

Global Beef Market Monthly Review

October 2021

October 29, 2021

Volume 3, Issue 10

Prepared by: Steiner Consulting Group, 800-526-4612

Inside this issue:

Highlights	1
North America	2-4
South America	5-7
Asia / EU	8-9
Oceania	10-11

Highlights:

- Argentina announced that it would lift its current restrictions on beef exports starting in October, earlier than earlier thought. While this may bolster exports to China in the near term, overall supply availability is limited as producers look to rebuild their herd.
- US cattle supplies remain adequate in the near term as the supply of market ready cattle is still as much as 5.6% above last year and 11% higher than the five year average. US wholesale beef prices are trending lower but remain far above year ago levels due to strong retail, foodservice and export demand.
- China beef imports were slightly higher in August following lower y/y imports in June and July. The biggest increase in Chinese beef imports in August was from the US. Imports from Brazil and Argentina, however, were down some 20% compared to a year ago.
- Uruguay cattle slaughter continues to run far ahead of year ago levels as strong demand in the world market and devaluation of the currency encourages producers to send more cattle to market. Year to date exports of Uruguayan beef are up 39% compared to a year ago.
- Cattle prices in Brazil have declined 7% in the last month due to export disruptions caused by the finding of two atypical BSE cases and temporary suspension of exports to China.

Trade Update for Key Global Players

Main Global Meat Trading Countries, Both Export and Import, MT

Countries	% of global export	% of global imports	Most Recent Trade Data		Y/Y Ch.	Y/Y % ch.	2020	2021 Estimate	Y/Y Ch.	Y/Y % ch.
EXPORTS							4,794,050	4,789,843	-4,207	0%
Australia	19%	0%	Sep 2021	79,843	7,224	10%	1,039,410	883,498	-155,911	-15%
Argentina	2%	0%	Sep 2021	54,428	-4,634	-8%	617,584	586,705	-30,879	-5%
New Zealand	7%	0%	Sep 2021	34,100	6,032	21%	472,804	498,809	26,004	5%
Brazil	18%	1%	Sep 2021	187,017	44,666	31%	1,725,214	1,759,718	34,504	2%
USA	11%		Aug 2021	104,410	18,904	22%	939,038	1,061,112	122,075	13%
IMPORTS							4,407,793	4,379,569	-28,224	-1%
USA		20%	Aug 2021	105,509	-6,557	-6%	1,069,777	984,195	-85,582	-8%
China	0%	9%	Sep 2021	221,012	40,361	22%	2,117,895	2,266,148	148,253	7%
Hong Kong			Sep 2021	18,286	-14,519	-44%	363,847	298,354	-65,492	-18%
Japan	0%	9%	Sep 2021	50,583	6,319	14%	600,404	587,796	-12,608	-2%
Russia	0%	8%	Aug 2021	16,766	-5,310	-24%	255,870	243,077	-12,794	-5%

*** Product wt. basis. Projections for 2019 made by Steiner Consulting.

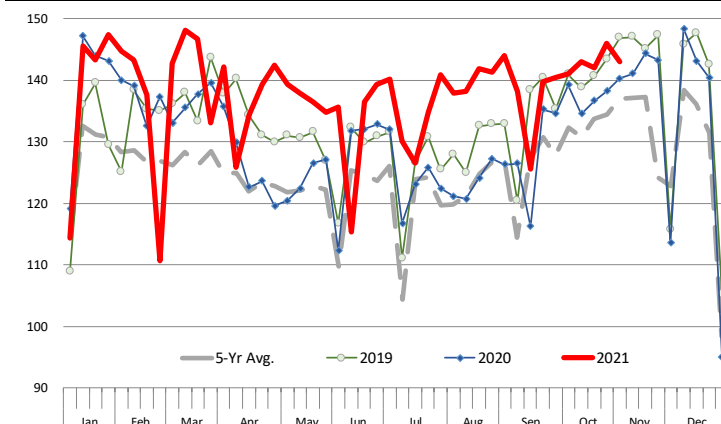
North America Market Update

United States: Total inventory of cattle on feed in US feedlots with +1000 head capacity was estimated at 11.550 million head as of October 1, 316k head higher than the previous month but 167k head or 1.4% lower than the previous year. The inventory of cattle that had been on feed for more than 120 days was estimated at 4.103 million head, 3.2% higher than a year ago and 267k head or 7% higher than the five year average. Even more significant for the spot cattle market is the supply of long fed cattle. The inventory of cattle with +150 days on feed was 2.259 million head, 13.6% higher than year ago and 22% higher than the five year average. When you wonder why fed cattle prices are stuck in place while cutout is at \$280/cwt, this number tells you why. Feedlots should slowly get more current as we go into the winter and if the market maintains a weather premium, but the pace of processing remains key. The number of cattle placed on feed in September was 2.9% lower than the previous year even as analysts were expecting placements to be higher. Why were placements lower? The first thing to recognize is that placements last year were quite high so we are already comparing to some lofty levels. Also, placements were higher than a year ago in August when forward fed cattle prices spiked and drought pushed a few more cattle into feedlots. In September the dynamic changed, fed cattle prices were lower while feed costs were steady to higher. The other reason is that we have fewer feeder cattle out in the country than a year ago and eventually that shows up in the placement numbers. As of July 1 the supply of feeders outside feedlots was 600k head less than a year ago. That's a key driver for placements. The decline in placements of heavy cattle in September follows a big increase in the heavy category in August.

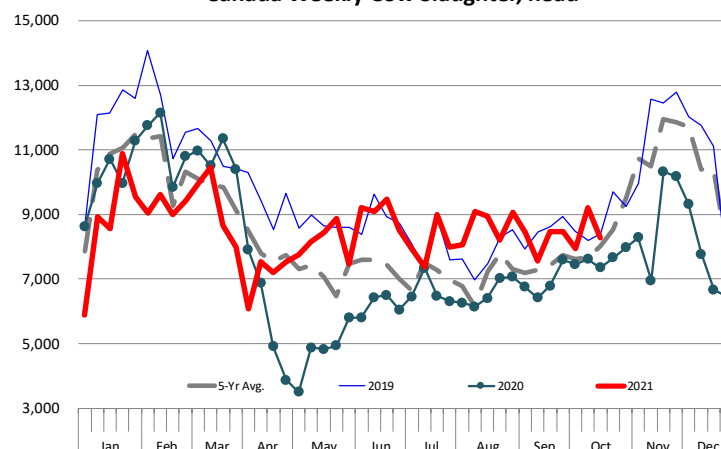
The total supply of beef in cold storage at the end of September was estimated at 435.3 million pounds, 6% lower than a year ago and 11.3% lower than the five year average. Beef inventories seasonally increase in late summer and fall, in part because of preparations for year-end holidays but also due to a slowdown in demand. Freezer inventories in September increased 4.9% from the previous month compared to an average increase of 3.4% in the last five years. Inventory of beef cuts increased 15% from the previous month. It appears that buyers were aggressively putting product in the freezer in August and September as they prepare for year-end demand. The larger inventory should help temper price inflation, especially price inflation for beef ribs, in late November and December.

