



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- Imported beef prices continue to trade very firm on a combination of limited offerings from overseas packers and domestic end users looking to bolster their positions for Q1 of 2022.
- US non-fed slaughter for the week ending November 20 was over 150k head, the highest weekly slaughter so far this year. And yet domestic lean grinding beef continues to trade in the mid 270s. Lean beef prices should continue to trade firm as domestic cow/bull slaughter seasonally declines later this month and in Q1.
- Australian beef exports to the US in November were lower than expected and 40% lower than in 2019. This was the second lowest export volume to the US in a decade.
- Despite ongoing political issues between Australia and China, Australian beef exports to China in November were 60% higher than a year ago.
- Supply of boneless beef in cold storage at the end of October was 5.5% lower than a year ago and 6% lower than the five year average.

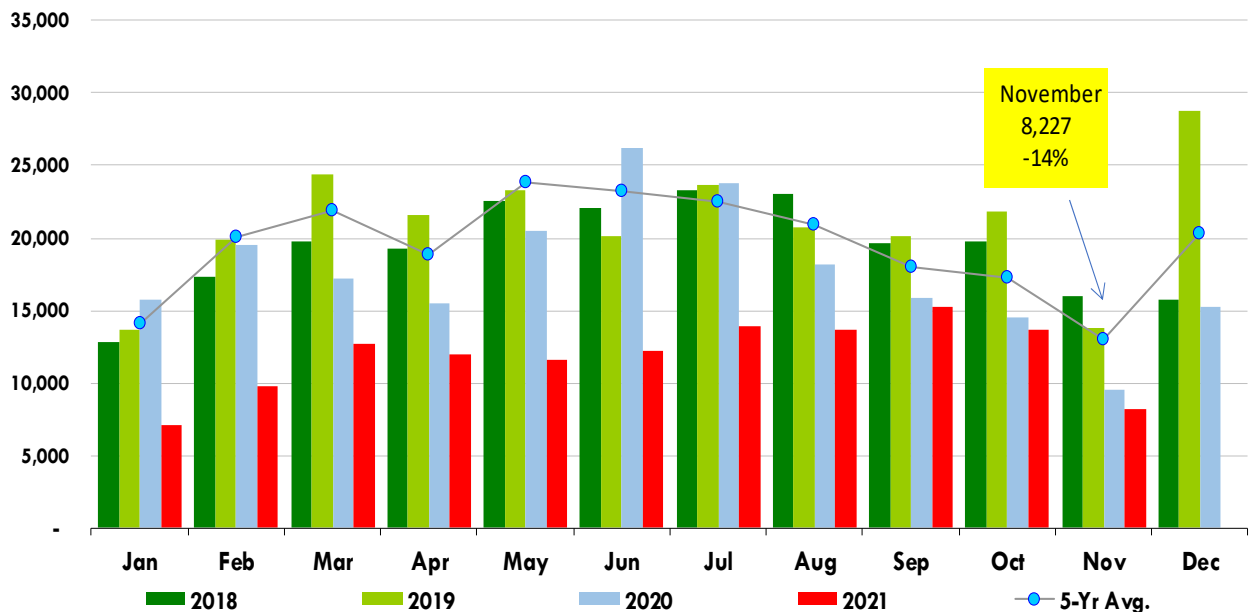
Imported Market Activity for the Week

Imported beef market continues to trade very firm although day to day trading remains difficult considering limited spot supplies and less product in the pipeline for delivery in January. Offer prices were steady to higher for grinding product. Seasonally we see a notable pullback in supply availability of domestic product and large buyers are well aware of this. While they may have needs covered on paper, getting suppliers to deliver is always a major risk. So they are tiptoe-

ing around the market looking to add to their positions and this remains supportive overall. The market for beef round cuts is unsettled. Prices for imported product were supercharged in October and early October when domestic values spiked and buyers went searching for alternatives. Now that domestic values have pulled back, especially for knuckles and flats, imported values are also lower and trying to catch a bid. Expectations are for domestic prices to rebound in January but for now buyers seem content to sit on the sidelines. The tone for cuts is weak in the near term.

AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

Metric Ton. Source: DAFF. Analysis by Steiner Consulting



Market notes for the past week

- **Australian beef exports in November were well below expectations.** Some of this may have to do with how Australian officials record export statistics, something that has been evident in previous years (see chart). Still, the official statistics is what we have to go with at this time and they show total shipments in November were 8,227 MT, down 14% from a year ago and 40% lower than in 2019. This was the second lowest monthly export volume in a decade, with the lowest volume recorded last January. Supplies of Australian beef remain extremely limited, in part due to limited availability in Australia but also continued strong competition from other markets. For all the talk of politics limiting Chinese demand, Australian beef exports to China in November were 13,157 MT, far higher than what was shipped to the US. Exports to South Korea, once a much smaller market for Australia than Japan or the US, were 18,238 MT, 10% higher than last year and 40% higher than in 2019. Exports to Japan were 20,239 MT, 20% lower than last year. Total Australian beef exports in November were 75,712 MT, 5% lower than last year and 27% lower than in 2019.

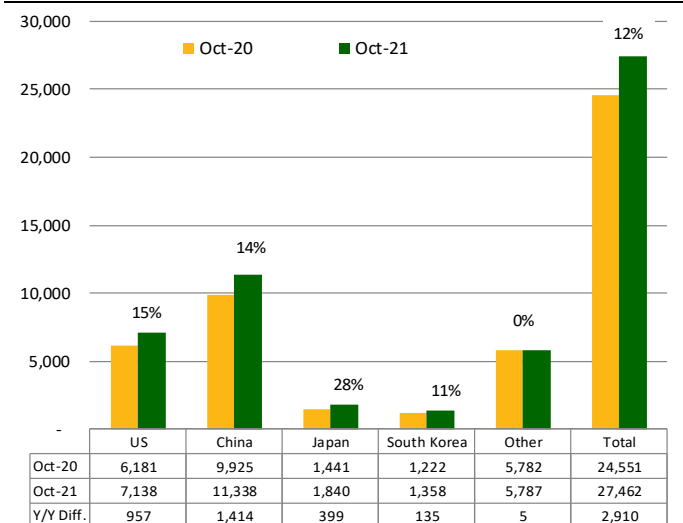
- **Australian weather reports continue to note significant rainfall across Northern and Eastern Australia.** Here's how a recent update from ABARE described the situation: "November 2021 has been the wettest November on record for the New South Wales and Queensland wheat sheep zone, with many locations recorded rainfall totals 3 times higher than average for November." The increase in rainfall has significantly impacted the wheat crop, which is being harvested at this time. This will tend to increase the supply of feed quality wheat and also continue to incentivize producers to hold on to their stock. Feeder cattle prices in Australia are at all time record levels and slaughter cattle prices are the highest in the world. The most current reading of the Australian Eastern Young Cattle Indicator was over \$11 AUD per kg, up 32% compared to the start of the year and more than double than two years ago.

- **New Zealand beef exports in October continued to show strong exports to the Chinese market, a trend that we expect will continue in November and December,** when beef supplies seasonally increase. Total shipments for the month were 27,462 MT, 12% higher than the previous year. Exports to China were 11,338 MT, 14% higher than last year while exports to the US were

New Zealand Fresh/Frozen Beef Exports in October

Source: Statistics NZ

Units: Metric Tons



Australian Eastern Young Cattle Indicator

EYCI includes vealer and yearling heifers and steers, grade score C2 or C3, 200kg+ liveweight from saleyards in NSW, QLD and VIC



7,138 MT, 15% higher. In the last three years the Chinese market has accounted for over 40% of New Zealand beef exports. In 2019, the surge in exports to China caused a significant shortfall of product in the US market, with US buyers caught short and forced to significantly bid up prices to cover their positions. At the time imported beef traded as much as 70 cents above domestic. We do not expect a similar situation this year, in part because of more beef coming from other markets. Still, the shortfall of New Zealand supplies will continue to limit availability of imported beef at a time when domestic lean beef prices also tend to seasonally decline.

