



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- High rate of domestic cow slaughter and the seasonal slowdown in demand is finally catching up with the lean beef market and prices at the end of the week under \$270/cwt.
- US cow/bull slaughter for last week estimated at 147k head, up 6.6% from the previous year and 17% higher than the five year average.
- Drought conditions have worsened through July, especially in the Southern Plains. For the week ending July 26 USDA reported that 29% of cattle were in areas experiencing drought and 30% were in areas with extreme drought conditions.
- Beef imports have been slowing down, with volumes down across all major supplying countries. Imports from Nicaragua in the last four weeks were down 38% from the previous year.
- Inventory of beef in cold storage at the end of July was 115 million pounds or 29% higher than a year ago and 23% higher than the five year average.

Imported Market Activity for the Week

Imported beef market had a softer undertone for much of the week as moving product has become increasingly difficult in the face of ample domestic supplies and the seasonal slowdown in demand. Offerings from overseas suppliers remain limited but given current market prices, getting anything done means taking lower bids. Lower cattle prices in Australia are a factor although suppliers there have to roll the dice that slaughter will pick up in the next 3 months if they are to offer product at lower money. For now those forward

sales are limited. CIF prices did not decline as much as the FOB market, maybe a sign that other markets can pay above US equivalent or temporary resistance and suppliers in Oceania try to wait the market out. Offerings and supply from South America remains limited now that China is fully engaged there. Central American supplies have also declined following the downward trend in price. The price of domestic choice round cuts continues to hold up well and domestic cow cuts are still trading at a premium to imported. USDA quoted domestic cow cap off insides at \$368/cwt, \$8 higher than imported product.

Implied Grinding Beef Supply: Domestic vs. Imported
Data source: USDA NASS and USDA FAS. Analysis by Steiner Consulting

	US Dairy Cow Slaughter	US Beef Cow Slaughter	US Total Cow Slaughter	US Cow Meat Production	Implied US Manufacturing Cow Beef ¹		Implied Imported Manufacturing Beef ²	
	mil head			mil. lb. CWE	MT	Mil. Lb.	MT	Mil. Lb.
2018	3,153	3,024	6,177	3,986	867,742	1,913	536,622	1,183
2019	3,224	3,190	6,414	4,101	892,870	1,968	494,118	1,089
2020	3,064	3,268	6,331	4,059	883,702	1,948	565,023	1,246
2021 Jan - Jun	1,563	1,714	3,277	2,132	464,147	1,023	251,833	555
2021 Total	3,106	3,562	6,668	4,248	924,911	2,039	536,021	1,182
2022 - Jan - Jun	1,521	1,963	3,484	2,239	487,418	1,075	312,043	688
%	-2.7%	14.6%	6.3%	5.0%	5.0%	5.0%	23.9%	23.9%

2022 Est.

¹ Assumption of 48% yield of lean grinding beef from cow carcass. Range is usually 47% - 51%. We are a bit more conservative @48% but this should be relatively close.

² Supply of manufacturing beef differs from country to country. Australia assumed at 80% manufacturing. New Zealand at 90% Canada at 10%, Uruguay at 85%, Mexico at 45%, all others at 75% (includes Arg./Brz.)

Market Notes

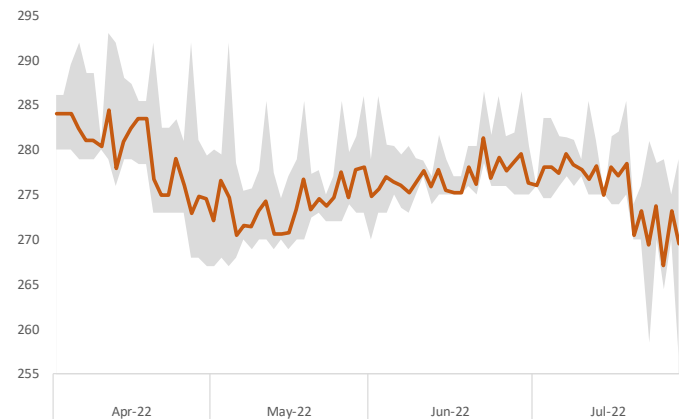
- Ample supplies of domestic product, both from daily slaughter and freezer stocks, as well as a seasonal slowdown in domestic demand appears to have caught up with the lean beef market. One way to visualize the trend is to show both the daily price trend as well as the range of prices. What stands out from the chart to the right is that the last two weeks there have been two significantly lower prints in the daily USDA report, both of them towards the end of the week. Our interpretation of this is that sellers tried hard during the course of the week to hold the line on prices but then had to give in and take whatever bids were available before the weekend. Also interesting is that the high end of the range is close to the price levels paid in May and June but the weighted average price is substantially lower. A few loads maybe are getting done at the old price but the larger share are taking prices at the lower end of the range. This is a sign of a soft market, at least in the near term.