WEEKLY COW & BULL SLAUGHTER, '000 HEAD

Source: USDA-AMS, Analysis by Steiner Consulting



Canada Weekly Cow Slaughter, head



cially price inflation for beef ribs, in late November and December.

Canada: Canadian cattle inventories are expected to be lower than in 2021, according to the latest analysis from USDA. The inventory of all cattle and calves in Canada on January 1, 2021 was 11.150 million head, slightly lower than the previous year. Drought conditions in the Canadian Prairies, high feed costs and poor margins likely induced some cattle herd liquidation in 2021. As a result, the inventory of call cattle and calves as of January 1, 2022 is now projected at 10.980 million head, down 170k head or 1.5% lower than the previous year. The beef cow herd is expected to be 32k head or 1% lower. Cattle slaughter in Canada has been well above the COVID disrupted levels of a year ago. Fed cattle slaughter through the end of October was estimated at 2.332 million head,

North America (continued)

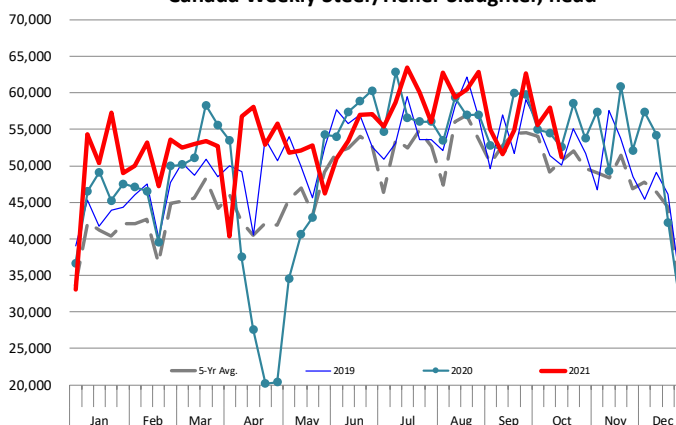
up 9% compared to a year ago and 14% higher than the five year average. Cow slaughter during this period was 366k head, 38k head or 12% higher than a year ago. We think the USDA forecasts for slaughter are now well behind the actual pace and the forecasts will be invariably adjusted.

The increase in domestic production and supply chain bottlenecks have limited beef imports into Canada. Imports from New Zealand through mid October were 32% lower than a year ago. Imports from Uruguay also remain limited. So far imports from Uruguay are 7,919 MT, down 35% from a year ago. Imports from Australia remain quite limited. In August imports from Australia were just 577 MT and only 5,134 YTD, down 51% compared to a year ago.

Mexico: Mexican beef production in September was estimated at 181,193 MT, 0.5% lower than the previous month but still about 1.3% higher than the previous year. This was the lowest y/y increase so far this year. It is not unusual for beef production to trend sideways in Q3 following the surge in demand during the spring and early summer. The slowdown in production growth and shortage of beef in the domestic market has negatively impacted Mexican beef exports. August shipments of fresh/frozen beef (product wt. basis) were 27,638 MT, only 5% higher than the previous year. Through August, Mexican beef exports were down 7% compared to the previous year. Exports to the US in August were 23,462 MT, up 1% compared to last year while exports to Japan, the second largest market for Mexican beef, were 1,856 MT, up 134% from a year ago. For the period Jan-Aug, Mexican exports to the US market were down 15,404 MT or 9% while exports to Japan were up 3,551 MT or 33%.

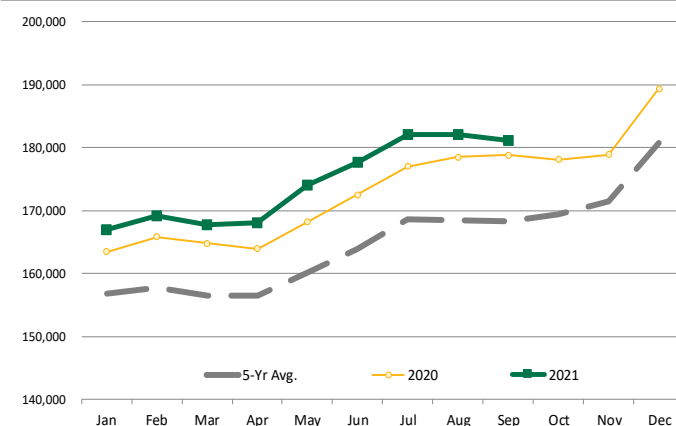
USDA recently updated its forecasts for Mexican cattle supplies and production in 2022 and it suggests continued strong export pace and rising production. It is clear that Mexican producers have limited the number of female stock they send to slaughter and they are also keeping cows in the herd longer. The total inventory of beef cows as of January 1, 2022 is forecast at 8 million head, 50k head higher than a year ago and 1.2 million head higher than in 2016. The inventory of dairy cows was also estimated at 3.55 million head, about 275k head or 8.4% higher than in 2016. The ratio of cow slaughter for 2021 to the January 1, 2021 cow inventory was esti-

Canada Weekly Steer/Heifer Slaughter, head



Mexico Beef Production

Source: SAGARPA



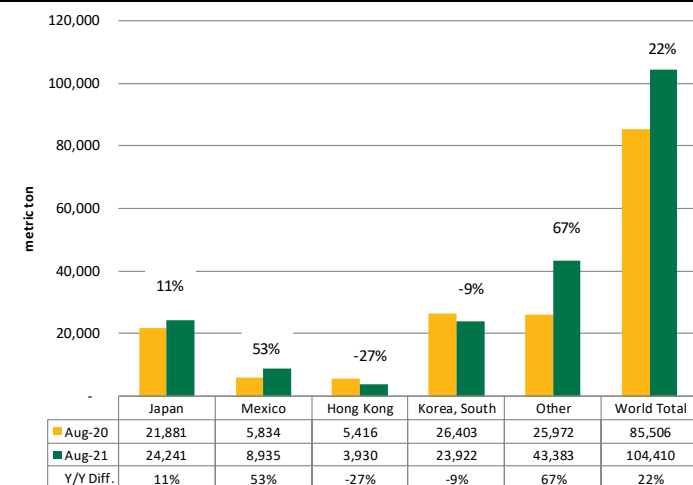
mated at 12.4% compared to as high as 15.5% a decade ago. The increase in the beef and dairy cow herd as well as continued improvements in the calving rate are expected to bolster calf production in 2022. In 2021 the calf crop was estimated at 8.150 million head and USDA expects the calf crop in 2022 to be 8.3 million head. Next year, Mexico is expected to product 1.2 million (+17%) more calves than it did only six years ago.

