea	12,738	10,693	13,639	2,946	28%	7%
Taiwan	2,753	2,056	2,108	52	3%	-23%
China	28,547	10,387	12,435	2,048	20%	-56%
Total Asia	78,865	51,434	59,741	8,307	16%	-24%
USA East	12,834	10,084	12,173	2,089	21%	-5%
USA West	7,213	5,742	3,065	(2,677)	-47%	-58%
Hawaii	67	51	17	(34)	-66%	-75%
Total USA	20,114	15,877	15,255	(622)	-4%	-24%
Indonesia	4,617	2,881	4,152	1,271	44%	-10%
Philippines	2,505	1,325	2,653	1,328	100%	6%
Total EU	927	465	577	112	24%	-38%
Total Middle East	2,698	2,943	2,932	(11)	0%	9%
Other Markets	6,139	5,492	4,657	(835)	-15%	-24%
Total Aus	105,372	72,619	79,843	7,224	10%	-24%

Shipments of Australian and Brazilian Fresh/Frozen Beef (not processed) to the US

Latest data is for September 2021. Analysis by Steiner Consulting



uniform. Most of the product coming from Oceania is lean grinding beef and a good portion of South American and Central American beef is also grinding beef. The reduction in imports from Australia has significantly affected the market for lean grinding beef. On the other hand, a larger portion of Canadian imports tend to be fed beef cuts, reflecting the production system there and regional supply relationships. Our local supermarket in New England is currently selling imported strips and ribeyes, coming from Canadian plants that are closer than plants in the Midwest. We also think a good portion of Mexican imports tend to be cuts rather than grinding beef.

The chart on page 1 shows the suppliers of imported beef to the US so far this year and how those imports have changed from a year ago. We think the chart also puts imports from some smaller markets in the context of a big market such as the

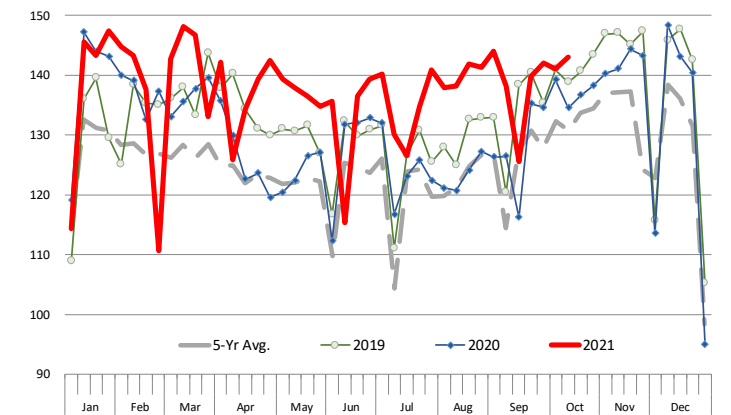
US. For instance, as much as we talk about Argentina, imports from this country so far this year represent just a 1.4% share of overall US beef imports. By far the biggest change has been in imports from Australia. In August US imports of Australian beef were estimated at 41.3 million pounds (carcass wt.), down 30.2 million pounds or 42% compared to a year ago. The reduction in imports from Australia has more than offset any increase in imports from South or Central American countries. Imports from Brazil have been getting a lot of press. In August US beef imports from Brazil were 35.4 million pounds, 6.5 million pounds or 23% higher than a year ago. Keep in mind that about 40% of the beef coming from Brazil is processed while almost all beef imported from Australia is chilled or frozen. We think imports from Australia were lower in September and they will likely be low in October as well. The latest export data from Australia for September (product that will come here in October/early November) show exports to the US were down 4% from the previous year. It is interesting to note that shipments to the US were lower y/y even as overall Australian beef exports were up 10% last month. This is a pattern that we have seen all year. Australian beef exports between January and September were down 8% compared to the previous year due to lower inventories and good pasture conditions. Australian beef exports to the US were down 31% while exports to South Korea, the Middle East and other smaller markets were up double digits. Good demand and higher prices paid in other markets have limited the amount of Australian beef coming to the US and this situation is not expected to change much in 2022.

