



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 were largely steady as offerings from overseas suppliers remain limited while buyers seemed content to sit on the sidelines.
- Lean grinding beef supply is more than adequate as cow slaughter continues to run well above year ago levels, there is a significant supply of imported beef that entered in the first four months of the year and the price of fed round and chuck cuts continues to trade near grinding value.
- Parts of the Southern Plains received some much needed rain but about half of pastures and ranges is now rated in poor or very poor condition, forcing producers to push more beef cows to market.
- Cow and bull slaughter during the three full May weeks is up 7.4% from a year ago and 12% higher than the five year average.
- The inventory of cattle on feed on May 1 was 2.2% higher than a year ago, well above expectations.

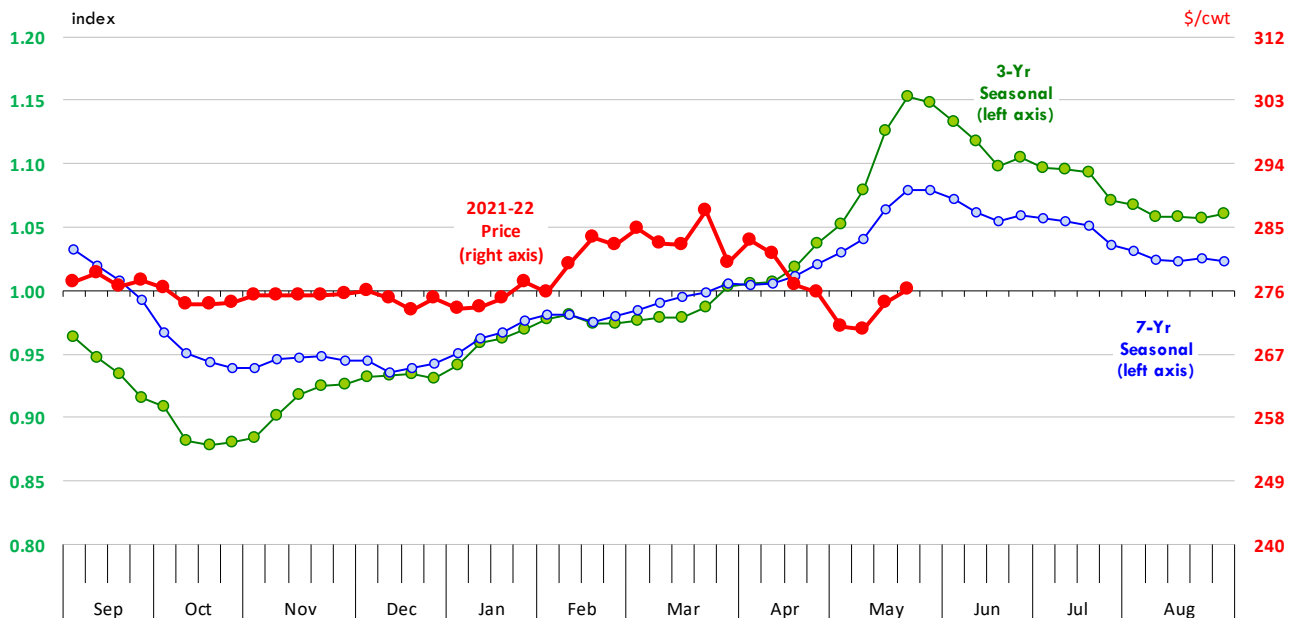
Imported Market Activity for the Week

Imported beef prices were steady to lower last week, mostly a result of softer demand than any meaningful increase in offerings from overseas supplies. Bridging the gap between what US end users are willing to pay and what Australian or New Zealand suppliers are offering is sometimes all but impossible, especially for product delivering later in the summer. Prices for Q3 currently hold a notable premium to June deliveries but getting a handle on those premiums is difficult as they

vary greatly from supplier to supplier. Traders are often trying to fill the gaps using Central American and Mexican grinding beef but navigating brands and spec requirements is always difficult. Some product appears to be coming from Brazil but the flow has slowed down considerably since the higher tariff kicked in. The stronger US dollar helps somewhat offsetting the higher tax but ample supplies of domestic product is a challenge, especially with round and chuck cuts sometimes trading near grinding value. This last point is important because sometimes packers stuck with extra product