- USDA made some upward revisions to the initial cow/bull slaughters reported previously. Actual statistics are published with a 2 week lag. For the period Jul 6 - Jul 16, cow and bull slaughter was a little over 220k head, about 7k head or 3.4% higher than the numbers initially reported. Based on the initial estimates, cow/bull slaughter last week was 147k head, 6.6% higher than a year ago and 17% higher than the five year average. It is hard to overstate the pace of liquidation in some Southern US states as drought conditions expand and producers run out of water and feed.

- The drought monitor data reported for the week ending July 26 notes that 60% of all US cattle are currently located in areas experiencing drought conditions. As the chart to the right shows, the trend in the trend in the last three weeks has been particularly discouraging, with 47% of cattle located in areas that are experiencing severe or worse drought conditions and 26% in areas with extreme drought. That's far higher than what producers faced last year, which was also a year with poor weather conditions. The situation is especially dire in TX/OK, which has the largest share of the national beef cow herd. For the latest reported week, 29% of Texas cattle were in areas with severe drought and 30% were in areas struggling with extreme drought. We do not get monthly slaughter statistics by state but slaughter in region 6, which includes Texas, is up +30% YTD.

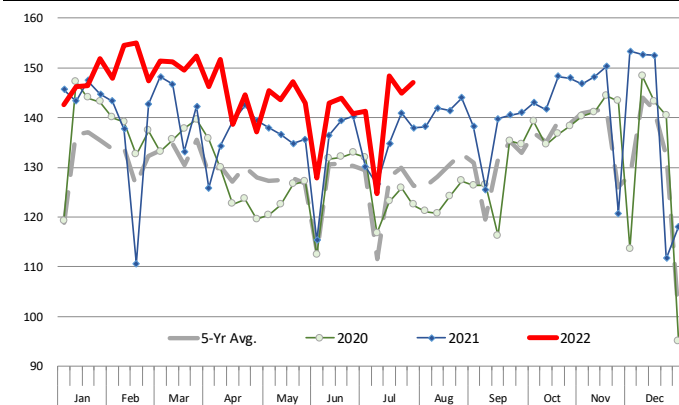
US 90CL Boneless Beef Price, National. Wt. Avg and Daily Price Range

Data source: USDA. Analysis by Steiner Consulting

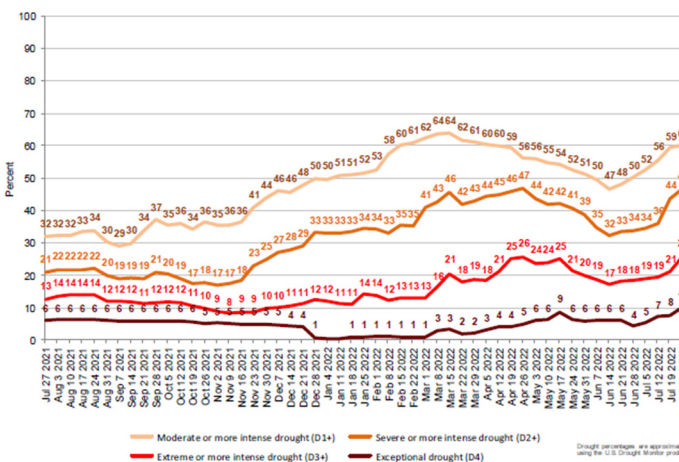


WEEKLY COW & BULL SLAUGHTER, '000 HEAD

Source: USDA-AMS. Analysis by Steiner Consulting



Percent of United States Cattle Located in Drought



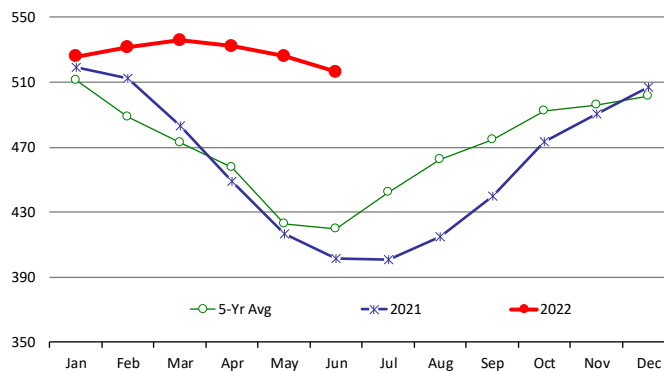
- Weekly import data shows a significant slowdown but we continue to caution that this data is far from exact and should be viewed more as an indication of trend. Official trade statistics for the month of June will be released next week and we will provide a comparison of the official data vs. the numbers from FSIS inspectors. Weekly statistics show that in the four weeks ending July 23 to-