- US cattle slaughter was higher than we expected at the start of the week, pushing the total kill for the week 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. We think non fed cattle slaughter last week was 147k head, about

1% lower than the previous year. USDA revised higher its estimates for non-fed slaughter for the week ending November 20, pushing slaughter above 150k head, the highest so far this year. It is evidence of how strong grinding beef demand is that lean beef prices continue to trade around \$276-\$277/cwt even as slaughter hits annual highs. We think non-fed weekly cattle slaughter in Q1 will be about 10k head lower, with some weeks well below those levels.

- **The increase in beef production put some pressure on the beef cutout.** However, by Friday the cutout managed to gain about \$2 from the previous day. The rib primal jumped \$16/cwt on Friday and it is up almost \$20 in the last two days. Brisket prices remain extremely firm and gaining ground, in part due to strong export business.

- **US hog slaughter** for the week was 2.635 million head, slightly ahead of last week but still as much as 3.4% lower than a year ago. Slaughter came in near expectations. Lower holiday slaughter next week will continue to pressure cash hog values while hog carcass weights should move higher as they normally do during holiday shortened weeks.

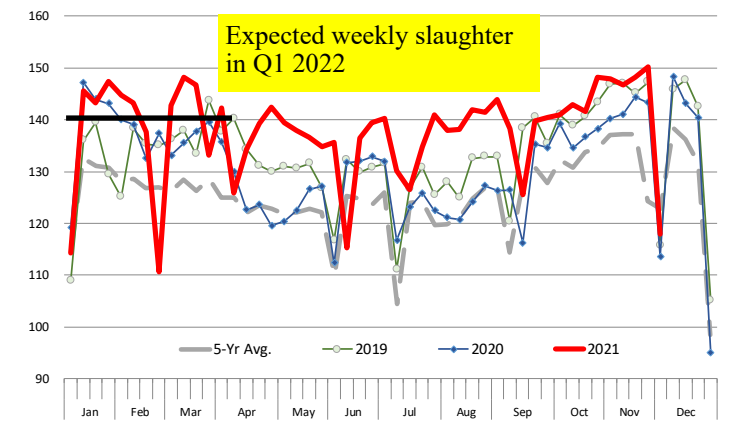
- The **pork cutout** was steady on Friday as gains in butts and picnics were offset by a lower print in the ham primal. Belly prices rebounded modestly. We think the decline in bellies is largely due to the holiday disruption for processing plants. We expect higher belly prices in January.

- **Chicken prices** closed the week as they started, with the breast meat market in tight supply and prices once again quoted higher. The price of b/s chicken breasts is now over \$200/cwt. This continues to be supportive for ground beef, especially as retailers look past the holidays and prepare for January features.

- **The total supply of beef in cold storage at the end of October was estimated at 477.1 million pounds, 4.6% lower than a year ago and 5.4% lower than the five year average.** Beef inventories usually increase in the fall and winter, in part due to the slowdown in overall demand but also because some end users built stock ahead of year-end holidays. The inventory of beef cuts in cold

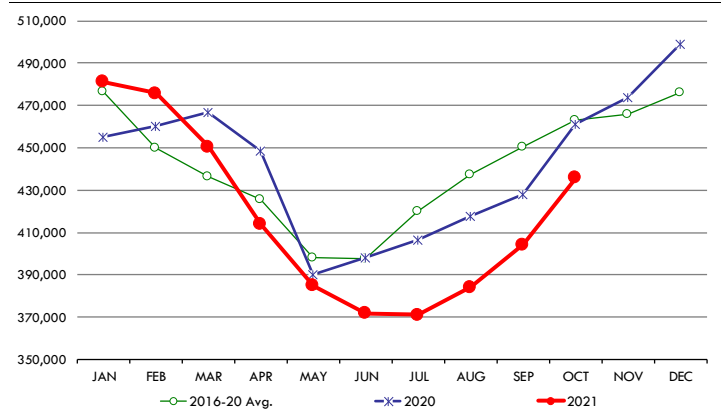
WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS. Analysis by Steiner Consulting