North America Trade Statistics

USA Fresh/Frozen Beef Exports

Latest Data for August

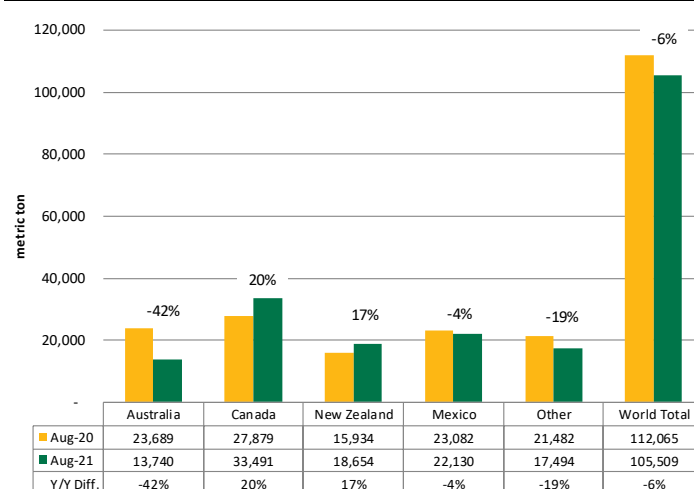
Units: Metric Tons



USA Fresh/Frozen Beef Imports

Latest Data for August

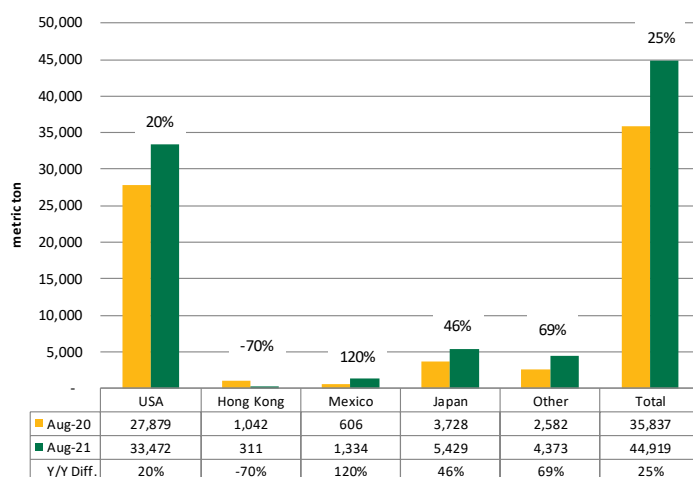
Units: Metric Tons



Canada Fresh/Frozen Beef Exports

Latest Data for August

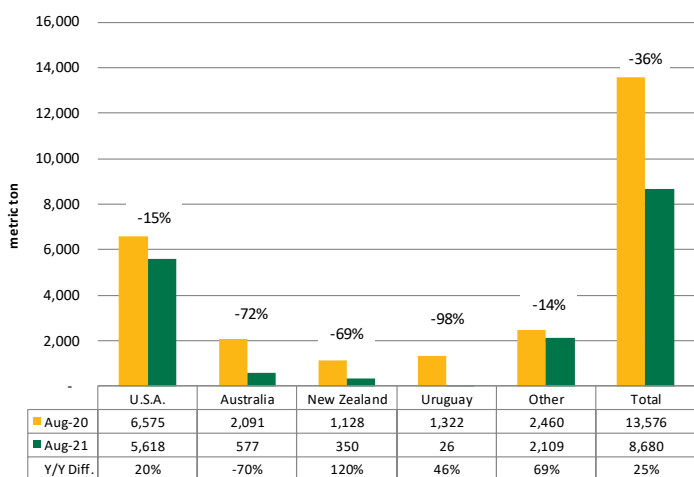
Units: Metric Tons



Canada Fresh/Frozen Beef Imports

Latest Data for August

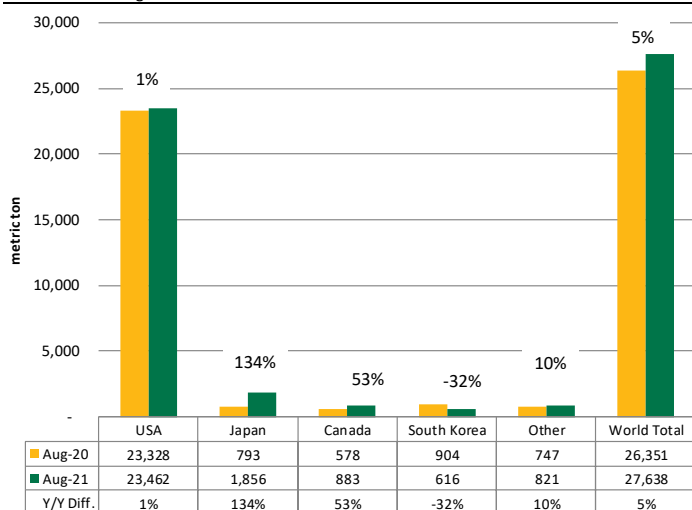
Units: Metric Tons



Mexico Fresh/Frozen Beef Exports

Latest Data for August

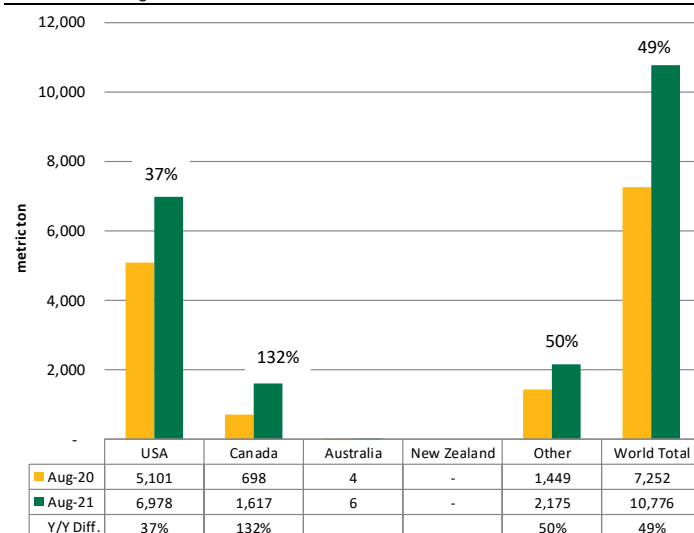
Units: Metric Tons



Mexico Fresh/Frozen Beef Imports

Latest Data for August

Units: Metric Tons



South America Market Update

Brazil: Brazilian cattle slaughter has been trending lower in recent months and it was down yet again in September. Early estimates peg September slaughter 8% lower than the previous year and year to date slaughter is currently running about 6.3% below last year's levels. The reduction was reflected in the latest estimates from USDA for 2021, which pegged total Brazilian cattle slaughter 6.6% below the previous year. The decline reflects the impact that record high prices are having on domestic consumption but also a push on the part of producers to retain more calves for herd rebuilding.

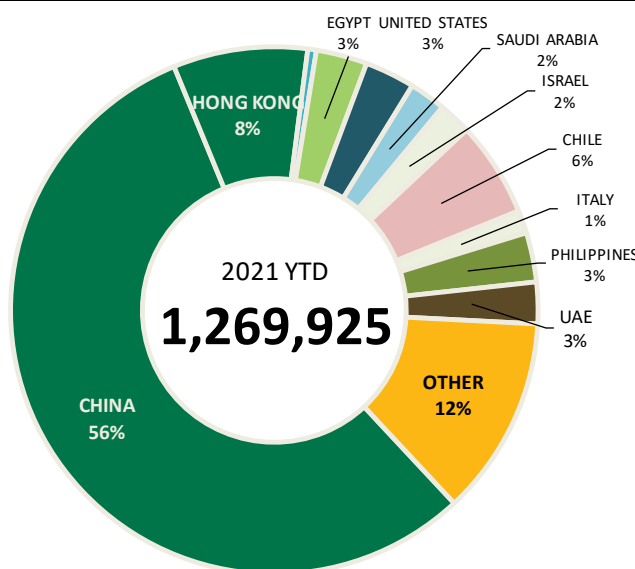
Robust demand in the world market and a weak Brazilian Real caused Brazilian packers to ramp up shipments in September despite the decline in slaughter. This implies a continued decline in domestic beef sales/consumption. Total shipments last month were 187,017 MT, 31% higher than the previous month. Exports to China accounted for much of the growth in exports. Total shipments to that market were 112,000 MT, 41,260 MT or 58% higher than the previous year. Brazil also shipped a new monthly record to the US at 7,541 MT, 5,263 MT or 231% more than the same month a year ago. But the increase in exports to these markets implied a sharp reduction in shipments to other destinations, especially Egypt, Russia and some EU countries. Exports to Egypt were down 41% while exports to Russia at 1,636 MT were down 42% compared to a year ago.