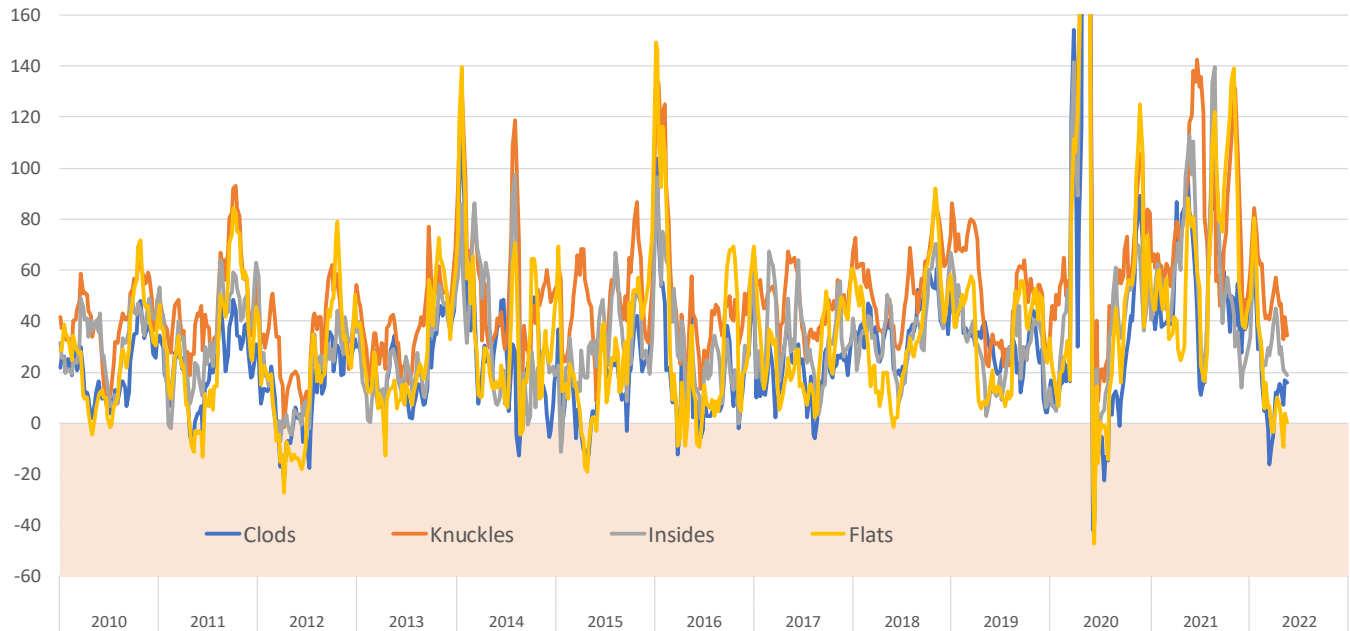
Seasonality of Fresh US Domestic 90CL Beef Trim

Current Price vs. 3-Yr and 7-Yr Seasonal. USDA Prices. Analysis by Steiner Consulting