tal imports were down 13,844 MT, or -14.4% from the comparable period a year ago. Imports were down across the board, with lower imports from New Zealand (-26%), Nicaragua (-38%), Canada (-12%) and Australia (-23%) making up the bulk of the decline. Less product on the water and inventory depletion is setting the stage for less imported beef available in the fall. In previous years this has been offset by the seasonal increase in domestic cow slaughter. But with a high rate of liquidation so far this fall, it remains to be seen what level of cow and bull slaughter we will see in the fall.

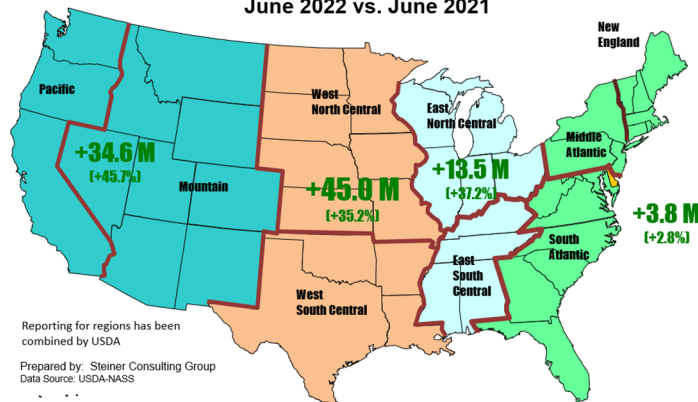
- The total supply of beef in cold storage at the end of June was 516.2 million pounds, 28.6% higher than a year ago and 22.9% higher than the five year average. Beef inventory declined 1.9% from the previous month, a bigger than normal drawdown. In the last five years inventories in June have declined 0.9% from the previous month. The increase in production during Q2, robust exports but also large carryover stocks from Q1 have all contributed to the increase in inventory. At the end of March beef inventories were 536M pounds, 13.3% higher than the five year average. During Q2 beef inventories declined by 19.6M pounds or 4% compared to an average decline of 11% in the last five years. Boneless beef inventories held in the Central US were up 45M pounds from a year ago, or 35%. It should be noted that even though USDA attributes regional inventories to a specific region in the report details, they have combined inventories of two or more regions. We suspect this is due to confidentiality issues. The map to the right illustrates how those inventories are reported. The fact that these is so much supply in the middle of the country rather at the coast where people live suggests to us it is more likely packers/processors that own this inventory.