Boneless Beef In Cold Storage at End of Month

'000 Pounds. Source: USDA



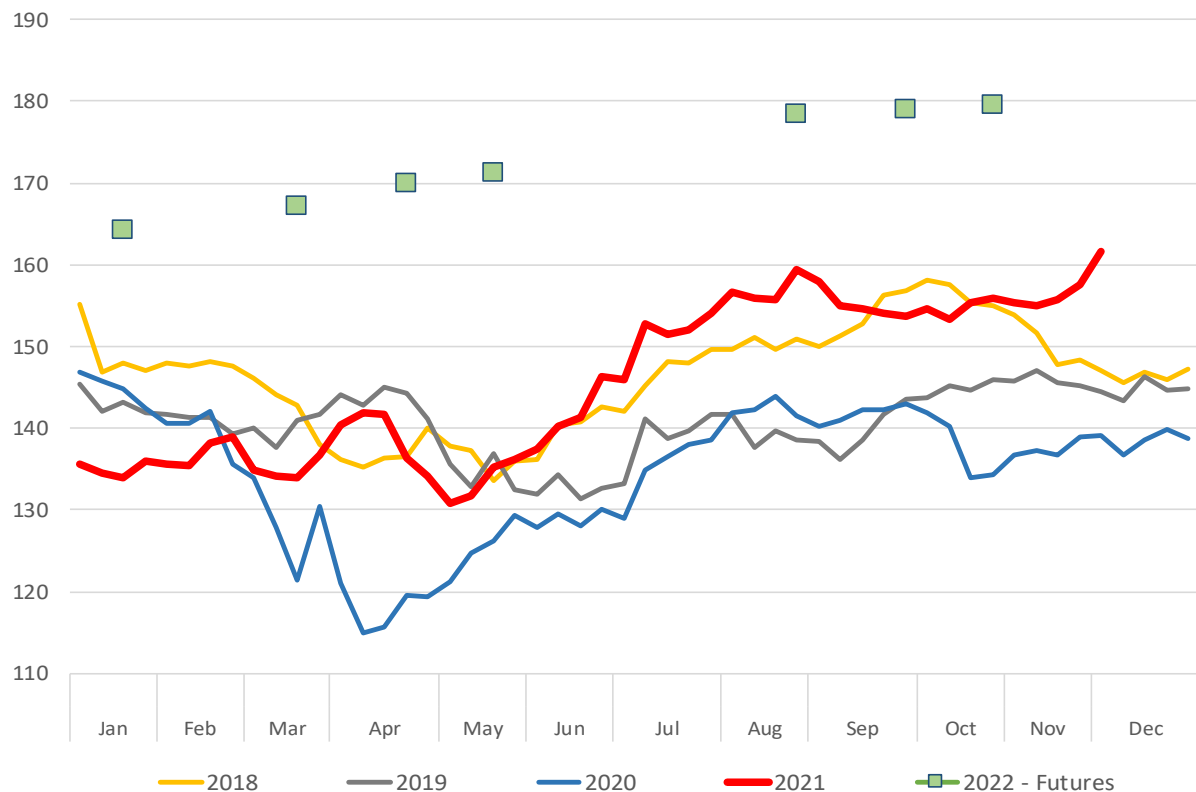
storage at the end of October was 41.1 million pounds, 5.3% higher than a year ago. Bone-in inventories increased 16.3% from the previous month compared to an average 2% increase in the last five years. Worried about year-end supply, there was a rush of buying in August and September. Recently we have seen the price of beef ribs counter seasonally decline, likely reflecting the impact of pulling on some of this freezer supply. The inventory of boneless beef was estimated at 435.9 million pounds, 5.5% lower than a year ago. Boneless beef inventory increased 7.8% from the previous month compared to an average 2.8% increase in the last five years.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	2-Dec-21	25-Nov-21		3-Dec-20	
CME FEEDER CATTLE INDEX	161.58	157.48	2.6%	139.18	16.1%
	3-Dec-21	26-Nov-21		4-Dec-20	
FED STEER (5-MKT AVG)	138.83	133.75	3.8%	109.89	26.3%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	129.00	129.50	-0.4%	97.50	32.3%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	131.50	129.50	1.5%	109.00	20.6%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	130.00	131.00	-0.8%	106.50	22.1%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	229.63	230.71	-0.5%	169.11	35.8%