Spread of Key Chuck and Round Cuts vs. 85CL Grinding Beef

Data source: USDA-AMS. Analysis by Steiner Consulting

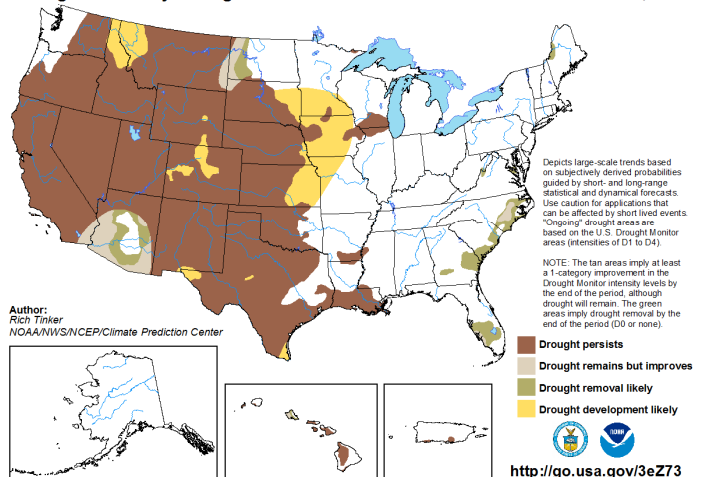


at the end of the week may end up dumping product in the market with traders taking advantage and working with grinders to clean them up. We included the chart above in this report a few weeks ago and since then the situation has not changed much. In the last two weeks choice beef flats have traded at around \$2.46 per pound compared to an average of \$2.47 for 85CL grinding beef. The expectation going into Memorial Day was that we would see a significant uptick in retail ground beef prices, helping get packers cleaned up and limiting the supply of round and chuck cuts in the spot market. That has not happened. Instead we continue to routinely see clods and flats trading at levels that can profitably put them in the grinder.

US cattle slaughter this week was estimated at 680k head, the highest weekly slaughter so far this year and also above year ago levels. The supply of market ready cattle (see our discussion on page 3) remains above year ago levels while demand at both retail and foodservice appears to have slowed down. The result is downward pressure on grinding beef values at a time of year when normally we see prices firm up. The chart on page 1 illustrates the counter seasonal move in lean grinding beef values. The challenge for market participants is whether they need to prepare for other counter seasonal moves this year, especially given the pace of cow liquidation so far and prospects for drought conditions to persist through the summer (see map).

U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for April 21 - July 31, 2022
Released April 21



Other market notes:

Cow and bull slaughter liquidation continues.

Slaughter last week was estimated at 148k head, about 2k head from the previous week and 14k head or 10% higher than a year ago. Current slaughter is also about 12% higher than five year average levels.

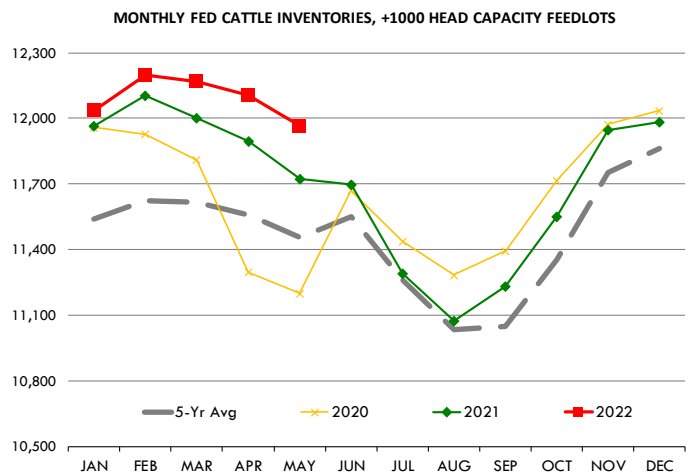
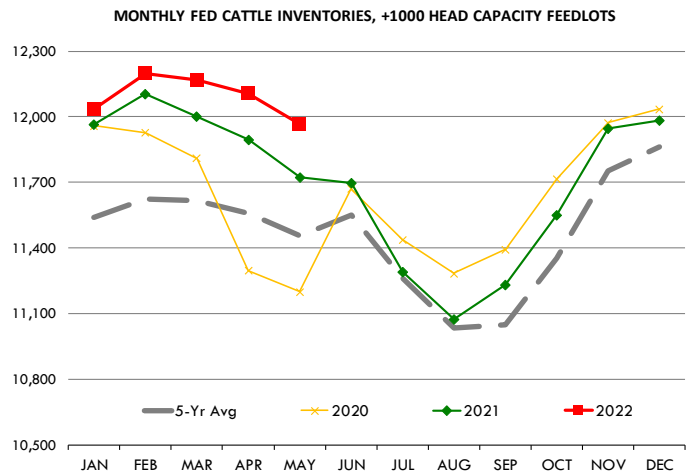
Pasture conditions remain poor: While there has been a modest improvement in pasture conditions in parts of the Southern Plains, conditions remain quite poor from a historical perspective. USDA reported that for the week ending May 15 about 49% of all pastures and ranges were in poor or very poor condition. This was 3 points better than the previous week but still below last year at 43%.

Current pasture and range conditions are some of the worst of the last 20 years, even worse than the start of the 2011-12 drought.

Retail ground beef business is getting better.