Other market notes

- US cattle slaughter last week came in close out our expectations at 657k head, up 3.1% from a year ago. Lower carcass weights compared to last year implied beef production for the week was only 1.4% higher than last year. We estimate that cow/bull slaughter for the week was 143k head, 6.3% higher than a year ago. The increase in cow slaughter is due to both more beef and dairy cows coming to market. We think that the high rate of beef cow liquidation during the summer months will limit this year's fall cow run, however. Beef cutout continued to lose ground, with the Fri-

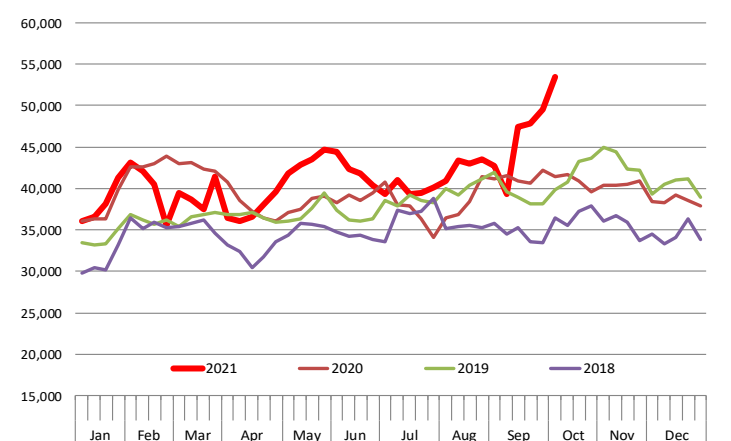
WEEKLY COW & BULL SLAUGHTER, '000 HEAD

Source: USDA-AMS. Analysis by Steiner Consulting



Broiler Slaughter - 7.76 lbs & up

4-wk Moving Avg. Head. Weekly. USDA. Analysis by Steiner Consulting



day price pegged at \$283.77/cwt, down another \$2/cwt from the previous day. Primal rib value now yet again and beef chucks also softer. As with pork, beef items that require extra trimming continue to hold a firm undertone, however. Cap and wedge prices stuck in the 370 area. Fat beef trim was lower on almost 1 million pounds traded at an average price of 98 cents.

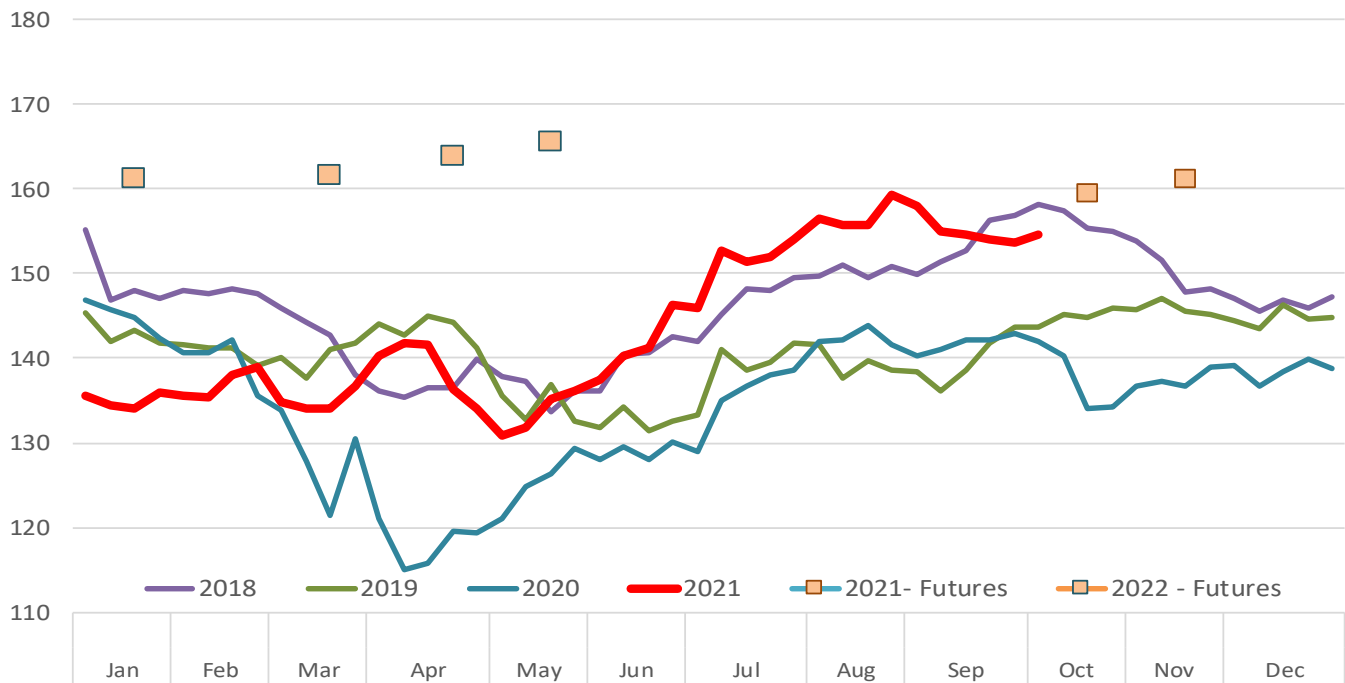
- Ground beef will face more competition at retail in the coming weeks as chicken breast supply availability has improved and prices have been trending lower. Some market participants attribute the increase in the supply of breast meat, and lower prices, to the impact of Hurricane Ida in late August. The hurricane resulted in significant disruptions to transportation, causing producers to feed some birds to heavier weights. This is also reflected in slaughter data, with slaughter of birds over 7.76 pounds in the last three weeks up 12% from a year ago. Slaughter of birds under 4.25 pounds during this period was down 20% compared to last year.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	7-Oct-21	30-Sep-21		8-Oct-20	
CME FEEDER CATTLE INDEX	154.57	153.72	0.6%	141.92	8.9%
	8-Oct-21	1-Oct-21		9-Oct-20	
FED STEER (5-MKT AVG)	122.82	123.03	-0.2%	107.42	14.3%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	136.50	136.50	0.0%	120.00	13.8%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	136.50	138.00	-1.1%	121.00	12.8%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	139.00	141.00	-1.4%	115.50	20.3%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	233.66	231.53	0.9%	166.75	40.1%