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
	3-Dec-21		26-Nov-21			4-Dec-20		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	305.0	310.0	300.0	305.0	5.0	230.0	231.0	79.0
90 CL Blended Cow	289.0	290.0	285.0	286.0	4.0	217.0	218.0	72.0
90 CL Shank	270.0	280.0	285.0	290.0	-10.0		220.0	60.0
85 CL Fores	260.0	261.0	260.0	261.0	0.0	191.0	192.0	69.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	305.0	310.0	300.0	304.0	6.0		230.0	80.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	257.0	258.0	255.0	258.0	0.0	190.0	191.0	67.0
80 CL Trimmings		250.0		250.0	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	310.0	315.0		UNQ	N/A	340.0	350.0	-35.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	280.0	290.0		UNQ	N/A		250.0	40.0
Steer Knuckles	270.0	275.0	280.0	285.0	-10.0	260.0	265.0	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
	3-Dec-21		26-Nov-21			4-Dec-20		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	322.0	327.0	320.0	325.0	2.0	240.0		87.0
90 CL Blended Cow	295.0	300.0	295.0	300.0	0.0	226.0	227.0	73.0
90 CL Shank	290.0	295.0	299.0	300.0	-5.0	226.0	228.0	67.0
85 CL Fores	270.0	271.0	269.0	270.0	1.0	200.0		71.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	320.0	325.0	318.0	324.0	1.0	238.0		87.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings		270.0	268.0	269.0	1.0	199.0		71.0
80 CL Trimmings	258.0	260.0	258.0	260.0	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, FOB US Port</u>								
Cap Off Steer Insides	340.0	350.0	370.0	380.0	-30.0	340.0	360.0	-10.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	305.0	310.0	325.0	335.0	-25.0	250.0	260.0	50.0
Steer Knuckles	280.0	290.0	300.0	310.0	-20.0	260.0	270.0	20.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low High Wt.Avg	
	3-Dec-21			26-Nov-21				4-Dec-20	
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low High Wt.Avg	
<u>Domestic Cutouts</u>									
Choice Cutout	274.36			279.41			-5.1	235.02	39.3
Select Cutout	258.64			264.83			-6.2	217.51	41.1
<u>Domestic Lean Grinding Beef</u>									
90 CL Boneless	274.0	283.0	276.3	274.0	283.0	276.5	-0.2	200.0 208.0 203.3	73.1
85 CL Beef Trimmings	251.1	268.0	256.4	249.4	268.0	255.8	0.5	161.7 225.5 172.7	83.6
50 CL Beef Trim	89.0	111.0	98.7	78.0	107.0	96.4	2.3	35.0 52.3 42.3	56.4
<u>Domestic Pork Trim</u>									
42 CL Pork Trim	34.0	63.0	38.6	28.2	50.5	33.8	4.8	18.9 51.0 25.0	13.6
72 CL Pork Trim	59.7	98.8	65.4	56.5	100.8	64.1	1.3	74.2 109.8 82.5	-17.1
<u>Point of Lean Values</u>									
90 CL Domestic	307.0			307.2			-0.2	225.8	81.2
50 CL Beef Trimming	197.4			192.9			4.6	84.6	112.9
42 CL Pork Trim	91.9			80.6			11.3	59.6	32.3
72 CL Pork Trim	90.8			89.0			1.8	114.6	-23.8
<u>National Direct Fed Steer (5-day accum. wt. avg. price)</u>	138.83			133.75			5.1	109.89	28.9