Cooler than normal temperatures in April and early May as well as the impact of higher fuel costs may have affected retail business in recent weeks. Retail ground beef features have been materially higher in the last two weeks but the much higher prices for those features may affect product movement. This is a major concern as consumers adjust their spending and consumption patterns as inflation reduces spending power. For the week ending May 20 USDA reports the ground beef feature activity index (i.e. the number of ground beef features in the grocery stores USDA tracks) stood at 22,620, 18% higher than the previous year but still under the comparable week in 2019, before the start of the pandemic. The weighted average feature price for the week was 15% higher than a year ago. The average feature price for 80-89% ground beef, one of the more popular features items in the past, was 51% higher than a year ago while the feature rate for this item was down. Retailers appear to be featuring fattier grinds, with 70-79% ground beef features up sharply but the feature price for these items was also up 17% from a year ago.

May 1 inventory of cattle on feed up 2.2% from a year ago. The total inventory of cattle on feed as of May 1 was estimated at 11.967 million head, 138k head less than the previous month but still as much as 236k head or 2.1% higher than the previous year. Analysts polled ahead of the report expected the inventory to be 1.4% higher than a year ago. The USDA number came in outside the high side of the estimated range. The inventory of cattle that have been on feed for more than 120 days is now estimated at 4.546 million head, 2.9% higher than a year ago and 250k head or 5.8% higher than the five year average. The inventory of cattle with +150 days on feed remains large as well, calculated at 2.640 million head, 0.3% higher last year's levels and 80k head or 3.1% higher than the five year average. The large supply of market ready cattle is expected to keep prices in check in the near term, especially as the choice beef cutout continues to run well below year ago levels. Packers increased the slaughter pace this week, which helped steady the cash market but holiday shortened weeks and high feed costs may pressure the live market in the



next couple of weeks.

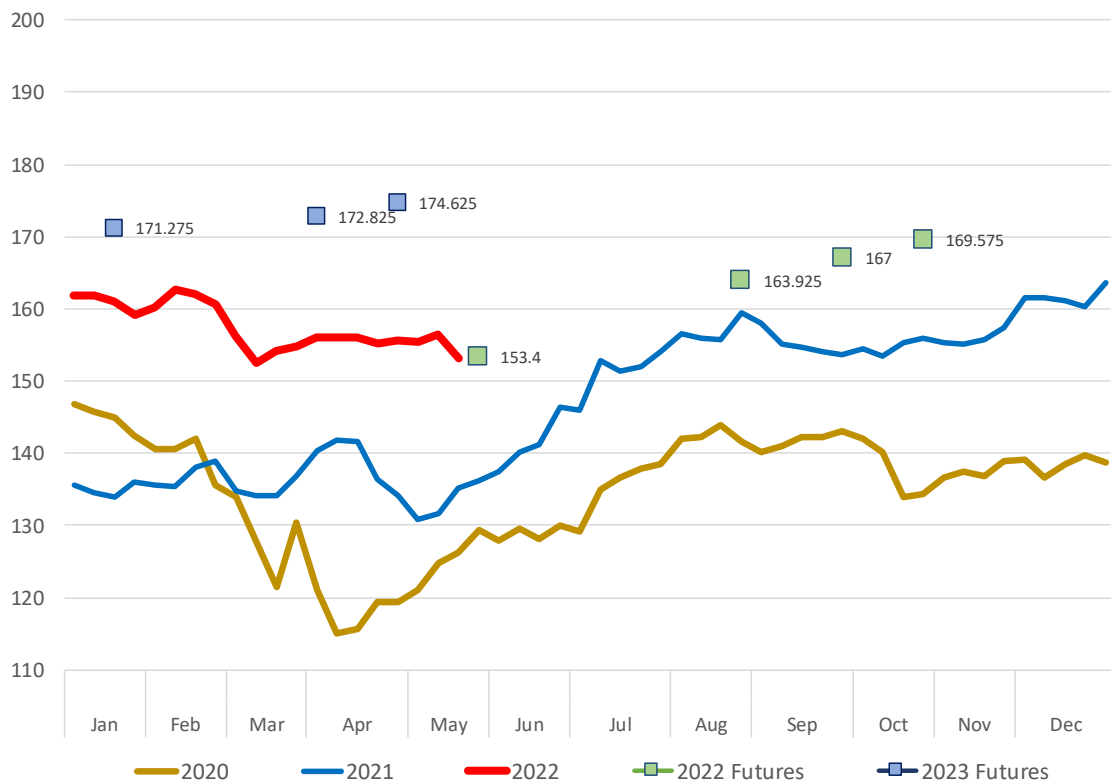
The latest USDA survey pegged the number of cattle placed on feed at 1.809 million head, just 16k head or 0.9% lower than a year ago. As was the case last month, April placements were outside the high side of the analyst estimated range. Drought conditions are forcing producers in some regions to accelerate placements. Placements of feeders under 600 pounds were 25k head or 7% lower than a year ago but placements of feeder cattle between 600 and 699 pounds were 8% higher than last year. With very high corn prices, the incentive would be for producers to hold on to feeders outside feedlots and get them to heavier weights. However, lack of pasture is clearly getting some cattle onto feedlots early. We think the latest report may tighten the currently wide spread between Aug and Oct fed cattle.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	19-May-22	12-May-22		20-May-21	
CME FEEDER CATTLE INDEX	153.05	156.36	-2.1%	135.20	13.2%
	20-May-22	13-May-22		21-May-21	
FED STEER (5-MKT AVG)	140.66	142.52	-1.3%	119.76	17.5%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	142.00	141.00	0.7%	117.50	20.9%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	148.50	148.50	0.0%	120.50	23.2%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	150.00	150.00	0.0%	126.00	19.0%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	219.40	217.92	0.7%	210.17	4.4%