All Beef In Cold Storage at End of Month

Million Pounds. Source: USDA-NASS



Change in Boneless Beef Cold Storage Inventories by Area June 2022 vs. June 2021

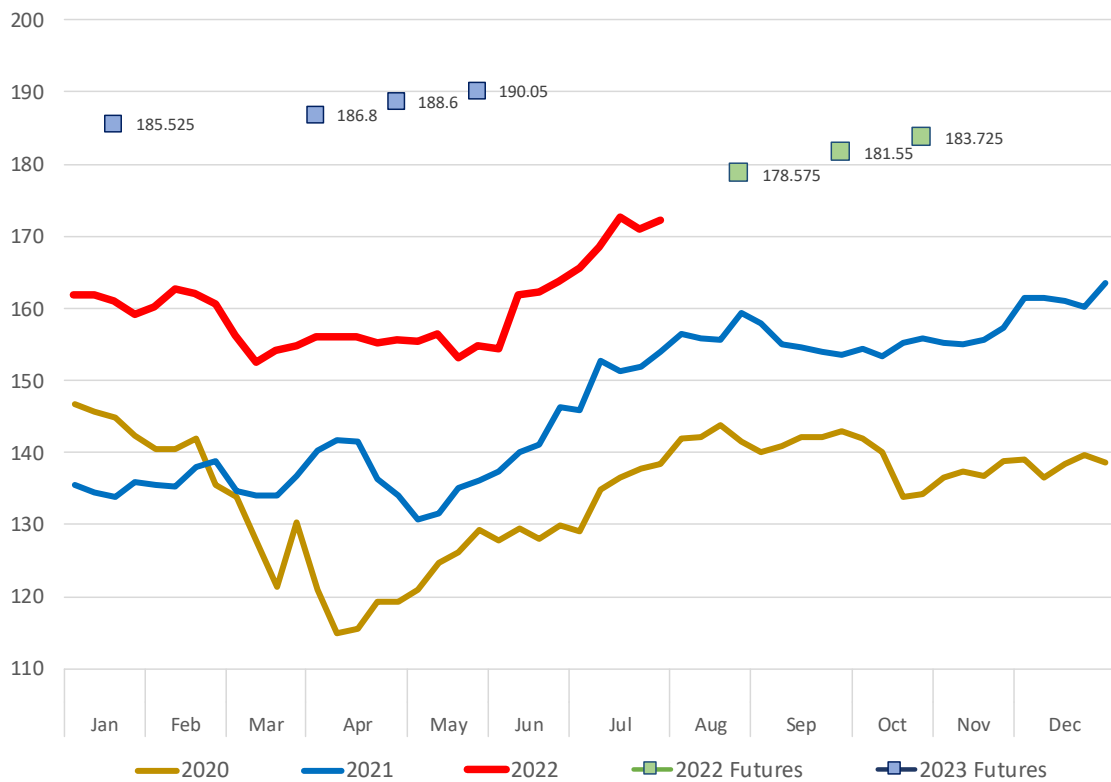


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	28-Jul-22	21-Jul-22		29-Jul-21	
CME FEEDER CATTLE INDEX	172.31	171.01	0.8%	154.04	11.9%
	29-Jul-22	22-Jul-22		30-Jul-21	
FED STEER (5-MKT AVG)	140.31	141.17	-0.6%	121.35	15.6%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	150.00	150.00	0.0%	133.50	12.4%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	151.50	148.50	2.0%	134.50	12.6%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	157.50	153.50	2.6%	134.00	17.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	213.91	216.58	-1.2%	229.49	-6.8%

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
	29-Jul-22	28-Jul-22	22-Jul-22	21-Jul-22		30-Jul-21	29-Jul-21	
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	275.0	280.0	280.0	281.0	-1.0	285.0	286.0	-6.0
90 CL Blended Cow		260.0	260.0	261.0	-1.0	264.0	265.0	-5.0
90 CL Shank		260.0	260.0	265.0	-5.0	268.0	269.0	-9.0
85 CL Fores		255.0		255.0	0.0	243.0	244.0	11.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	275.0	280.0	280.0	285.0	-5.0	284.0	285.0	-5.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	253.0	254.0	253.0	254.0	0.0	242.0	243.0	11.0
80 CL Trimmings		UNQ		UNQ	N/A	227.0	228.0	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	330.0	340.0	345.0	350.0	-10.0	350.0	360.0	-20.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ		UNQ	N/A	300.0	305.0	N/A
Steer Knuckles		285.0		290.0	-5.0	279.0	280.0	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
	29-Jul-22	28-Jul-22	22-Jul-22	21-Jul-22		30-Jul-21	29-Jul-21	
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	280.0	285.0	285.0	290.0	-5.0	291.0	292.0	-7.0
90 CL Blended Cow	262.0	265.0	265.0	270.0	-5.0	270.0	272.0	-7.0
90 CL Shank	265.0	270.0		270.0	0.0	275.0	276.0	-6.0
85 CL Fores	262.0	263.0		265.0	-2.0	252.0	253.0	10.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	285.0	286.0	290.0	291.0	-5.0	289.0	290.0	-4.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	261.0	262.0		264.0	-2.0	250.0	252.0	10.0
80 CL Trimmings		UNQ		UNQ	N/A		237.0	N/A
75 CL Trimmings		UNQ		UNQ	N/A	221.0	222.0	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		360.0	360.0	365.0	-5.0	360.0	365.0	-5.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		295.0		300.0	-5.0	310.0	320.0	-25.0
Steer Knuckles		290.0	290.0	295.0	-5.0	285.0	290.0	0.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	29-Jul-22	22-Jul-22	30-Jul-21								
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	269.24			267.12			2.1	278.46			-9.2
Select Cutout	242.25			242.50			-0.3	259.19			-16.9
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	257.0	281.0	268.9	270.0	285.5	273.8	-4.9	273.0	284.6	276.1	-7.2
85 CL Beef Trimmings	227.0	252.0	240.4	238.0	254.0	246.2	-5.8	244.0	273.0	259.1	-18.7
50 CL Beef Trim	66.0	117.0	103.9	94.0	118.0	108.9	-5.0	121.0	157.0	140.4	-36.5
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	103.3	145.0	125.2	102.5	141.0	118.5	6.7	118.0	155.2	129.8	-4.6
72 CL Pork Trim	119.7	156.2	132.4	111.6	149.9	124.5	7.8	139.5	196.5	162.5	-30.1
<u>Point of Lean Values</u>											
90 CL Domestic	298.8			304.3			-5.5	306.7			-7.9
50 CL Beef Trimming	207.8			217.8			-10.0	280.8			-73.0
42 CL Pork Trim	298.1			282.1			16.0	309.0			-10.9
72 CL Pork Trim	183.9			173.0			10.9	225.6			-41.8
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	140.31			141.17			-0.9	121.35			19.0

