



US Imported Beef Market

A Weekly Update

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Market Highlights for the Week:

- US cattle slaughter last week was estimated at 677k, up 3.4% from the week before and 1.7% higher than a year ago. Beef production for the week was estimated at 562 million pounds, 3.2% higher than a week ago.
- The increase in beef production put some pressure on beef cutout values this week. However, by Friday the cutout managed to gain about \$2 from the previous day. Beef prices should be higher ahead of Christmas but then drift lower in the second half of December.
- Imported beef prices remain firm as supply in the spot market remains limited and importers/end users struggle with supply chain bottlenecks and higher transportation, labor and warehousing costs.
- US beef imports in the four weeks ending November 13 were up by more than 10% from a year ago, largely due to more imports from Mexico but also robust growth in imports from New Zealand and Brazil.
- Imports from Brazil may slow down a bit as the quota available to "other countries" will likely be filled before the end of the year.
- US restaurant sales have slowed down considerably in recent months and October sales were lower than a year ago when adjusted for inflation.
- The supply of cattle on feed on November 1 was slightly lower than a year ago but the supply of market ready cattle remains above both last year and five year average levels.

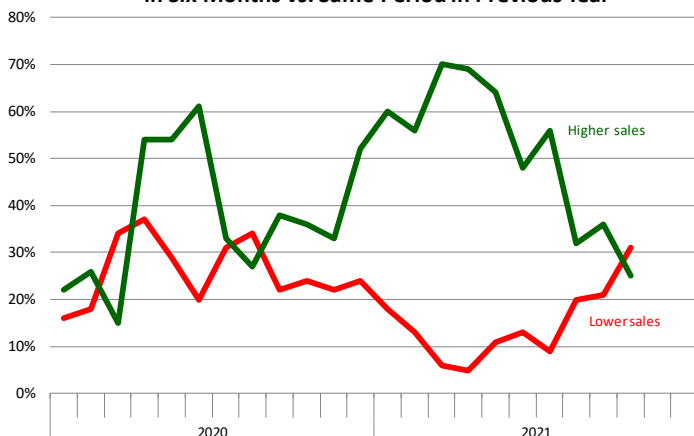
Imported Market Activity for the Week

Imported beef prices is trading with fits and starts, limited by supply availability in the near term and uncertainty about pricing/demand in Q1 of next year. Offer prices remain firm as overseas packers so far remain content with demand in other markets and see little pressure to try and push more meat in the US. Supply chain bottlenecks make trading with the US difficult and often something to avoid. New Zealand suppliers continue to say that Chinese demand is in good shape and that

remains a significant factor. Cow meat supplies in New Zealand are seasonally limited at this time and the sharp increase in NZ dairy prices has limited the number of cows coming to market. Bull slaughter normally increases at this time of year but it is off to a slow start compared to last year, with October weekly slaughter down 20-25% from a year ago. In September New Zealand beef exports were up 21% but exports to the US were lower, with China and other markets accounting for all the increase in exports. However, we think October exports will show a notable increase to the

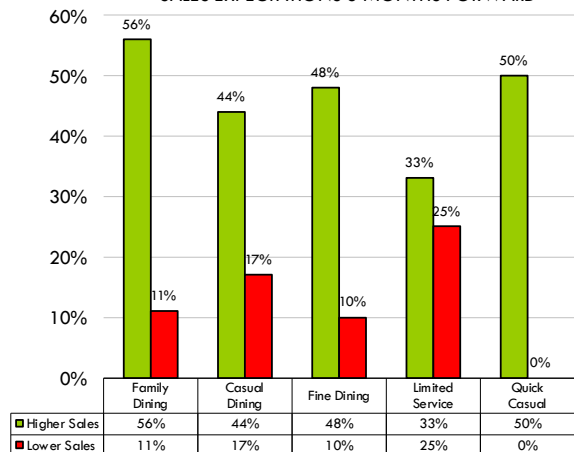
Restaurant Operator Optimism Dimmed in September. Rising Costs and Tight Labor Market Will Weigh on Restaurant Business Conditions in the Next Six Months

Restaurant Operators' Outlook for Economic Conditions in Six Months vs. Same Period in Previous Year



Data source: National Restaurant Association 'Restaurant Performance Index'

SALES EXPECTATIONS 6-MONTHS FORWARD



Sales Expectations in Six Months - September 2021 vs. September 2020, Tracking Survey Responses by Industry Segment Source: National Restaurant

US, based on the amount of New Zealand beef cleared for entry in the four weeks ending November 13. According to USDA data, imports of New Zealand beef during this period were a little over 7,800 MT, up 2,350 MT or 43% from the low levels registered a year ago. Imports from Australia during this four week period were 14,612 MT, down 4% from the already low volume registered last year.

