



# US Imported Beef Market

## A Weekly Update

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### Market Highlights for the Week:

- Imported beef prices steady as replacement cost remains high and less supply available for shipment to the US market.
- Brazilian beef exports to the US continue to decline as China demand returns. May shipments to the US were under 4,000 MT, down 32% from a year ago while shipments to China were over 95,000 MT, up 42% y/y.
- New Zealand slaughter has yet to recover and we think for May cow slaughter was down as much as 18% from a year ago.
- New Zealand exports are down from a year ago and the decline has almost entirely impacted shipments to the US, which are down by double digits vs. year ago. Exports to Asia continue to increase.
- We think the supply of cattle on feed on June 1 was up 1.8% compared to a year ago, a record feedlot inventory for June.

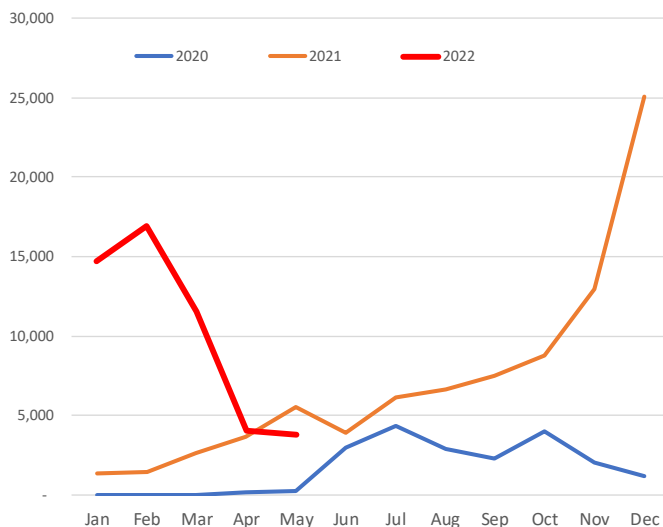
### Imported Market Activity for the Week

Imported beef prices held a softer undertone to start the week but with little supply available and high replacement costs we saw the market gradually improve and by the end of the week prices were no different than the previous week. Forward prices continue to hold a premium as overseas packers continue to move product to other markets and the US largely becomes a residual market. We see this across markets as Brazilian beef shipments to China have returned to pre-BSE outbreak levels, New Zealand shipments mostly

favor other markets (see discussion on page 2) and Australia exports more beef to China than the US despite lockdowns and delisted plants. US importers continue to struggle with ongoing supply chain issues, transportation problems and ample supplies of domestic product. The result is a slow to develop market, lack of fat grinds and unwillingness to carry risk despite the potential for higher prices later this year. Lower prices for domestic 100VL have significantly impacted the market for this product and importers struggle to manage the volatility. There is much talk about demand although processors continue to say that sales remain good,

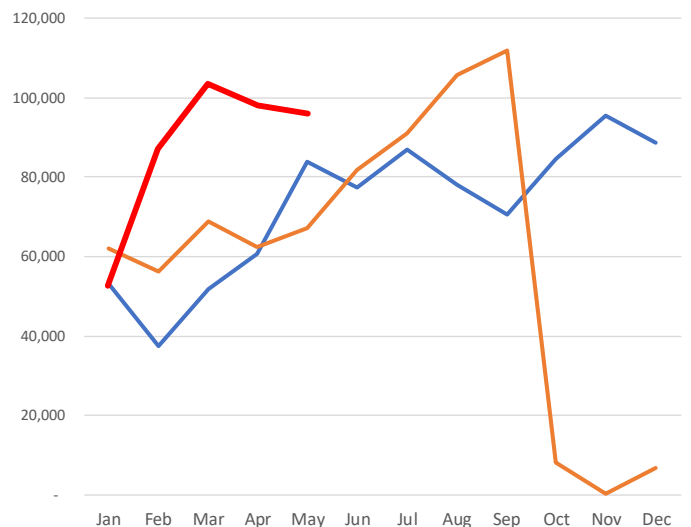
### Brazilian Monthly Exports of Fresh/Frozen Beef to the United States

Source: COMEX. Analysis by Steiner Consulting



### Brazilian Monthly Exports of Fresh/Frozen Beef to China

Source: COMEX. Analysis by Steiner Consulting



with convenience store business the only ones showing some weakness. The real issue, in our view, is the inventory building that took place earlier in the year and the fact that sale prices rose sharply in anticipation of higher raw material costs, often getting far ahead of the market.