Argentina: Restrictions continued to impact Argentine beef exports in August. But curiously Argentine exporters managed to keep the volume going to China only slightly under last year while reducing the amount of beef going to other markets. Total shipments in August were 45,787 MT, down 7,571 MT or 14% from a year ago. Exports to China were 32,808 MT, just 2% under last year and accounting for 72% of all Argentine beef exports last month.

It was expected that export restrictions would remain in place through October but it was recently announced that they will be lifted about a month early on October 4. This should help bolster overall exports compared to June and July and August. However, Argentine cattle slaughter continues to run well below year ago levels and this will limit how much beef Argentina will have to sell in the world market. The alternative is for even

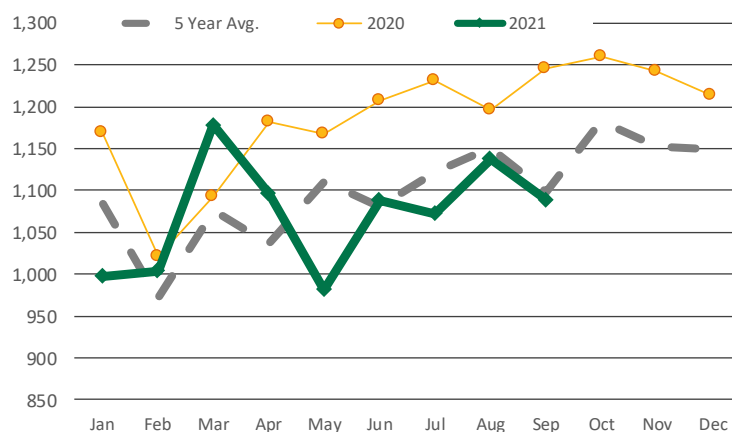
Brazil Beef Fr/Frz Beef Exports. Metric Ton

Source: COMEX. Jan - Sep 2021



Monthly Argentina Cattle Slaughter, Total Slaughter. '000 Head

Source: SENASA



less beef available in the domestic market. Cattle slaughter for August was estimated at 1.133 million head, down 5.2% compared to the previous year and down 7.7 year to date. USDA is projecting Argentine beef slaughter for all of 2021 to be 5.4% lower than the previous year, a forecast that may be revised lower. For 2022, USDA is currently projecting slaughter to be down 1.1%. The reduction in slaughter combined with a modest increase in the calf crop should cause inventories to once again start increasing.

Uruguay: Cattle slaughter continues to run well above year ago levels. Strong demand in outside mar-

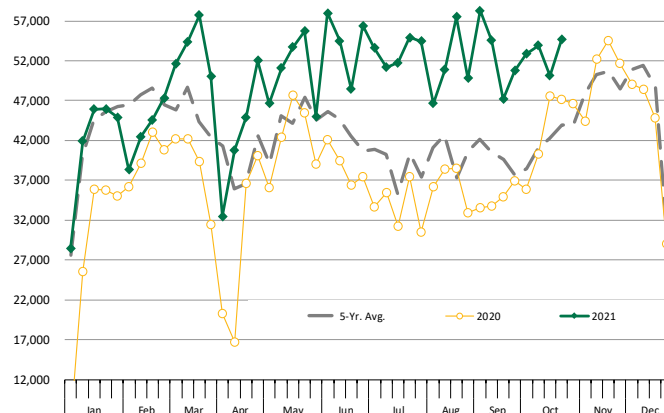
South America (continued)

kets, and high cattle prices, have encouraged producers to ramp up marketings. In the four weeks ending October 23, cattle slaughter in Uruguay averaged 52,898 head/week, 24% higher than the same period a year ago and 31% higher than the five year average. Steer slaughter during this period was 24,436 head/week, 27% higher than a year ago and 34% higher than the five year average while cow slaughter at 20,083 head per week was 16% higher than last year and 1% higher than the five year average.