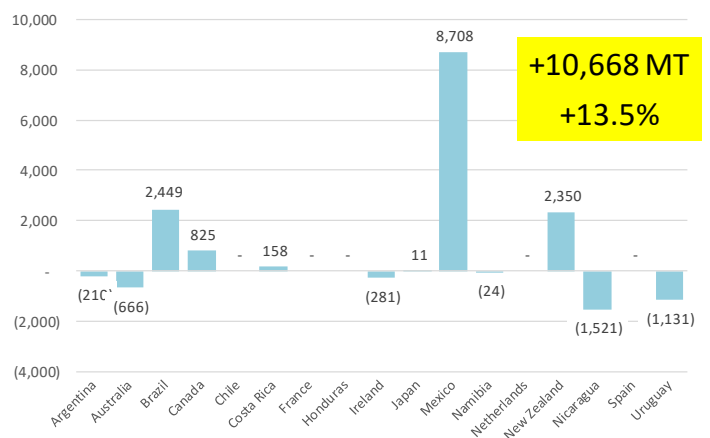
South American trade has been relatively quiet. There is some uncertainty as to whether the quota available to “other MFN countries” will be filled before the end of the year. The data that matters here is that from US Customs even though that has been hard to reconcile with the weekly import figures from USDA-AMS. For the week ending November 13, USDA-AMS had imports from Brazil at only around 1,633 MT and the four week average was 1,400 MT. Imports from Ireland for the latest reported week were only around 133 MT. And yet, the supply of beef cleared using the “other country” quota was over 3,000 MT and in the last four weeks that has been on average +2,000 MT of beef per week cleared using this quota. At a pace of 2,000 MT per week and 7 weeks left, we could see the “other country” quota filled for this year. We have reached out to USDA to clarify why their import data does not appear to match up with Customs. The only thing we can think of is that the backlog created in recent months may have created a bigger than normal discrepancy. What matters is the Customs data as once the quota is filled product may need to go into bonded warehouses and then released into commerce next year.

Prices for imported round cuts are hard to ascertain at this time as we are receiving a very wide range of prices. Uncertainty in the US domestic market is part of the reason, as importers struggle with high replacement values and delays while US domestic market has been especially volatile. There is significant volatility in the domestic market for 100VL product. Prices for 100VL insides remain very firm as domestic demand continues to outpace supply, especially with packers struggling to find enough workers to staff trimming lines. However, the price of 100VL flats has seen a sharp correction.

Fast food demand has become more uncertain in recent weeks as operators have become increasingly apprehensive about future business conditions. The charts on page 1 are from a September survey of restaurant operators and we think the situation has only worsened since then. Spending

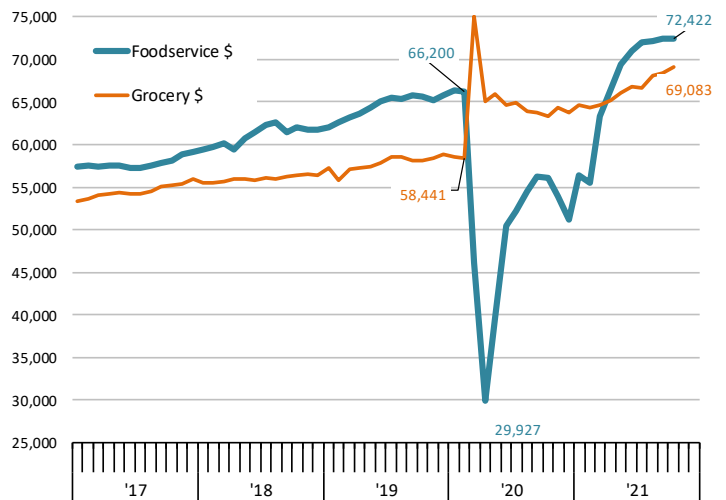
Y/Y Change in the Volume of Beef Imported During Last Four Weeks

Source: USDA-AMS. Product wt. basis.