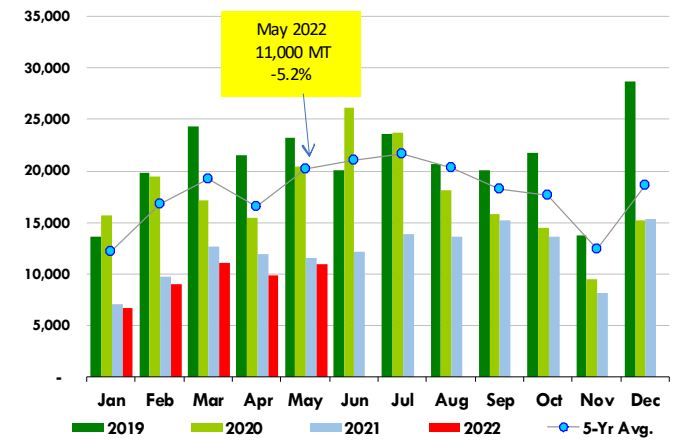
- **Brazilian exports of fresh/frozen beef** in May were 153,733 MT, 26,970 MT or 21% higher than the previous year. All of this increase was due to higher exports to China. Shipments to the Chinese market were 95,864 MT, 28,580 MT or 42% higher than a year ago. On the other hand shipments to the US market were just 3,787 MT, down 1,772 MT or 32% lower than a year ago.

- **New Zealand slaughter in May has been lower than previously thought.** While cow slaughter in New Zealand was low in March and early April we expected slaughter to improve in May and June, resulting in more supply for the export market. That has not been the case. Slaughter for the week ending May 21 (latest publicly available data) was 71,691 head, down 11% from the previous year. Cow slaughter for the week was 37,340 head, down 20% from a year ago and we think slaughter for the entire month of May will be down about 18% from the previous year. The combination of lower slaughter and increase in shipments to China has significantly limited the supply of beef destined for the US market. In April New Zealand beef exports were down 1,576 MT from a year ago. Exports to the US were down 2,477 MT while shipments to China were about unchanged from last year while exports to Japan and South Korea were up. In the first four months of the year New Zealand exports were down 4.2%, with shipments to the US down 13%, shipments to China down 1% while shipments to Japan were up 23% and shipments to S. Korea were up 38%.

- US domestic fat trim values have surged higher on a combination of lower fed cattle weights and robust ground beef demand. Average fed cattle carcass weight for the week ending June 10 was 853 lbs., down about 4 pounds or 0.4% from a year ago. Fed cattle weights have declined about 27 pounds since early April compared to a 12 pound decline for the same period last year. Fed cattle futures were higher this

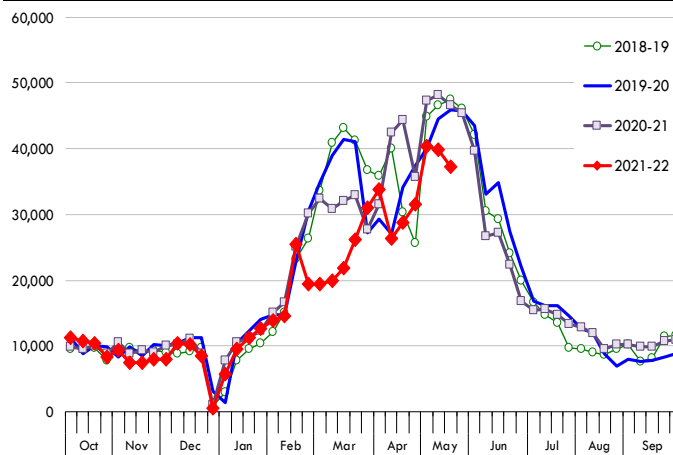
**AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES**