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>	
	29-Jul-22	22-Jul-22			30-Jul-21		
<u>Live Cattle Futures</u>							
August '22	136.450	137.375	↓	-0.93	122.075	↑	14.38
October '22	142.225	143.000	↓	-0.78	127.200	↑	15.03
December '22	148.150	148.175	↓	-0.03	132.650	↑	15.50
February '23	152.225	152.400	↓	-0.18	137.200	↑	15.03
<u>Feeder Cattle Futures</u>							
August '22	178.575	181.550	↓	-2.97	158.175	↑	20.40
November '22	185.200	188.500	↓	-3.30	165.525	↑	19.68
January '23	185.525	188.750	↓	-3.22	165.150	↑	20.38
March '23	186.800	189.600	↓	-2.80	165.325	↑	21.48
<u>Corn Futures</u>							
July '22	616.250	564.250	↑	52.00	547.000	↑	69.25
September '22	620.000	564.250	↑	55.75	545.250	↑	74.75
December '22	626.250	571.000	↑	55.25	553.250	↑	73.00
March '23	630.000	575.500	↑	54.50	558.000	↑	72.00
<u>Ch Wheat Futures</u>							
July '22	807 3/4	759	↑	48.75	703 3/4	↑	104.00
September '22	825 3/4	777 1/2	↑	48.25	713	↑	112.75
December '22	843	793 1/2	↑	49.50	720 1/2	↑	122.50
March '23	851 3/4	802	↑	49.75	719 3/4	↑	132.00
<u>Slaughter Information</u>							
	7 Days Ending	7 Days Ending	Change From Last Week		7 Days Ending	Change From Last Year	
	30-Jul-22	23-Jul-22			31-Jul-21		
Total Cattle Slaughter	669,000	665,000	↑	4,000	645,900	↑	23,100
	16-Jul-22	9-Jul-22			17-Jul-21		
Total Cow Slaughter	136,977	115,708	↑	21,269	123,300	↑	13,677
Dairy Cow Slaughter	55,461	49,893	↑	5,568	55,000	↑	461
Beef Cow Slaughter	81,516	65,815	↑	15,701	68,300	↑	13,216

TABLE 7 - US BEEF IMPORTS (Source: USDA/AMS)