Dollar Sales at Retail and Foodservice. Million Dollars

Source: US Census Bureau. Analysis by Steiner Consulting. Updated through Oct. 2021

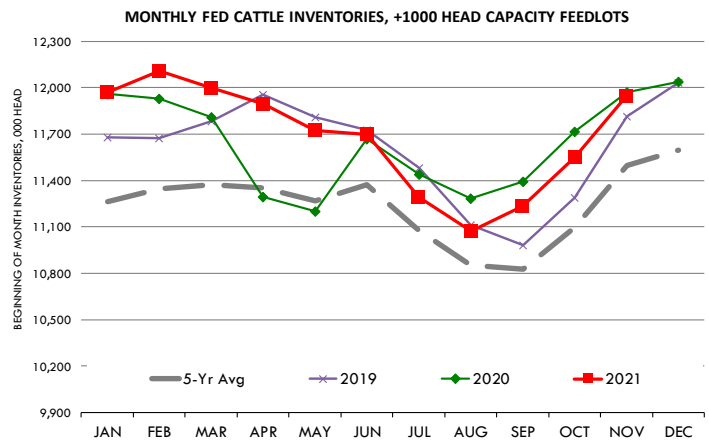


at foodservice in October was almost unchanged from September, and it has increased just \$363 million or 0.5% since July. **Food cost inflation at foodservice in October was 0.8% higher than the previous month and it has increased 1.8% since July, suggesting real sales were down during this period.** It is no wonder that the mood of restaurant operators has changed dramatically in the last three months. We do not have the Restaurant Performance Index (RPI) results for October yet but, in September, the index declined 1.3 points from August and it was down 2.5 points since July. The RPI index is constructed from a blend of current and future expectations. The biggest decline in September was in the expectations component, which dropped 2.8 points from the prior month. Accelerating inflation, a higher quit rate, and spike

in labor costs will likely cause the expectations component to be down even more in October. For restaurant operators the spike in the quit rate has been especially problematic as it tends to have an immediate disruptive impact on operations. According to BLS data, in September alone 863k people employed in the accommodation and food services industry quit their job, a quit rate of 6.6%. **This was the highest quit rate of all the specific industry segments tracked by BLS and more than double the quit rate overall.** These market conditions present significant demand risk for imported beef suppliers in Q1 and Q2 of 2022.

US cattle on feed update

The total inventory of cattle on feed as of November 1 was estimated at 11.948 million head, 398k head higher than the previous month but 25k head or 0.2% lower than the previous year. Analysts polled ahead of the report expected the inventory to be 0.3% lower. The inventory of cattle that have been on feed for more than 120 days is estimated at 3.929 million head, 2.4% higher than a year ago and 252k head or 6.8% higher than the five year average. The inventory of cattle with



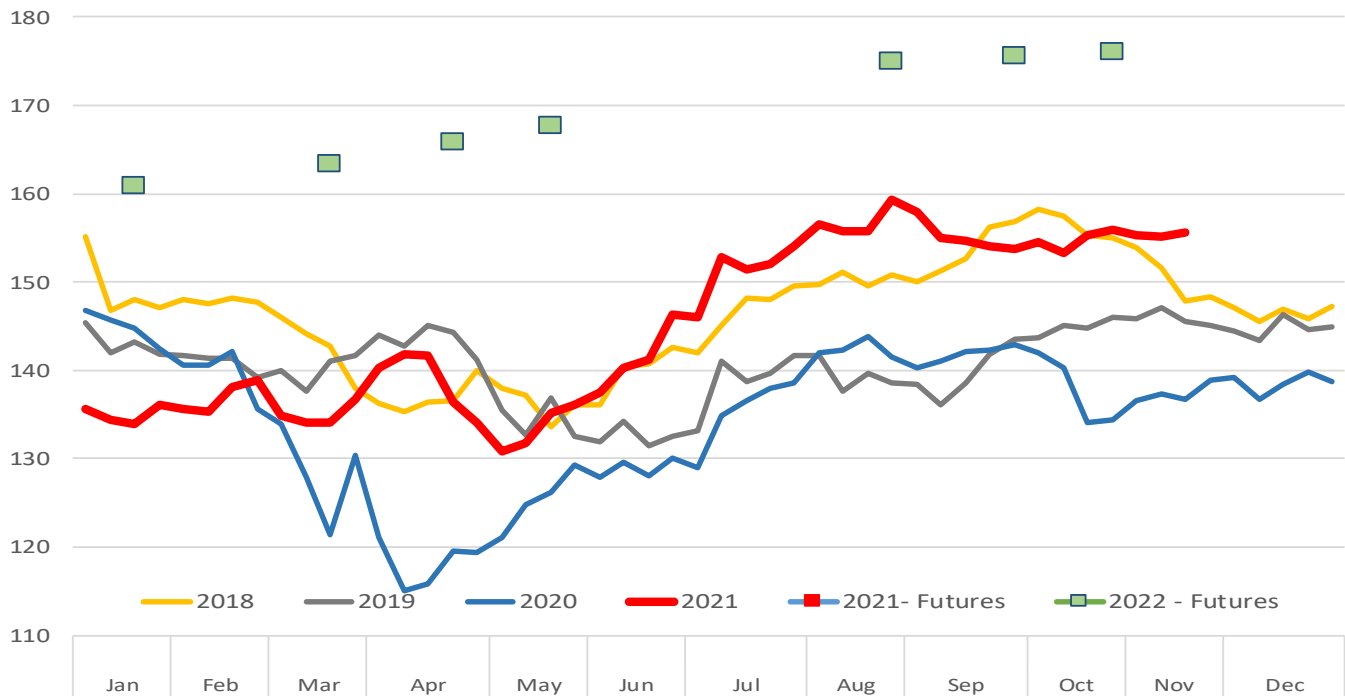
+150 days on feed is calculated at 2.316 million head, 10.2% higher than year ago and 15% higher than the five year average. Fed cattle futures have shown some improvement in recent weeks as packers sought to bolster cattle supplies ahead of the holidays. Market ready supply remains adequate in the near term and based on the latest inventory numbers the upside for December is somewhat limited. We think that's the reason why December futures are not far from current cash prices.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	18-Nov-21	11-Nov-21		19-Nov-20	
CME FEEDER CATTLE INDEX	155.65	155.06	0.4%	136.75	13.8%
	19-Nov-21	12-Nov-21		20-Nov-20	
FED STEER (5-MKT AVG)	132.75	130.53	1.7%	109.68	21.0%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	129.50	130.00	-0.4%	96.50	34.2%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	129.50	131.50	-1.5%	109.50	18.3%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	130.50	130.50	0.0%	107.50	21.4%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	230.32	230.61	-0.1%	167.27	37.7%