Demand for Uruguayan beef in China remains extremely strong, resulting in a sharp jump in shipments during the summer months. Lack of Argentine supply has in part contributed to this demand. September shipments to the Chinese market were 31,490 MT, 14,500 MT or 85% higher than a year ago. Through September, total exports to the Chinese market were 204,049 MT, up 86,239 MT or 73% compared to a year ago. Exports to other markets in September were mixed. Shipments to the US were 2,051 MT, 15% lower than a year ago. For the year exports to the US were 28,223 MT, down 23%. However, exports to the EU have improved as countries there have started to remove COVID restrictions. Exports to the EU in September were 3,159 MT, up 24%.

Uruguay Cattle Slaughter, Total

Weekly Slaughter in Head. Source: World Beef Report

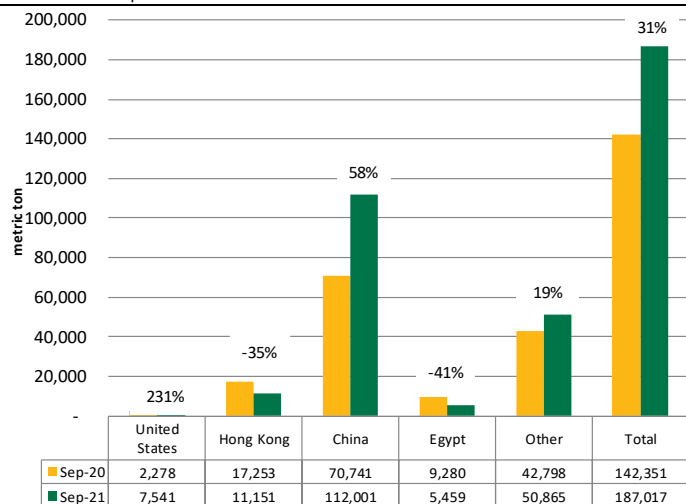


South America Trade Statistics

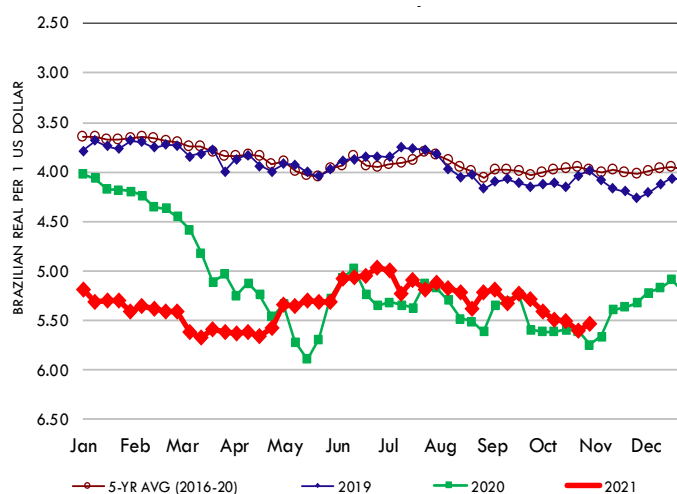
Brazil Fresh/Frozen Beef Exports: Jan - September