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
	8-Oct-21		1-Oct-21			9-Oct-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	290.0	295.0	290.0	290.0	5.0	230.0	235.0	60.0
90 CL Blended Cow	270.0	275.0	270.0	271.0	4.0	200.0	205.0	70.0
90 CL Shank	270.0	275.0	271.0	272.0	3.0	210.0	215.0	60.0
85 CL Fores		250.0	249.0	250.0	0.0	190.0	194.0	56.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	290.0	292.0	289.0	289.0	3.0	230.0	234.0	58.0
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	247.0	248.0	1.0	190.0	191.0	58.0
80 CL Trimmings		230.0		230.0	0.0		UNQ	N/A
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	350.0	355.0	350.0	355.0	0.0	290.0	295.0	60.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	305.0	310.0	300.0	305.0	5.0		250.0	60.0
Steer Knuckles		280.0	275.0	280.0	0.0	260.0	265.0	15.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	8-Oct-21		1-Oct-21			9-Oct-20		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	302.0	305.0	298.0	300.0	5.0	238.0	241.0	64.0
90 CL Blended Cow	282.0	283.0	279.0	281.0	2.0	214.0	215.0	68.0
90 CL Shank		280.0		280.0	0.0	224.0	225.0	55.0
85 CL Fores	257.0	258.0	257.0	258.0	0.0	201.0	202.0	56.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	300.0	302.0		299.0	3.0	238.0	239.0	63.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	256.0	257.0		257.0	0.0	200.0	201.0	56.0
80 CL Trimmings		240.0		238.0	2.0		UNQ	N/A
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, FOB US Port</u>								
Cap Off Steer Insides	365.0	370.0	360.0	365.0	5.0	300.0	305.0	65.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	315.0	320.0	310.0	315.0	5.0	250.0	260.0	60.0
Steer Knuckles		290.0	285.0	290.0	0.0	270.0	275.0	15.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	8-Oct-21			1-Oct-21				9-Oct-20			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	283.27			292.36			-9.1	214.06			69.2
Select Cutout	262.74			264.84			-2.1	199.82			62.9
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	270.0	283.8	276.2	262.0	282.5	276.8	-0.5	190.0	215.0	199.8	76.4
85 CL Beef Trimmings	242.0	268.0	255.1	253.0	268.0	258.4	-3.3	152.0	183.5	168.2	86.9
50 CL Beef Trim	73.0	127.5	103.4	76.0	141.0	123.0	-19.6	45.0	59.0	50.1	53.3
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	53.0	101.0	72.7	67.0	99.5	76.1	-3.4	42.0	75.0	54.4	18.3
72 CL Pork Trim	59.5	121.0	82.0	75.0	144.0	95.7	-13.7	79.2	116.8	86.8	-4.9
<u>Point of Lean Values</u>											
90 CL Domestic	306.9			307.5			-0.6	222.0			84.9
50 CL Beef Trimming	206.8			246.0			-39.2	100.2			106.6
42 CL Pork Trim	173.0			181.1			-8.1	129.5			43.5
72 CL Pork Trim	113.8			132.9			-19.1	120.6			-6.8
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	122.82			123.03			-0.2	107.42			15.4