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
	19-Nov-21	305.0	12-Nov-21	305.0		20-Nov-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	300.0	305.0	300.0	305.0	0.0	234.0	235.0	70.0
90 CL Blended Cow	285.0	286.0	280.0	285.0	1.0	216.0	217.0	69.0
90 CL Shank	285.0	290.0		285.0	5.0	215.0	216.0	74.0
85 CL Fores	260.0	261.0	255.0	260.0	1.0	191.0	192.0	69.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	300.0	304.0	300.0	302.0	2.0	232.0	233.0	71.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	255.0	258.0	254.0	258.0	0.0	190.0	191.0	67.0
80 CL Trimmings		250.0		245.0	5.0		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		UNQ	370.0	380.0	N/A	315.0	330.0	N/A
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ	315.0	325.0	N/A	265.0	270.0	N/A
Steer Knuckles	280.0	285.0	290.0	300.0	-15.0	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
	19-Nov-21	12-Nov-21	12-Nov-21	12-Nov-21		20-Nov-20	20-Nov-20	
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	320.0	322.0	316.0	318.0	4.0	244.0	245.0	77.0
90 CL Blended Cow	296.0	299.0	295.0	296.0	3.0	226.0	226.0	73.0
90 CL Shank	299.0	300.0	299.0	300.0	0.0	225.0	227.0	73.0
85 CL Fores	269.0	270.0	267.0	268.0	2.0	200.0	201.0	69.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	318.0	320.0	315.0	317.0	3.0	243.0	244.0	76.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	267.0	268.0	265.0	266.0	2.0	198.0	199.0	69.0
80 CL Trimmings	257.0	258.0	254.0	255.0	3.0		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	370.0	380.0		390.0	-10.0	330.0	340.0	40.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	325.0	335.0	338.0	340.0	-5.0	275.0	280.0	55.0
Steer Knuckles	300.0	310.0	310.0	315.0	-5.0	280.0	290.0	20.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	19-Nov-21	12-Nov-21		20-Nov-20							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	278.41			284.30			-5.9	238.35			40.1
Select Cutout	263.83			269.53			-5.7	214.98			48.9
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	273.0	283.0	276.7	274.0	283.0	276.1	0.6	199.0	212.0	200.9	75.8
85 CL Beef Trimmings	246.5	268.0	255.3	244.0	265.0	255.1	0.2	157.1	190.0	167.6	87.7
50 CL Beef Trim	78.0	103.0	92.4	83.0	107.3	95.3	-2.8	35.0	51.0	41.3	51.2
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	31.2	70.0	38.7	42.5	82.0	54.0	-15.3	17.0	59.5	23.2	15.5
72 CL Pork Trim	52.7	108.8	74.2	75.2	120.8	85.9	-11.6	69.2	106.8	76.9	-2.7
<u>Point of Lean Values</u>											
90 CL Domestic	307.5			306.8			0.7	223.3			84.2
50 CL Beef Trimming	184.9			190.5			-5.6	82.6			102.3
42 CL Pork Trim	92.1			128.5			-36.4	55.2			36.9
72 CL Pork Trim	103.1			119.2			-16.2	106.8			-3.7
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	132.75			130.53			2.2	109.68			23.1