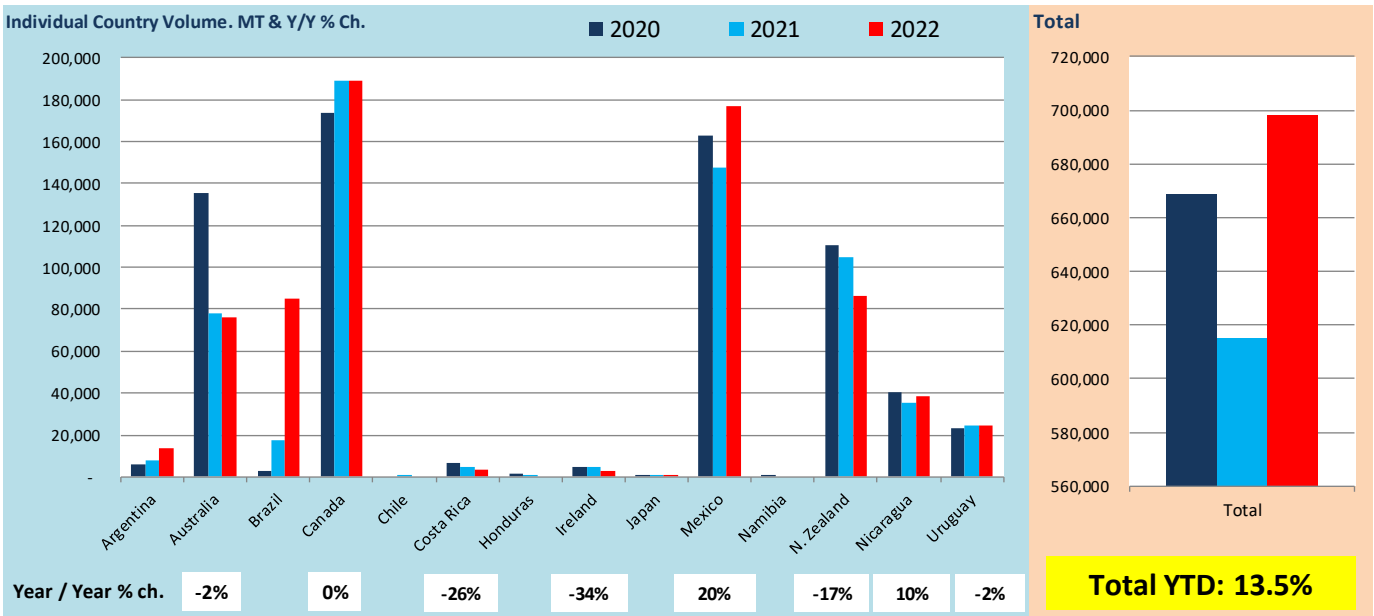
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 30	7/24/2021	7/23/2022		
Argentina	7,642	13,964	6,322	82.7%
Australia	78,282	76,375	(1,907)	-2.4%
Brazil	17,768	84,877	67,109	377.7%
Canada	188,652	188,997	345	0.2%
Chile	181	-	(181)	-100.0%
Costa Rica	4,789	3,530	(1,259)	-26.3%
France	-	-	-	
Honduras	22	-	(22)	-100.0%
Ireland	4,496	2,959	(1,537)	-34.2%
Japan	583	647	64	11.0%
Mexico	147,707	176,970	29,263	19.8%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	104,626	86,573	(18,053)	-17.3%
Nicaragua	35,373	38,768	3,395	9.6%
Spain	-	-	-	
Uruguay	24,818	24,335	(483)	-1.9%
Total	614,938	697,995	83,057	13.5%

Source: AMS - USDA

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

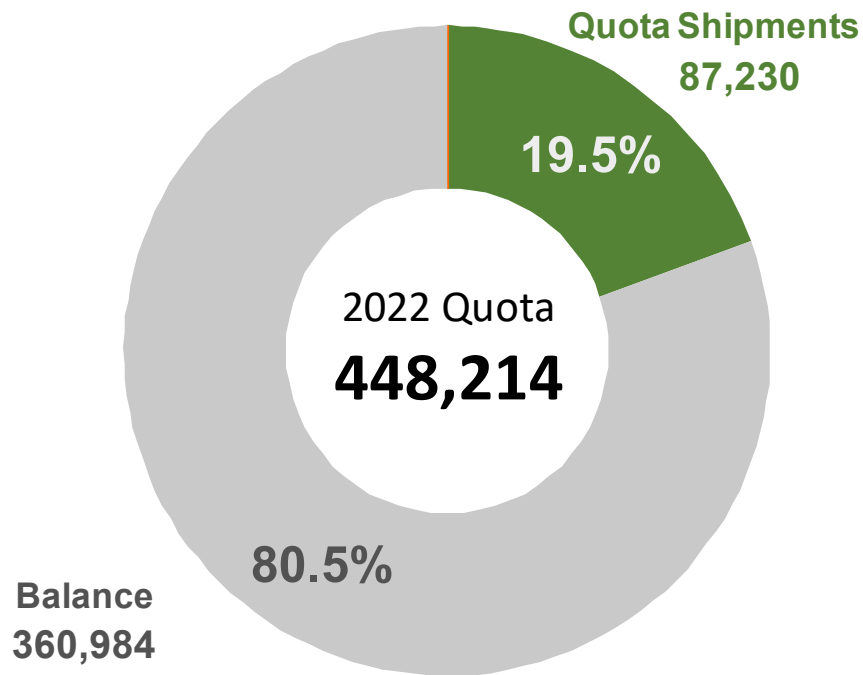
Imports as of July 23, 2022



Australian Beef Quota Position

27-Jul-22

Metric Ton. Australian Department of Agriculture Statistics



USA Quota Entries through Week Ending July 25. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