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>	
	3-Dec-21	26-Nov-21			4-Dec-20		
<u>Live Cattle Futures</u>							
December '21	137.675	138.100	↓	-0.42	108.875	↑	28.80
February '22	138.950	141.200	↓	-2.25	112.400	↑	26.55
April '22	142.150	143.850	↓	-1.70	116.175	↑	25.98
June '22	137.475	138.825	↓	-1.35	111.050	↑	26.43
<u>Feeder Cattle Futures</u>							
January '22	164.125	167.150	↓	-3.03	139.775	↑	24.35
March '22	167.100	167.975	↓	-0.88	139.425	↑	27.68
April '22	169.850	169.875	↓	-0.03	140.775	↑	29.08
May '22	171.250	171.050	↑	0.20	141.625	↑	29.63
<u>Corn Futures</u>							
December '21	586.000	586.750	↓	-0.75	417.000	↑	169.00
March '22	584.000	591.750	↓	-7.75	420.500	↑	163.50
May '22	586.250	595.500	↓	-9.25	423.250	↑	163.00
July '22	585.500	596.000	↓	-10.50	424.000	↑	161.50
<u>Ch Wheat Futures</u>							
December '21	794 1/2	825 1/2	↓	-31.00	566 1/2	↑	228.00
March '22	803 3/4	840 1/4	↓	-36.50	575 1/2	↑	228.25
May '22	809 1/2	846 1/2	↓	-37.00	578 3/4	↑	230.75
July '22	794 1/4	834	↓	-39.75	579 1/2	↑	214.75

<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>	
	4-Dec-21	27-Nov-21			5-Dec-20		
<u>Total Cattle Slaughter</u>	676,000	566,000	↑	110,000	645,000	↑	31,000
	20-Nov-21	13-Nov-21			21-Nov-20		
Total Cow Slaughter	138,754	137,445	↑	1,309	132,900	↑	5,854
Dairy Cow Slaughter	59,182	58,342	↑	840	58,700	↑	482
Beef Cow Slaughter	79,572	79,103	↑	469	74,200	↑	5,372

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

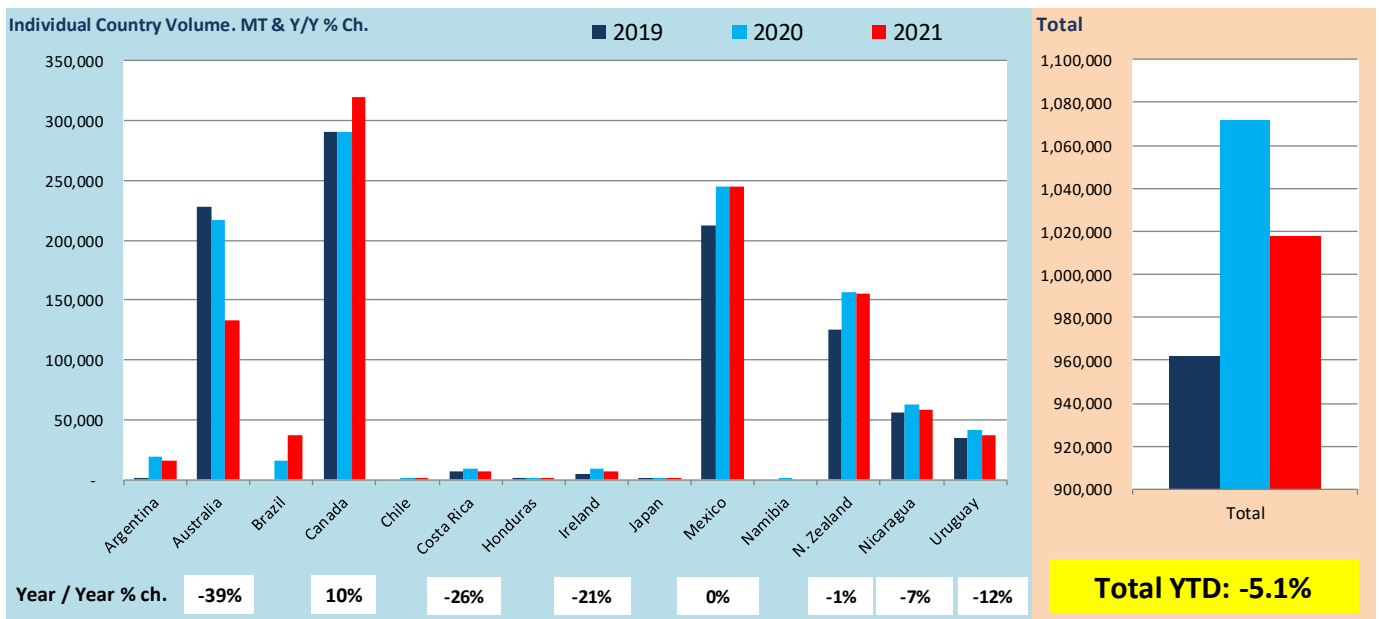
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 48	11/28/2020	11/27/2021		
Argentina	19,961	16,171	(3,790)	-19.0%
Australia	217,342	133,177	(84,165)	-38.7%
Brazil	15,834	37,844	22,010	139.0%
Canada	290,558	319,325	28,767	9.9%
Chile	128	217	89	69.5%
Costa Rica	9,758	7,256	(2,502)	-25.6%
France	-	-	-	
Honduras	1,592	22	(1,570)	-98.6%
Ireland	9,050	7,136	(1,914)	-21.1%
Japan	433	1,026	593	137.0%
Mexico	245,080	244,989	(91)	0.0%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	156,504	155,204	(1,300)	-0.8%
Nicaragua	63,181	58,526	(4,655)	-7.4%
Spain	-	-	-	
Uruguay	42,019	36,814	(5,205)	-12.4%
Total	1,072,021	1,017,706	(54,315)	-5.1%