Metric Ton. Source: DAFF. Analysis by Steiner Consulting



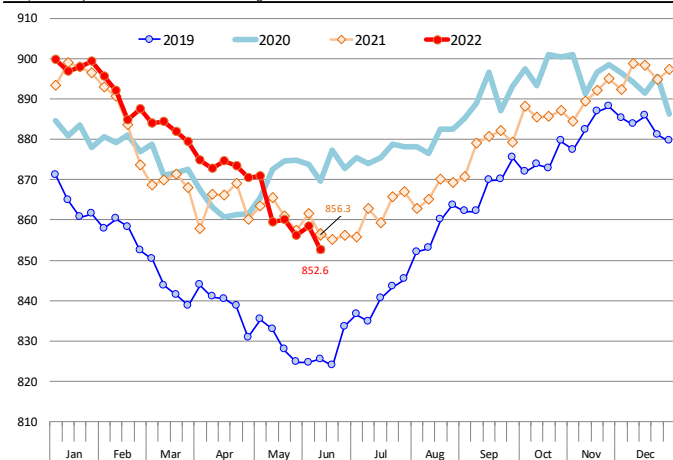
**New Zealand Weekly Cow Slaughter**

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



**Fed Cattle (Steer+Heifer) Weights from USDA Weekly Comprehensive Cattle Report**

Year/Year Comparison. Data Series Started in August 2017. Source: USDA-AMS



past week on a combination of high cash prices, reports of cattle losses in Kansas and expectations that lower weights will reduce cattle supply availability in the near term. But more important for fat beef trim values, however, is ground beef demand going into the 4th of July (Independence Day) and beyond. We expect

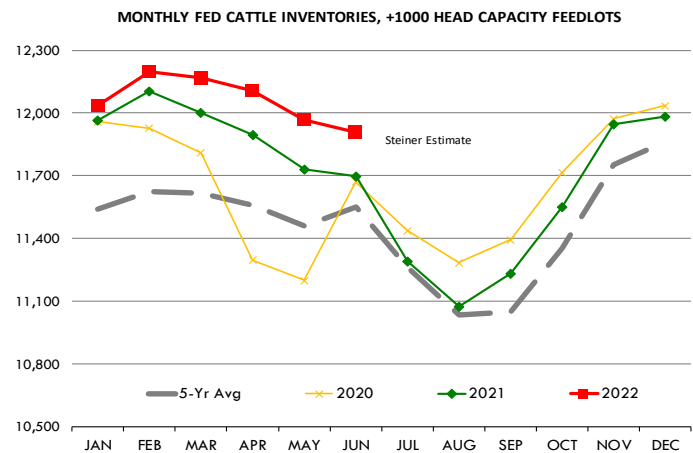
ground beef demand to remain robust as consumers trade down from high value steak cuts. As packers blend more of the fat trim in ground beef they sell to retailers, less will be available in the spot market.

- **US cattle on feed supply on June 1 expected to be record large for that time of year.** USDA will release the results of its monthly survey of feedlots with +1000 head capacity on June 24. Below are our expectations for this report:

- **We think cattle marketings in May were up 3.1% from the previous year.** There was one extra marketing day in May 2022 compared to a year ago and that contributed to the y/y increase. If we adjust for the extra day, then slaughter would be 1.6% lower than a year ago.

- We think **placements of feeder cattle in feedlots during May were up 1% compared to the previous year.** At this point we think the risk to the forecast is to the downside (i.e. placements coming in below what we show). Feeder cattle imports were mixed. Imports from Mexico were down 21,500 head or 25% while imports from Canada were up 7,000 head or 77%. Combined imports were down 14,500 head or 15%. Feeder cattle sales in the country were down compared to a year ago. Also, feeder cattle placements during Jan-Apr were higher than last year despite USDA saying there were fewer cattle outside feedlots. So why expect placements in May to be slightly higher? In part because we seasonally see higher placements in May compared to April. In the last +20 years May placements were up an average 9% from the previous month. Our forecast is for a 1.8% m/m increase, the smaller increase being a function of fewer cattle available for placement, high feed costs and lower imports. Drought remains a major issue in some areas and that continued to be the case in May.