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
	20-May-22		13-May-22			21-May-21		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	305.0	310.0	305.0	310.0	0.0	286.0		24.0
90 CL Blended Cow	285.0	286.0	285.0	290.0	-4.0	267.0	270.0	16.0
90 CL Shank		280.0		UNQ	N/A		UNQ	N/A
85 CL Fores		270.0		270.0	0.0	240.0	241.0	29.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	305.0	310.0	305.0	310.0	0.0	285.0		25.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	268.0	269.0	269.0	270.0	-1.0	239.0	240.0	29.0
80 CL Trimmings		UNQ		UNQ	N/A		220.0	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	360.0	365.0	360.0	365.0	0.0	365.0	375.0	-10.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	310.0	315.0	310.0	315.0	0.0	300.0	305.0	10.0
Steer Knuckles		310.0		310.0	0.0	310.0	315.0	-5.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	20-May-22	31-May-22	13-May-22	20-May-22		21-May-21	21-May-21	
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	312.0	314.0	314.0	315.0	-1.0	295.0	297.0	17.0
90 CL Blended Cow	285.0	290.0	285.0	290.0	0.0	276.0	277.0	13.0
90 CL Shank		UNQ		UNQ	N/A		UNQ	N/A
85 CL Fores	275.0	277.0	277.0	278.0	-1.0	255.0	256.0	21.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	315.0	316.0	314.0	317.0	-1.0		295.0	21.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	272.0	274.0	275.0	277.0	-3.0	253.0	255.0	19.0
80 CL Trimmings		UNQ		UNQ	N/A	230.0	235.0	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	375.0		380.0	-5.0	385.0	400.0	-25.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		330.0		330.0	0.0	325.0	330.0	0.0
Steer Knuckles		320.0		320.0	0.0	310.0	320.0	0.0

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			
	20-May-22			13-May-22				21-May-21			
<u>Domestic Cutouts</u>											
Choice Cutout	262.17			258.95			3.2	325.17			-63.0
Select Cutout	243.02			243.90			-0.9	302.31			-59.3
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	269.0	285.5	273.1	269.0	285.5	271.8	1.3	250.0	260.5	255.0	18.1
85 CL Beef Trimmings	237.0	254.0	243.1	236.5	268.0	243.1	0.1	220.0	254.0	229.1	14.0
50 CL Beef Trim	91.0	120.1	105.5	90.0	127.0	101.6	3.9	52.0	95.0	72.6	32.9
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	65.3	111.3	91.2	72.4	109.3	91.3	-0.1	83.8	134.0	92.1	-1.0
72 CL Pork Trim	82.7	151.5	98.8	84.3	135.0	103.5	-4.7	89.7	163.8	130.9	-32.0
<u>Point of Lean Values</u>											
90 CL Domestic	303.4			302.0			1.4	283.3			20.1
50 CL Beef Trimming	210.9			203.1			7.8	145.2			65.7
42 CL Pork Trim	217.1			217.3			-0.2	219.3			-2.3
72 CL Pork Trim	137.3			143.8			-6.5	181.7			-44.5
<u>National Direct Fed Steer (5-day accum. wt. avg. price)</u>	140.66			142.52			-1.9	119.76			20.9