Source: AMS - USDA

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

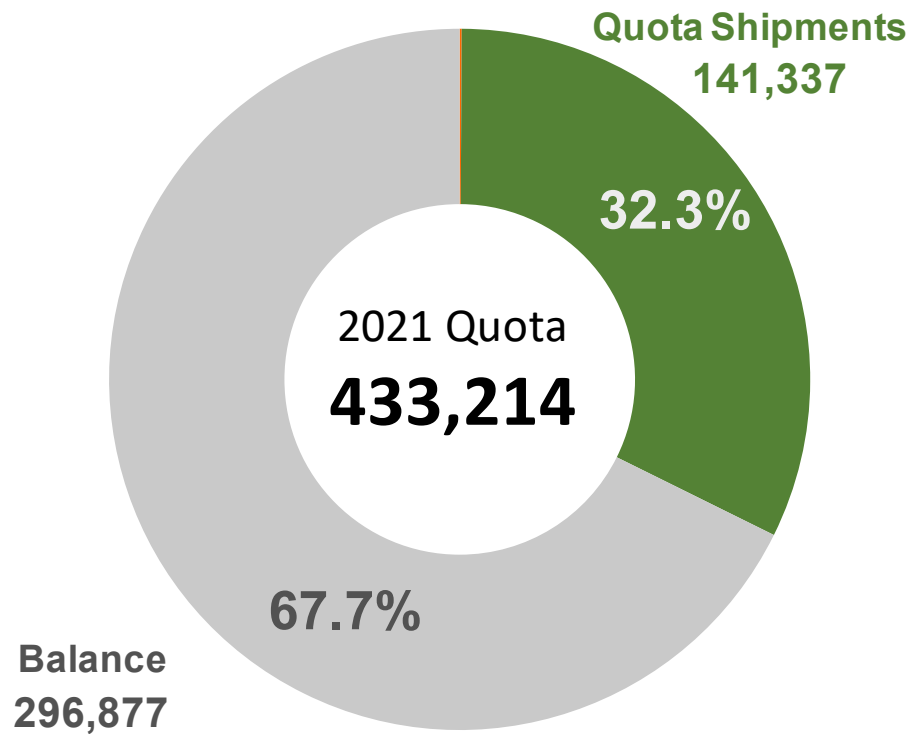
Imports as of November 27, 2021



Australian Beef Quota Position

2-Dec-21

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending November 29. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