- If marketings in May were up 3.1% and placements were up 1% then this would imply that the **supply on feed on June 1 was 1.8% higher than the previous year.** This would also be the largest June 1 inventory of cattle on feed. Why is it that on feed numbers remain record large at a time when industry has reportedly produced fewer calves for three years? Some of this is because we are retaining fewer heifers, opting to push them



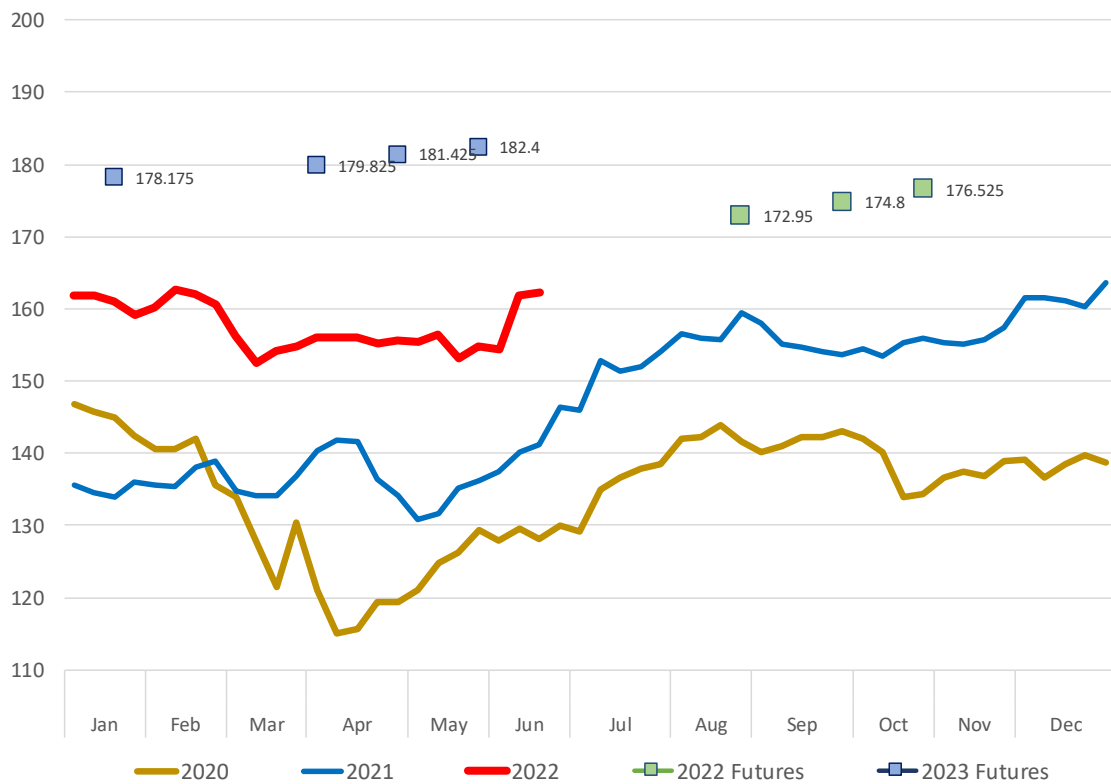
into the feedlot rather than use them to replace cull cows. It could also be that USDA has underestimated the calf crop in the last two years. If we are correct with our estimates, then the supply of market ready cattle (+120 day cattle) on June 1 was 4.557 million head, 1% higher than the previous year. Producers have become more current in the last few weeks, evidenced by the decline in fed cattle weights. High feed costs may have resulted in changes to cattle rations and lower gains. Hot temperatures in some areas have also increased cattle comfort, resulting in lower gains. Still, the reality is that cattle supplies will be more than adequate through the summer. This will keep a lid on cattle prices at least until October.

# CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	16-Jun-22	9-Jun-22		17-Jun-21	
CME FEEDER CATTLE INDEX	162.17	161.87	0.2%	141.28	14.8%
	17-Jun-22	10-Jun-22		18-Jun-21	
FED STEER (5-MKT AVG)	143.38	140.78	1.8%	122.87	16.7%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	146.50	143.50	2.1%	125.00	17.2%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	153.50	149.50	2.7%	128.50	19.5%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	150.00	151.50	-1.0%	137.00	9.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	220.19	220.89	-0.3%	226.60	-2.8%