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From	
			Week	Week		Last Year	Last Year
	19-Nov-21	12-Nov-21			20-Nov-20		
<u>Live Cattle Futures</u>							
December '21	133.525	132.125	↑	1.40	108.100	↑	25.43
February '22	137.700	136.100	↑	1.60	110.650	↑	27.05
April '22	141.300	139.900	↑	1.40	114.450	↑	26.85
June '22	136.250	135.525	↑	0.72	114.450	↑	21.80
<u>Feeder Cattle Futures</u>							
November '21	155.650	156.250	↓	-0.60	136.750	↑	18.90
January '22	160.925	157.725	↑	3.20	134.600	↑	26.33
March '22	163.375	159.175	↑	4.20	134.375	↑	29.00
April '22	165.875	161.775	↑	4.10	134.375	↑	31.50
<u>Corn Futures</u>							
December '21	570.750	577.250	↓	-6.50	423.250	↑	147.50
March '22	577.000	585.000	↓	-8.00	428.250	↑	148.75
May '22	581.250	588.750	↓	-7.50	430.750	↑	150.50
May '22	582.500	588.750	↓	-6.25	430.750	↑	151.75
<u>Ch Wheat Futures</u>							
December '21	823	817	↑	6.00	593 1/4	↑	229.75
March '22	834 1/4	828 1/2	↑	5.75	599 1/2	↑	234.75
May '22	840	832 1/4	↑	7.75	602 1/4	↑	237.75
May '22	828 3/4	818	↑	10.75	598 1/4	↑	230.50

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	20-Nov-21	13-Nov-21			21-Nov-20		
<u>Total Cattle Slaughter</u>	677,000	655,000	↑	22,000	645,000	↑	32,000
	6-Nov-21	30-Oct-21			7-Nov-20		
Total Cow Slaughter	136,252	137,325	↓	-1,073	130,700	↑	5,552
Dairy Cow Slaughter	59,859	59,556	↑	303	57,800	↑	2,059
Beef Cow Slaughter	76,393	77,769	↓	-1,376	72,900	↑	3,493