Latest Data for September

Units: Metric Tons



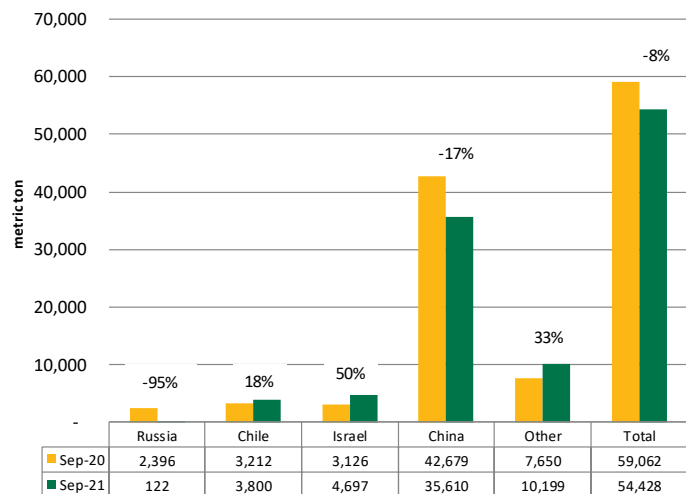
Brazilian Real Per 1 US Dollar



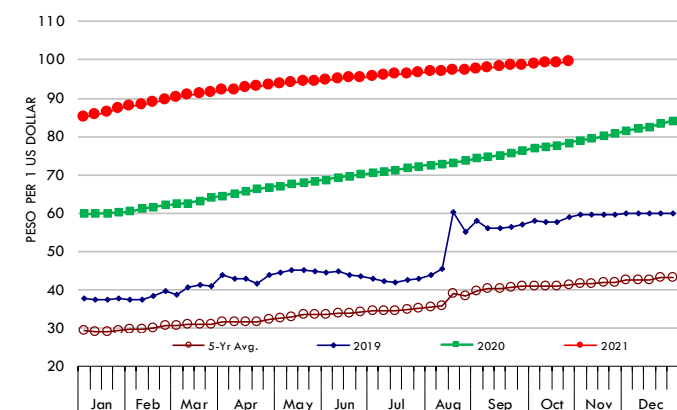
Argentina Fresh/Frozen Beef Exports

Latest Data for September

Units: Metric Tons



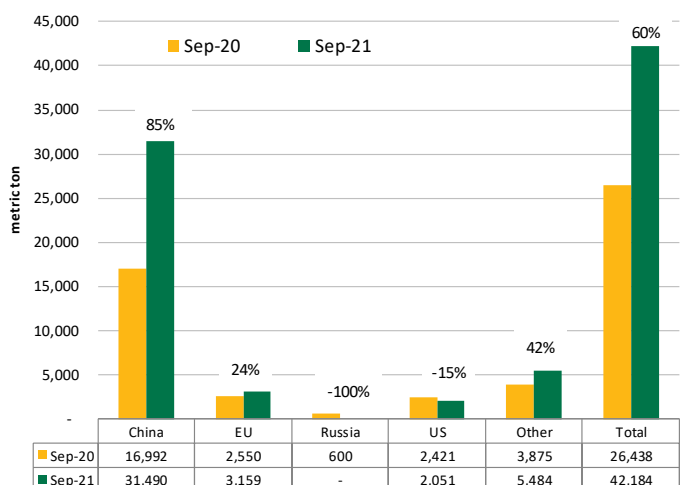
Argentine Peso Per 1 US Dollar



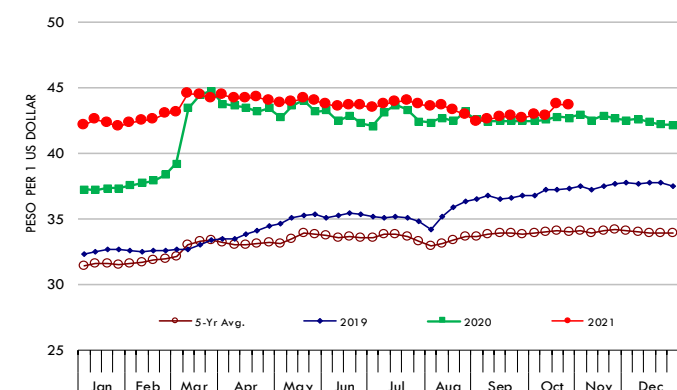
Uruguayan Fresh/Frozen Beef Exports

Latest Data is for Sep 2021

Units: Metric Tons



Uruguay Peso Per 1 US Dollar

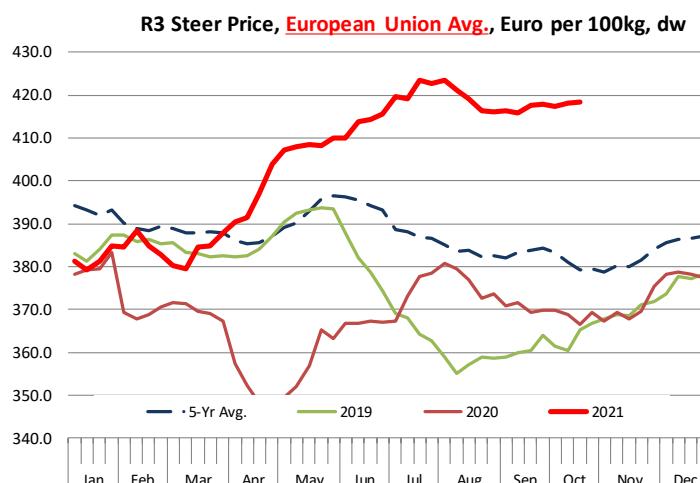


Asia / EU Market Update

European Union: Irish cattle slaughter continues to trend seasonally higher. If history is a guide, slaughter will tend to peak in early December before sales barns are closed for Christmas and year end celebrations. Cattle slaughter in the four weeks ending October 24 averaged 36,335 head/week, up about 1k head per week from the September average but still as much as 1.2% lower than the previous year. Good beef demand and higher prices have caused producers to limit the number of cows they send to market. The rebound in the dairy market has also limited the number of cull dairy cows going to slaughter. Cow slaughter in the four weeks ending October 24 averaged 6,798 head per week, down 11.4% lower than a year ago. Cow prices usually decline in the fall as producers send more cows to market. That has not been the case this year, further evidence of producers holding on to their breeding stock and dairy cows. The average price for O3 cows in Ireland for the week ending October 17 was 352.7 euro per 100kg, 20% higher than a year ago. The average EU price for O3 cows was 338.4 euro per 100kg, 25% higher than the previous year.

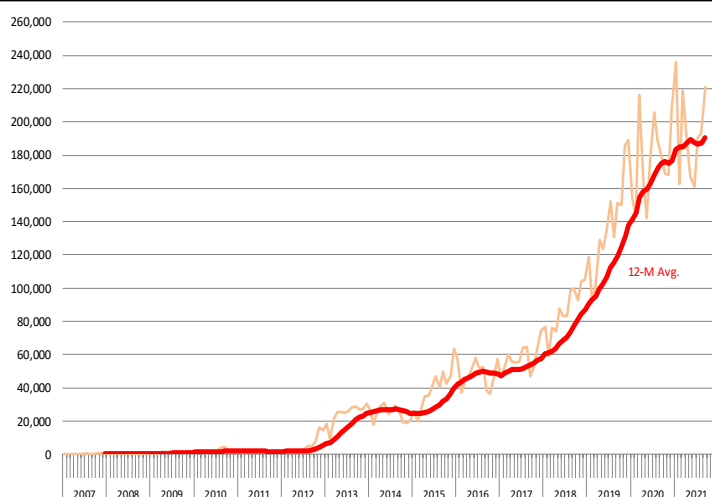
Higher prices in the EU and world market and the seasonal increase in slaughter bolstered Irish beef exports in August (latest data). Total beef shipments were estimated at 32,775 MT, 9.2% higher than the previous month but still about 2.1K or 5.9% lower than the previous year. Irish exports to the EU market have jumped in recent months as it looks to slowly move away from its reliance on the UK market. Beef exports to the UK in August were 14,811 MT, 11.6% lower than the previous year. Exports to France were 3,916 MT, making it the second largest market for Irish beef and 45% higher than the previous year while exports to Germany and Italy were up 9% and 7%, respectively. Irish beef exports to the US market remain limited. August shipments were just 447 MT, 6% lower than the previous month and 20% lower than a year ago. Ireland is currently on track to ship about 6,000 MT to the US market this year.

China/Japan/S. Korea: Chinese beef importers are struggling to fill the gap between domestic demand and supply availability in the world market. They currently account for a large share of beef exports from Argentina, Brazil and Uruguay and it becomes increasingly difficult to further increase that share. While imports from Argentina are expected to improve as some of the restrictions have



Monthly **Chinese Imports of Fresh/Frozen Beef**. Metric Ton. Product Weight Basis

Data Source: China Customs Administration. Analysis by Steiner Consulting



been lifted, we still think that it will be more difficult to maintain the pace of imports from Argentina in the coming year..