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>	
	8-Oct-21	1-Oct-21			9-Oct-20		
<u>Live Cattle Futures</u>							
October '21	125.575	120.400	↑	5.18	109.875	↑	15.70
December '21	130.250	125.200	↑	5.05	112.600	↑	17.65
February '22	134.800	130.025	↑	4.78	114.300	↑	20.50
April '22	137.675	133.700	↑	3.98	115.850	↑	21.83
<u>Feeder Cattle Futures</u>							
October '21	159.475	152.750	↑	6.72	138.250	↑	21.23
November '21	161.150	152.900	↑	8.25	135.525	↑	25.63
January '22	161.125	153.850	↑	7.28	134.000	↑	27.13
March '22	161.675	155.075	↑	6.60	133.550	↑	28.13
<u>Corn Futures</u>							
December '21	530.500	541.500	↓	-11.00	395.000	↑	135.50
March '22	539.500	549.750	↓	-10.25	402.250	↑	137.25
May '22	544.750	554.500	↓	-9.75	406.500	↑	138.25
May '22	545.500	555.000	↓	-9.50	409.500	↑	136.00
<u>Ch Wheat Futures</u>							
December '21	734	755 1/4	↓	-21.25	593 3/4	↑	140.25
March '22	747 1/4	766	↓	-18.75	597 3/4	↑	149.50
May '22	751	768 1/4	↓	-17.25	599 3/4	↑	151.25
May '22	738 1/4	741 1/4	↓	-3.00	594 1/4	↑	144.00
<u>Slaughter Information</u>							
<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>	
	8-Oct-21	1-Oct-21			9-Oct-20		
<u>Total Cattle Slaughter</u>	657,000	637,000	↑	20,000	637,000	↑	20,000
	25-Sep-21	18-Sep-21			26-Sep-20		
<u>Total Cow Slaughter</u>	129,475	127,734	↑	1,741	122,700	↑	6,775
<u>Dairy Cow Slaughter</u>	60,421	62,439	↓	-2,018	59,300	↑	1,121
<u>Beef Cow Slaughter</u>	69,054	65,295	↑	3,759	63,400	↑	5,654