## 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
	17-Jun-22		10-Jun-22			18-Jun-21		
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	300.0		300.0		0.0	291.0	292.0	8.0
<b>90 CL Blended Cow</b>	275.0	280.0	277.0	280.0	0.0	270.0	271.0	9.0
<b>90 CL Shank</b>	280.0		280.0		0.0	UNQ		N/A
<b>85 CL Fores</b>	264.0	265.0	260.0	265.0	0.0	248.0	250.0	15.0
<b>85 CL Chucks</b>	UNQ		UNQ		N/A	UNQ		N/A
<b>95 CL Bull, W. Coast</b>	302.0		302.0		0.0	289.0	290.0	12.0
<b>Uruguay CFH 90CL, E. Coast</b>	UNQ		UNQ		N/A	UNQ		N/A
<b><u>US East Coast, Trimmings, CIF</u></b>								
<b>85 CL Trimmings</b>	264.0		260.0	264.0	0.0	247.0	248.0	16.0
<b>80 CL Trimmings</b>	260.0	261.0	UNQ		N/A	227.0	228.0	33.0
<b>75 CL Trimmings</b>	UNQ		UNQ		N/A	UNQ		N/A
<b>65 CL Trimmings</b>	UNQ		UNQ		N/A	UNQ		N/A
<b><u>US East Coast Australian Cuts, CIF</u></b>								
<b>Cap Off Steer Insides</b>	360.0		350.0	360.0	0.0	375.0	380.0	-20.0
<b>Steer Insides 14/18</b>	UNQ		UNQ		N/A	UNQ		N/A
<b>Steer Flats</b>	UNQ		310.0	315.0	N/A	310.0	315.0	N/A
<b>Steer Knuckles</b>	310.0		310.0		0.0	300.0	305.0	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
	17-Jun-22	31-Jun-22	10-Jun-22	24-Jun-22		18-Jun-21	18-Jun-21	
<b><u>US East Coast Australian/NZ Lean, FOB US Port</u></b>								
<b>95 CL Bull, E. Coast</b>	307.0	310.0	309.0	310.0	0.0	300.0	302.0	8.0
<b>90 CL Blended Cow</b>	280.0	282.0	275.0	282.0	0.0	280.0	281.0	1.0
<b>90 CL Shank</b>		285.0		285.0	0.0		UNQ	N/A
<b>85 CL Fores</b>	271.0	272.0	270.0	271.0	1.0	259.0	260.0	12.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	309.0	312.0	310.0	312.0	0.0	298.0	300.0	12.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast, Trimmings, FOB US Port</u></b>								
<b>85 CL Trimmings</b>	270.0	271.0		270.0	1.0	258.0	259.0	12.0
<b>80 CL Trimmings</b>	267.0	268.0		UNQ	N/A		240.0	28.0
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A	220.0	225.0	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, FOB US Port</u></b>								
<b>Cap Off Steer Insides</b>	370.0	375.0	360.0	370.0	5.0	390.0	400.0	-25.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>		UNQ		330.0	N/A	340.0	345.0	N/A
<b>Steer Knuckles</b>	310.0	315.0		320.0	-5.0	315.0	320.0	-5.0

**TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES**

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	17-Jun-22	10-Jun-22	18-Jun-21								
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<b><u>Domestic Cutouts</u></b>											
Choice Cutout	266.26			271.32			-5.1	323.28			-57.0
Select Cutout	246.53			248.89			-2.4	283.61			-37.1
<b><u>Domestic Lean Grinding Beef</u></b>											
90 CL Boneless	274.0	281.7	275.8	273.0	280.5	275.9	-0.1	270.0	281.5	275.4	0.4
85 CL Beef Trimmings	238.9	268.0	246.9	234.0	268.0	247.3	-0.4	244.0	290.0	256.8	-9.9
50 CL Beef Trim	106.0	130.0	120.6	105.0	129.0	116.6	4.0	93.0	117.3	104.1	16.5
<b><u>Domestic Pork Trim</u></b>											
42 CL Pork Trim	58.1	109.4	83.0	61.8	110.3	82.6	0.4	90.6	126.0	107.5	-24.5
72 CL Pork Trim	91.8	149.5	113.4	88.0	135.8	105.0	8.4	111.8	169.8	128.0	-14.6
<b><u>Point of Lean Values</u></b>											
90 CL Domestic	306.4			306.5			-0.1	306.0			0.4
50 CL Beef Trimming	241.2			233.2			8.0	208.2			33.0
42 CL Pork Trim	197.7			196.8			0.9	255.9			-58.2
72 CL Pork Trim	157.5			145.8			11.7	177.7			-20.2
<b><u>National Direct Fed Steer</u></b> <b><u>(5-day accum. wt. avg. price)</u></b>	143.38			140.78			2.6	122.87			20.5