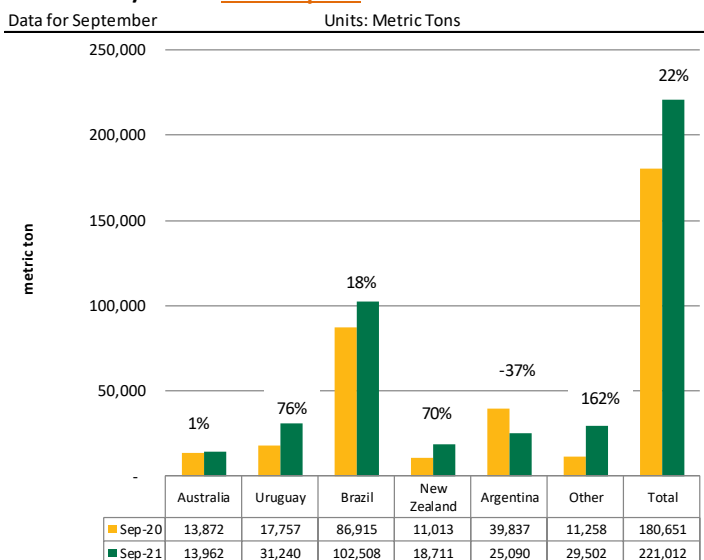
Total Chinese beef imports in September were 221 MT, 22% higher than a year ago and one of the highest monthly import levels this year. It is interesting to note that imports managed to increase despite a reduction in imports from Argentina, the second largest supplier this year. Imports from Brazil in September were 102,508 MT, an 18% increase from the already high levels a year ago. This is the largest monthly import figure from Brazil ever recorded. Imports from Uruguay have also increased as Chinese buyers look to offset the reduction in imports from Argentina. In September imports from Uruguay were 31,240 MT, 76% lower than a year ago. On the other hand, imports from Argentina were 25,090 MT,

Asia / EU Trade Statistics

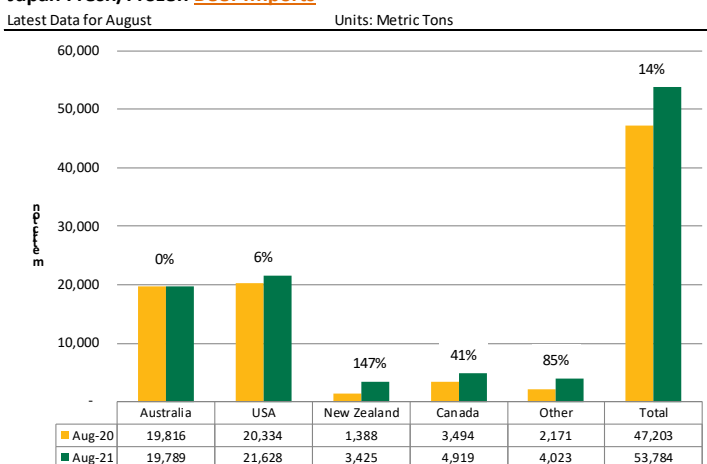
down 14,889 MT lower than last year. Chinese buyers have also ramped up their purchases of US beef. In September China imported 16,157 MT from the US, an increase of 13,473 MT or 500% compared to September 2020. Year to date imports from the US are 85,624 MT, 630% higher than a year ago, making the US the sixth largest supplier in China. At this pace, US shipments to China will surpass Australia in 2022.

South Korean beef imports in September were 39,012 MT, 1,924 MT or 5% lower than a year ago. Imports from the US were 19,678 MT, 19% lower than a year ago. Sharply higher beef prices in the US have caused South Korean buyers to look at alternative markets. Imports from Australia last month were 16,084 MT, 13% higher than a year ago. Through September, S. Korean beef imports were 364,831 MT, 7% higher than a year ago with imports from the US accounting for about half of the increase. New Zealand is not a major beef supplier to S. Korea but so far this year imports from New Zealand at 16,070 MT are up 38% from a year ago.

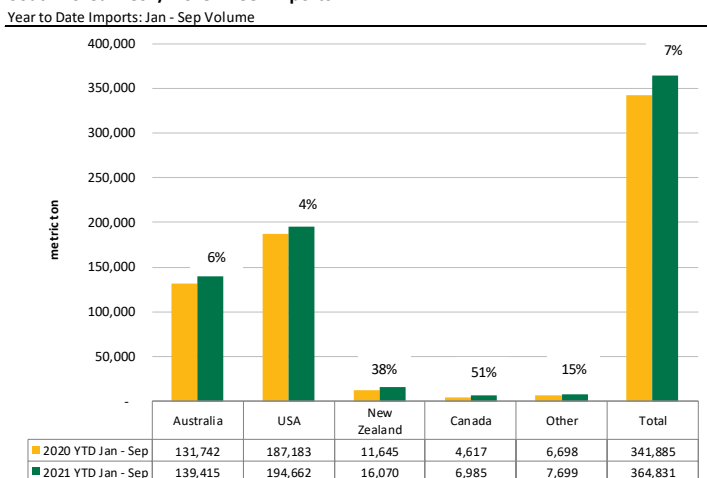
China Fresh/Frozen Beef Imports



Japan Fresh/Frozen Beef Imports



South Korea Fresh/Frozen Beef Imports



Oceania Update

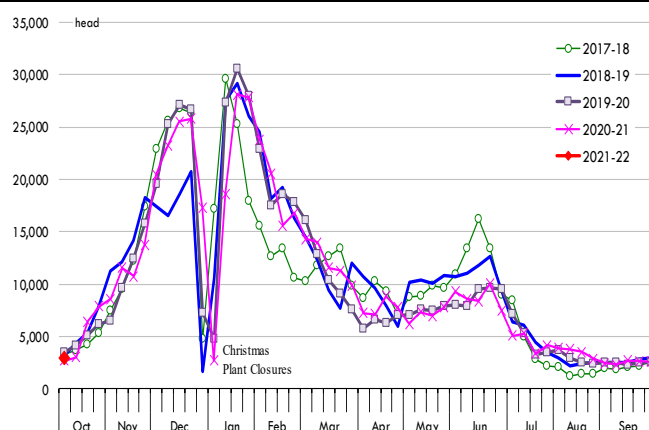
New Zealand: New Zealand slaughter was well above recent historical levels in August and September. We think in large part this was due to strong demand in the world market, encouraging producers to bring a few more cattle to market. However, the robust production pace of the last two years is expected to limit the number of cattle and consequently beef production in 2022. USDA currently expects New Zealand beef production for all of 2022 to be 3.6% lower than in 2021. The reduction in output is expected to limit the amount of beef going to export markets. The latest forecasts are for a 4% reduction in New Zealand beef exports. New Zealand exports to China declined in 2020 due to the COVID impact on demand as well as supply chain disruptions. Exports to China have improved this year and in September shipments to China were 35% higher than the previous year compared to a 1% decline in exports to the US. For the year exports to the US are 4.3% lower while exports to China are up 28% and account for 46% of all shipments.