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
	20-May-22	13-May-22			21-May-21		
<u>Live Cattle Futures</u>							
June '22	131.575	132.075	↓	-0.50	117.675	↑	13.90
August '22	131.550	132.350	↓	-0.80	120.925	↑	10.63
October '22	137.425	139.125	↓	-1.70	125.050	↑	12.38
December '22	143.400	145.525	↓	-2.13	128.600	↑	14.80
<u>Feeder Cattle Futures</u>							
May '22	153.400	157.875	↓	-4.47	137.225	↑	16.18
August '22	163.925	168.025	↓	-4.10	153.700	↑	10.23
November '22	171.325	174.900	↓	-3.57	156.050	↑	15.28
January '23	171.275	174.500	↓	-3.22	153.975	↑	17.30
<u>Corn Futures</u>							
July '22	778.750	781.250	↓	-2.50	659.500	↑	119.25
September '22	747.000	757.500	↓	-10.50	573.250	↑	173.75
December '22	732.000	748.750	↓	-16.75	546.500	↑	185.50
March '23	735.500	751.750	↓	-16.25	553.250	↑	182.25
<u>Ch Wheat Futures</u>							
July '22	1168 3/4	1177 1/2	↓	-8.75	674 1/4	↑	494.50
September '22	1174 1/2	1181	↓	-6.50	674 1/4	↑	500.25
December '22	1179 1/4	1185	↓	-5.75	681	↑	498.25
March '23	1180	1182 1/2	↓	-2.50	685 3/4	↑	494.25
<u>Slaughter Information</u>							
Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
	21-May-22	14-May-22	Week	Week	22-May-21	Last Year	Last Year
Total Cattle Slaughter	680,000	657,000	↑	23,000	672,300	↑	7,700
	7-May-22	30-Apr-22			8-May-21		
Total Cow Slaughter	134,116	125,853	↑	8,263	126,300	↑	7,816
Dairy Cow Slaughter	56,394	51,580	↑	4,814	56,800	↓	-406
Beef Cow Slaughter	77,722	74,273	↑	3,449	69,500	↑	8,222