**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>	
	<b>17-Jun-22</b>	<b>10-Jun-22</b>			<b>18-Jun-21</b>		
<b><u>Live Cattle Futures</u></b>							
<b>June '22</b>	138.025	136.200	↑	1.83	121.050	↑	16.98
<b>August '22</b>	136.575	136.200	↑	0.38	121.550	↑	15.03
<b>October '22</b>	142.425	141.975	↑	0.45	126.950	↑	15.48
<b>December '22</b>	148.075	147.750	↑	0.33	130.500	↑	17.58
<b><u>Feeder Cattle Futures</u></b>							
<b>August '22</b>	172.950	174.475	↓	-1.52	155.025	↑	17.93
<b>November '22</b>	177.900	179.025	↓	-1.13	160.275	↑	17.63
<b>January '23</b>	178.175	178.950	↓	-0.77	160.275	↑	17.90
<b>March '23</b>	179.825	180.475	↓	-0.65	160.975	↑	18.85
<b><u>Corn Futures</u></b>							
<b>July '22</b>	784.500	773.250	↑	11.25	655.250	↑	129.25
<b>September '22</b>	737.750	732.750	↑	5.00	577.500	↑	160.25
<b>December '22</b>	731.000	720.500	↑	10.50	566.250	↑	164.75
<b>March '23</b>	735.250	724.750	↑	10.50	573.250	↑	162.00
<b><u>Ch Wheat Futures</u></b>							
<b>July '22</b>	1034 1/4	1070 3/4	↓	-36.50	662 3/4	↑	371.50
<b>September '22</b>	1046 3/4	1084 3/4	↓	-38.00	662 3/4	↑	384.00
<b>December '22</b>	1061 1/4	1098	↓	-36.75	671 1/4	↑	390.00
<b>March '23</b>	1071 3/4	1108	↓	-36.25	677 1/4	↑	394.50
<b><u>Slaughter Information</u></b>							
	<b>7 Days Ending</b>	<b>7 Days Ending</b>	<b>Change From Last Week</b>		<b>7 Days Ending</b>	<b>Change From Last Year</b>	
	<b>18-Jun-22</b>	<b>11-Jun-22</b>			<b>19-Jun-21</b>		
<b>Total Cattle Slaughter</b>	667,000	674,000	↓	-7,000	664,200	↑	2,800
	<b>4-Jun-22</b>	<b>28-May-22</b>			<b>5-Jun-21</b>		
<b>Total Cow Slaughter</b>	117,942	131,720	↓	-13,778	106,000	↑	11,942
<b>Dairy Cow Slaughter</b>	48,839	49,874	↓	-1,035	46,500	↑	2,339
<b>Beef Cow Slaughter</b>	69,103	81,846	↓	-12,743	59,500	↑	9,603



# TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

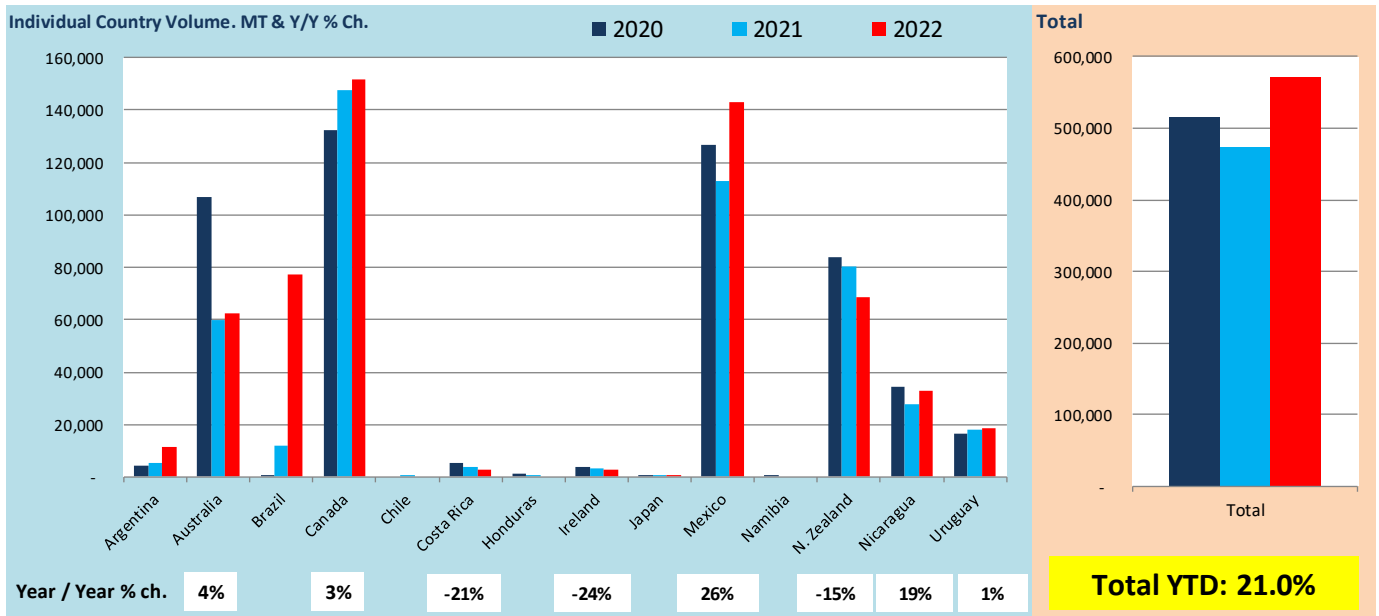
## YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 24	6/12/2021	6/11/2022		
Argentina	5,372	11,473	6,101	113.6%
Australia	59,964	62,204	2,240	3.7%
Brazil	12,092	77,031	64,939	537.0%
Canada	147,439	151,620	4,181	2.8%
Chile	150	-	(150)	-100.0%
Costa Rica	3,767	2,975	(792)	-21.0%
France	-	-	-	
Honduras	22	-	(22)	-100.0%
Ireland	3,434	2,604	(830)	-24.2%
Japan	446	549	103	23.1%
Mexico	113,131	142,767	29,636	26.2%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	80,466	68,703	(11,763)	-14.6%
Nicaragua	27,702	33,022	5,320	19.2%
Spain	-	-	-	
Uruguay	18,206	18,416	210	1.2%
<b>Total</b>	<b>472,191</b>	<b>571,364</b>	<b>99,173</b>	<b>21.0%</b>

Source: AMS - USDA

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

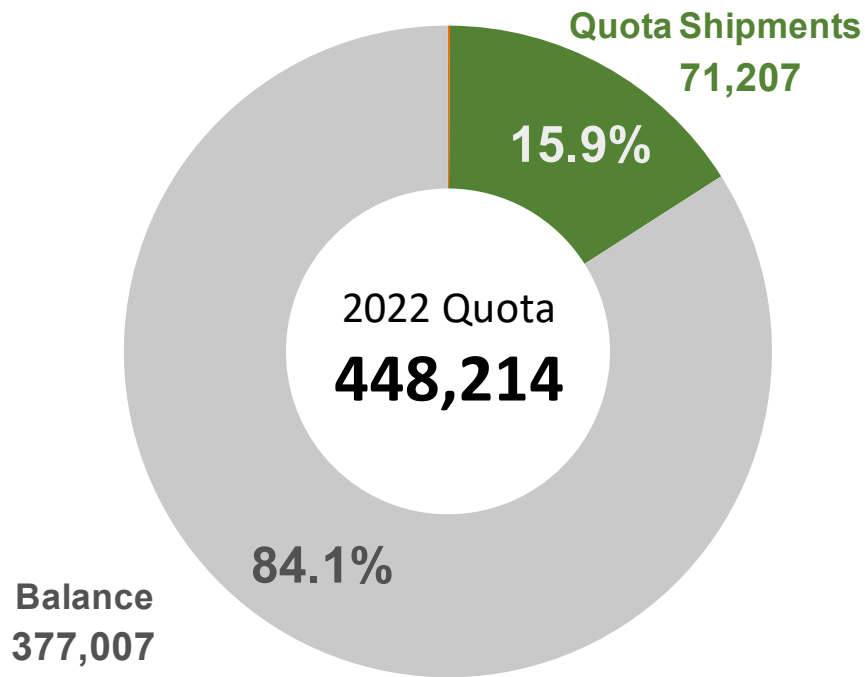
Imports as of June 11, 2022



# Australian Beef Quota Position

16-Jun-22

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending June 13. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