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

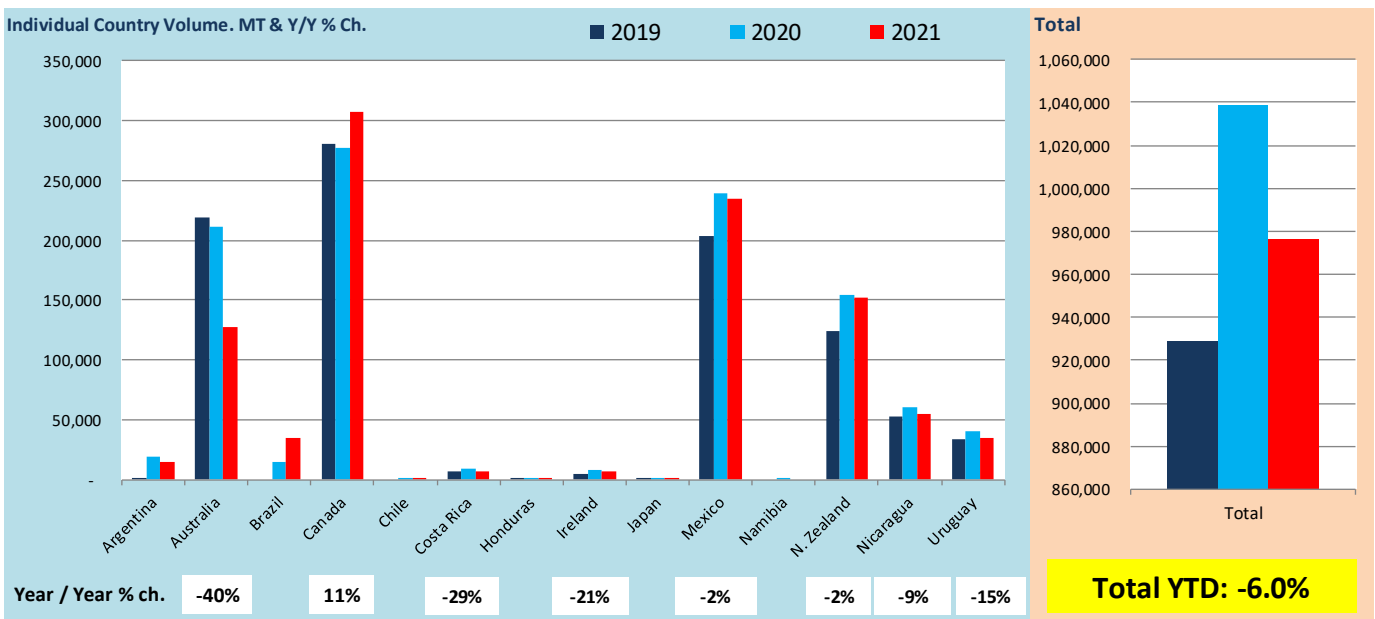
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 46	11/14/2020	11/13/2021		
Argentina	19,543	14,814	(4,729)	-24.2%
Australia	210,806	127,536	(83,270)	-39.5%
Brazil	15,028	35,264	20,236	134.7%
Canada	277,547	306,793	29,246	10.5%
Chile	128	217	89	69.5%
Costa Rica	9,637	6,854	(2,783)	-28.9%
France	-	-	-	
Honduras	1,572	22	(1,550)	-98.6%
Ireland	8,655	6,830	(1,825)	-21.1%
Japan	408	986	578	141.7%
Mexico	238,791	235,124	(3,667)	-1.5%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	154,357	151,751	(2,606)	-1.7%
Nicaragua	60,563	55,214	(5,349)	-8.8%
Spain	-	-	-	
Uruguay	41,136	34,990	(6,146)	-14.9%
Total	1,038,728	976,396	(62,332)	-6.0%

Source: AMS - USDA

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

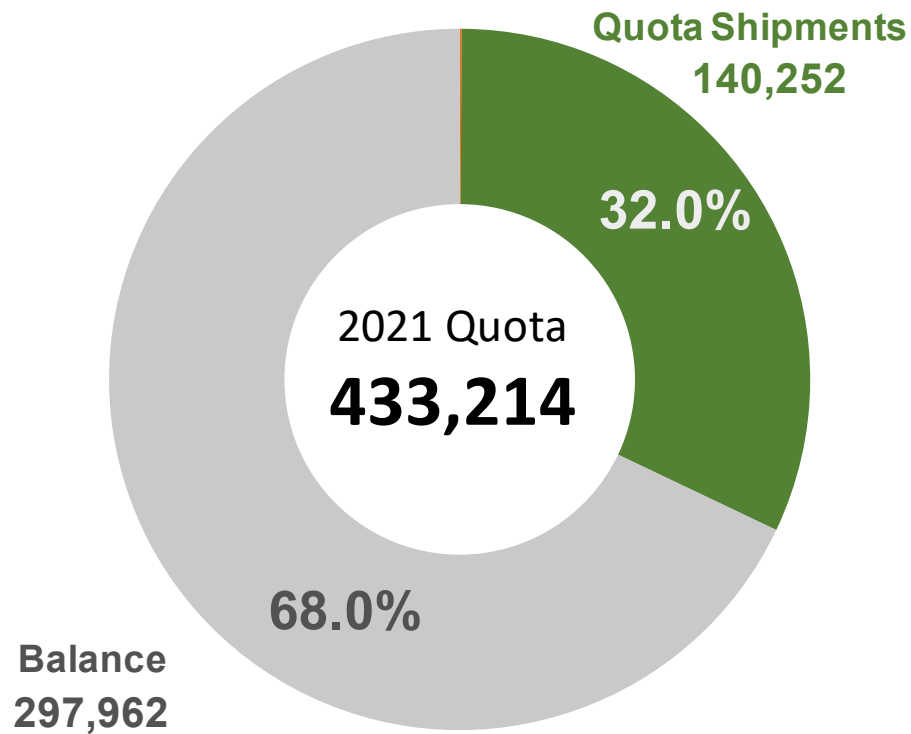
Imports as of November 13, 2021



Australian Beef Quota Position

18-Nov-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending November 15. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