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

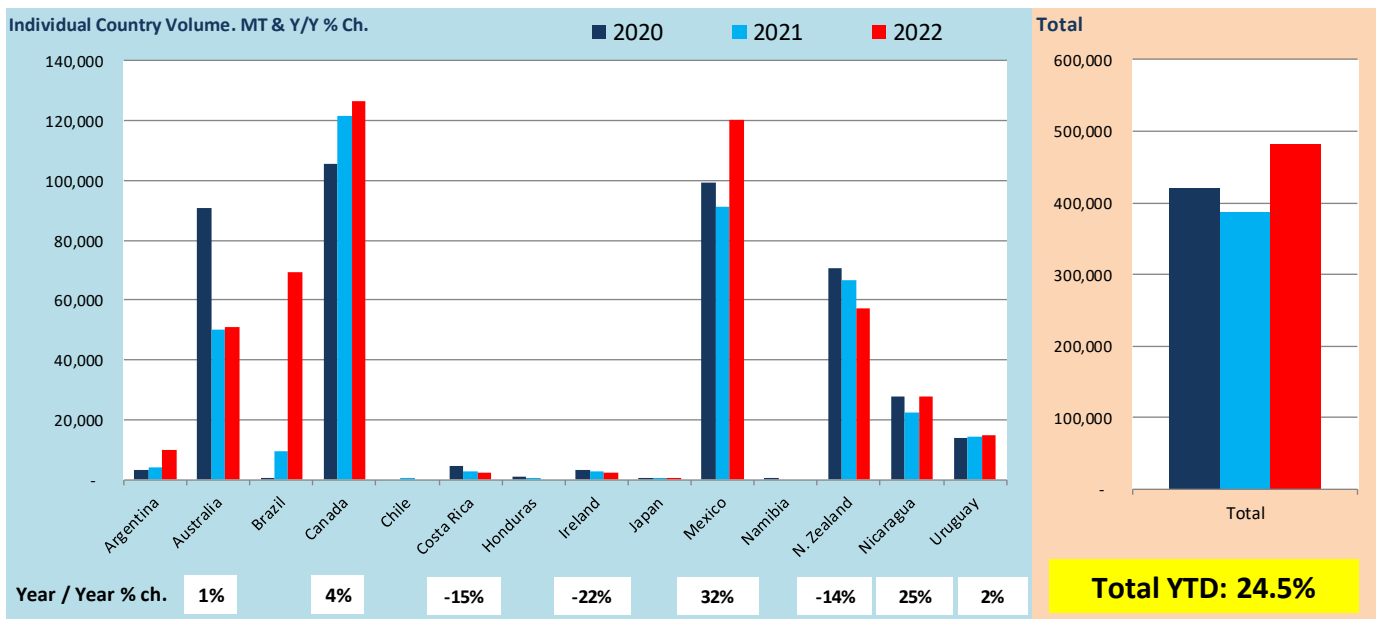
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 20	5/15/2021	5/14/2022		
Argentina	4,096	10,115	6,019	146.9%
Australia	50,292	50,883	591	1.2%
Brazil	9,765	69,365	59,600	610.3%
Canada	121,614	126,434	4,820	4.0%
Chile	132	-	(132)	-100.0%
Costa Rica	3,011	2,564	(447)	-14.8%
France	-	-	-	
Honduras	22	-	(22)	-100.0%
Ireland	3,057	2,381	(676)	-22.1%
Japan	336	449	113	33.6%
Mexico	91,366	120,151	28,785	31.5%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	66,710	57,264	(9,446)	-14.2%
Nicaragua	22,493	28,025	5,532	24.6%
Spain	-	-	-	
Uruguay	14,669	15,012	343	2.3%
Total	387,562	482,643	95,081	24.5%

Source: AMS - USDA

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

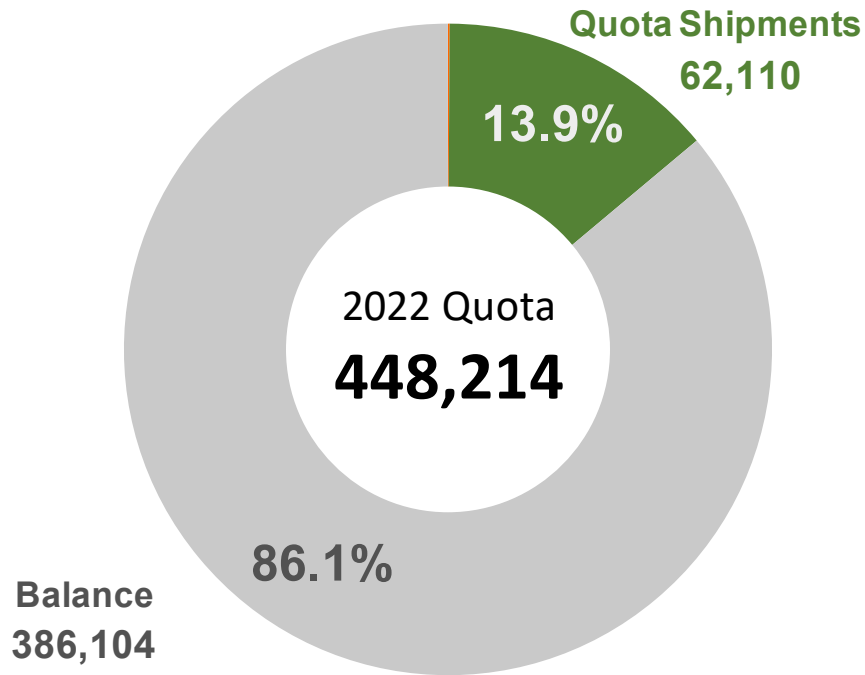
Imports as of May 14, 2022



Australian Beef Quota Position

19-May-22

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending May 16. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