Australia: Australian cattle slaughter was a little over 100k head for the week ending October 22, only the third time since June that slaughter had climbed above that level. Still, slaughter remains about 8% below year ago levels and 34% lower than two years ago. Moisture conditions have been generally good through parts of Queensland and NSW and forecast is for additional rainfall through the end of October. Good rainfall has helped increase the amount of water in storage. Most recent data shows that the amount of water in the Murray-Darling Basin is now near 90% capacity, the highest level since 2013. With plenty of grass and robust prices in the world market, producers continue to limit the number of females they send to slaughter. Feeder cattle prices are now at all time record highs, with the EYCI average price last week at \$10.71 AUD per 100kg, 4% higher than a month ago and 31% higher than a year ago. Prices for feeder cattle have jumped by 167% compared to the low in March 2019.

The decline in cattle slaughter continues to limit the amount of Australian beef going to export. US beef prices have improved in recent weeks and this has modestly increased the supply of beef coming to the US market. Shipments to the US in September were 15,255 MT, the highest volume so far this year but still about 4% lower than a year ago. We think exports to the US in October

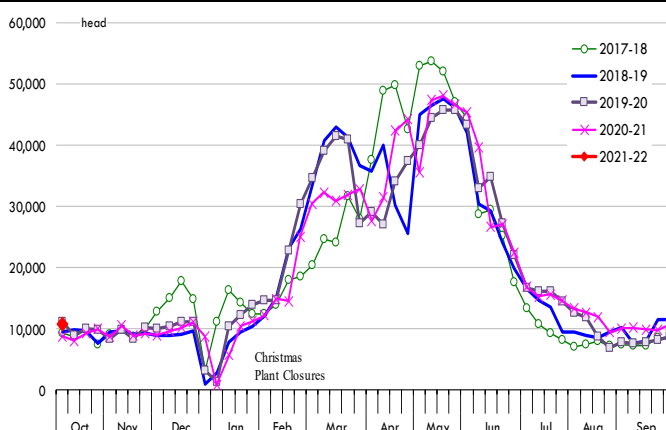
New Zealand Weekly Bull Slaughter

Based on Oct - Sep Marketing Year. Source: New Zealand Meat Board



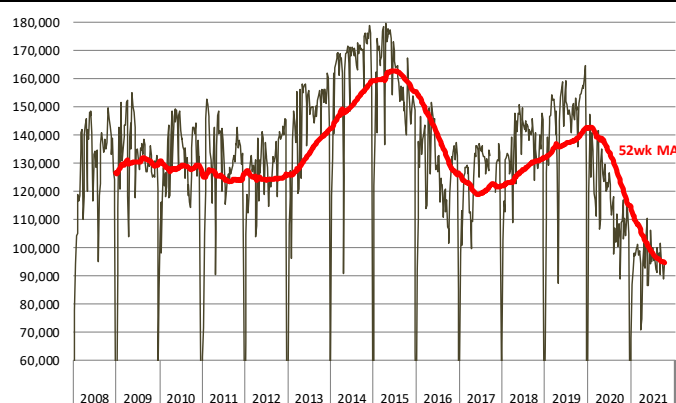
New Zealand Weekly Cow Slaughter

Based on Oct - Sep Marketing Year. Source: New Zealand Meat Board



Australia Weekly Cattle Slaughter: Source MLA

Data Source: Meat & Livestock Australia. Analysis by Steiner Consulting



were 14,100 MT, about 2.7% lower than a year ago. Total Australian shipments in September were 79,843 MT, 10% lower than the previous year. We think Australian beef

Oceania Statistics

exports in October will be a little under 79,000 MT, 3.5% less than a year ago. Shipments to China in September were 12,435 MT, up 20% from a year ago but still less than half of what was shipped in September 2019. Exports to S. Korea continue to outperform. In September total beef and veal exports to this market were 13,639 MT, 28% higher than last year and we think in October exports to S. Korea will be close to 16,000 MT, 15% higher than a year ago.

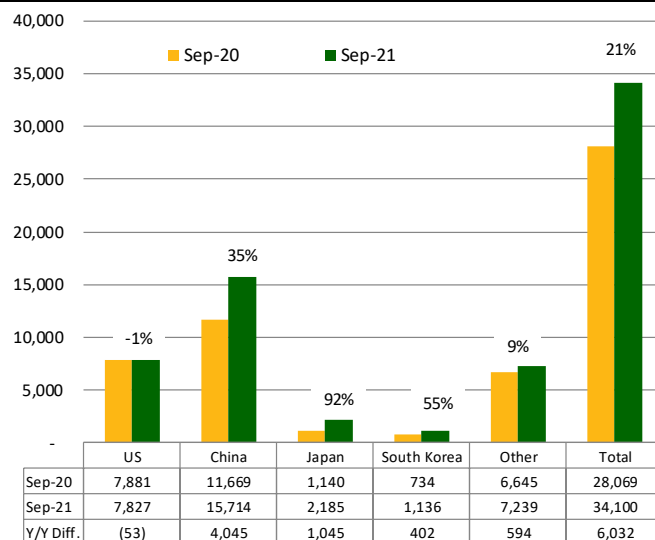
Australia Fresh/Frozen Beef Exports

Latest Data for September Units: Metric Tons



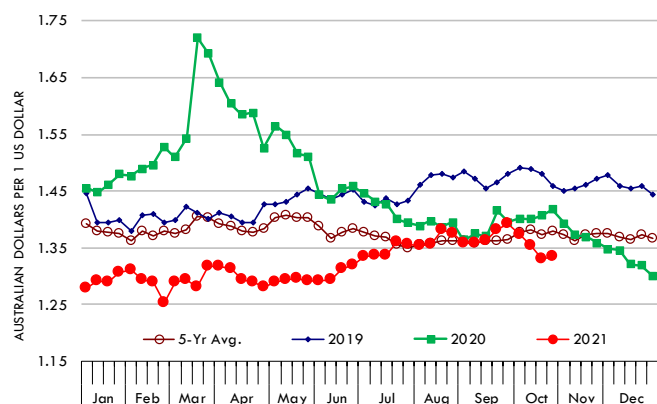
New Zealand Fresh/Frozen Beef Exports in September

Source: Statistics NZ Units: Metric Tons



AUSTRALIAN DOLLAR PER 1 US DOLLAR

Y/Y Comparison of Weekly Exchange Rate



NEW ZEALAND DOLLAR PER 1 US DOLLAR

Y/Y Comparison of Weekly Exchange Rate