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

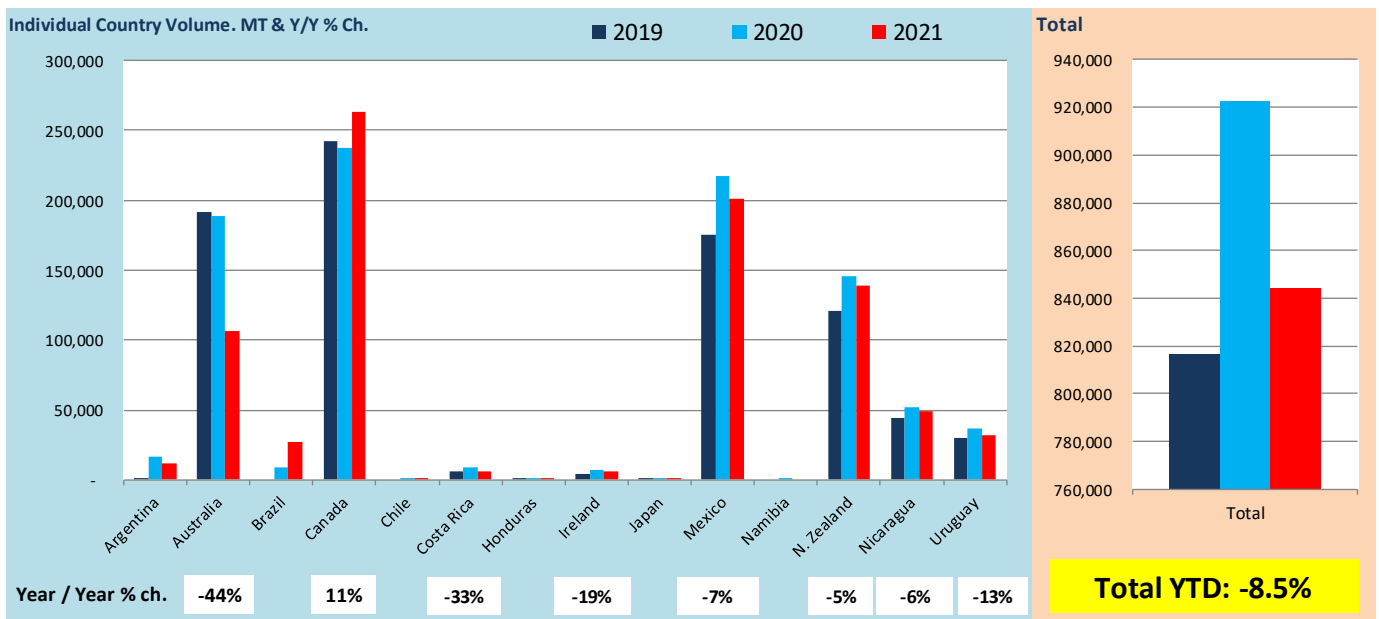
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 40	10/3/2020	10/2/2021		
Argentina	16,280	11,983	(4,297)	-26.4%
Australia	188,743	106,478	(82,265)	-43.6%
Brazil	9,361	27,483	18,122	193.6%
Canada	237,268	263,516	26,248	11.1%
Chile	48	181	133	277.1%
Costa Rica	8,906	6,004	(2,902)	-32.6%
France	-	-	-	
Honduras	1,572	22	(1,550)	-98.6%
Ireland	7,053	5,721	(1,332)	-18.9%
Japan	315	834	519	164.8%
Mexico	217,633	201,655	(15,978)	-7.3%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	145,912	139,286	(6,626)	-4.5%
Nicaragua	52,076	48,903	(3,173)	-6.1%
Spain	-	-	-	
Uruguay	36,641	31,982	(4,659)	-12.7%
Total	922,341	844,047	(78,294)	-8.5%

Source: AMS - USDA

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

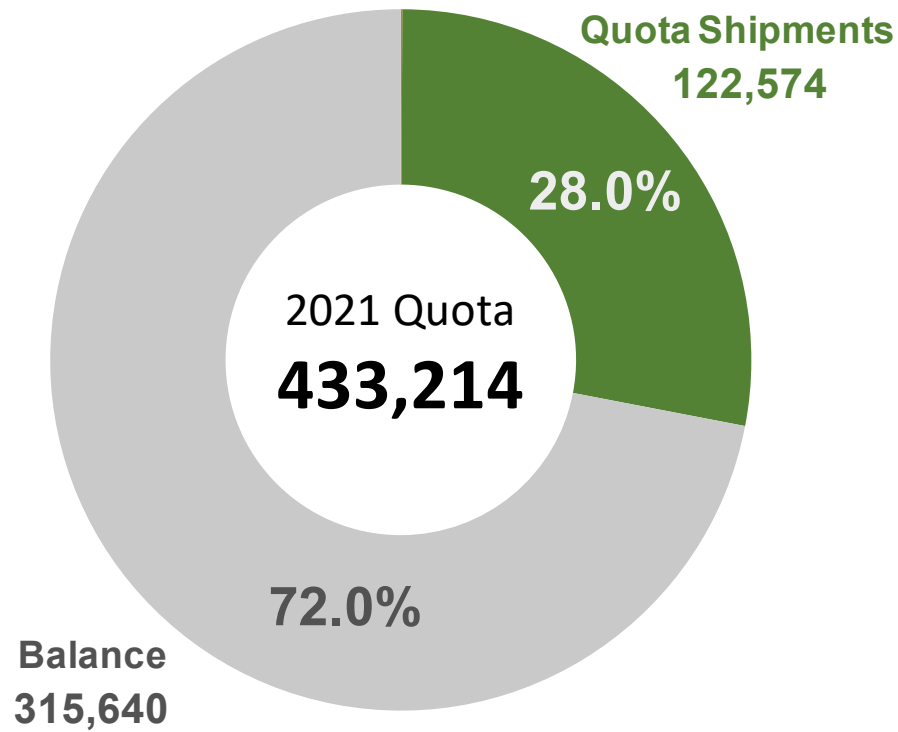
Imports as of October 2, 2021



Australian Beef Quota Position

7-Oct-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending October 4. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

