



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- US cow and bull slaughter in the last two weeks has been 7% lower than a year ago as beef cow slaughter has posted a double digit decline compared to a year ago. Dairy cow slaughter has been higher to start the year but has not been enough to offset the decline in beef cow numbers.
- USDA is forecasting beef production in Q2 down 6.7% from a year ago. The decline in beef and, to a lesser extent, pork production is expected to offset the expected increase in chicken supplies for the quarter.
- Imported beef prices continue to follow domestic lean beef prices higher as buyers look to bolster their positions ahead of the expected seasonal surge in demand for spring business.
- We think the inventory of cattle on feed in feedlots with +1000 head capacity as of February 1 was 4.2% lower than a year ago.

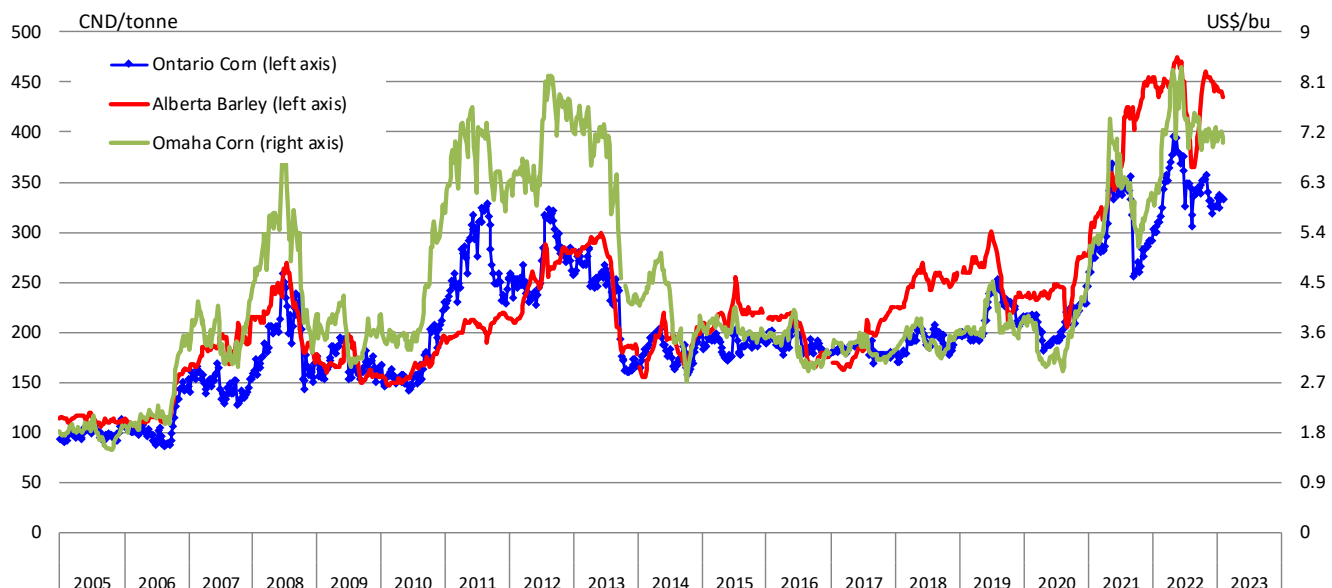
Imported Market Activity for the Week

Imported beef prices continued to trend higher last week as supply availability from Australia and New Zealand is not as high as some were hoping for and offer prices seem to gain ground with each passing day. While talk of tight beef supplies has dominated the market for the last six months, the recent gains in the value of domestic lean beef have made that risk all too real for buyers. Market participants still note that there is

some spot availability, both of domestic and lean imported product, but that forward supply is suddenly more in doubt given the increase in interest. Demand from Asian market also appears to have improved, with China reportedly more active but S. Korea and Japan also paying up to get product. This is especially the case for 75CL and 80CL product, with supply offerings in the US far outside what US buyers are willing to pay at this time. The same can be said for product such as outside rounds (flats), with prices in Asia apparently 60-70

Corn and Barley Price Trends in US and Canada

Data source: USDA, CanFax. Analysis by Steiner Consulting



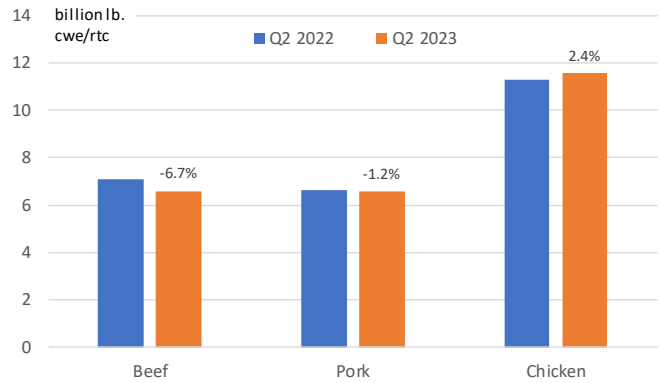
cents higher than US market. Recently we have seen a notable improvement in US export sales to all three major Asian markets, lending more support to what we are hearing from Oceania. As for South American supplies coming to the US, Brazilian product continues to come in at a robust pace, somewhere around 3k MT/week and at this rate quota available will be filled sometime in April. For large buyers that likely covered Q1 needs with some Brazilian beef this is a concern. As was the case last year it is unlikely we will see much Brazilian product once quota is filled. But that could change if 90CL US beef hits \$300/cwt in the summer. For now the race is on to get more orders on the books for Q2, with Q3 something that most buyers have yet to contemplate but will come more into focus in April and May, especially if moisture conditions improve.

Other market notes:

- Will US domestic meat protein supplies be lower in Q2 than a year ago? USDA seems to think so. This is both in terms of overall output as well as per capita domestic availability. USDA currently thinks that Q2 commercial beef production will decline some 474 million pounds (carcass wt) compared to a year ago, a 6.7% decline. We suspect the reason for this is due to a combination of fewer fed cattle and cows coming to market. The inventory of all cattle on feed on January 1 was 3.7% lower than the previous year and we think the inventory in feedlots with +1000 head on February 1 was 4.2% lower than a year ago. This will significantly impact the supply of cattle coming to market during Apr/May/Jun. Cattle futures currently hold a modest premium vs. spot market, in part because futures markets remain uncertain about the demand outlook in the spring. But the recent rally in the US cutout has served as a warning sign and some buyers are not waiting, hence the rally not in just for domestic lean but imported as well. USDA thinks that pork supplies in Q2 will be down 1.2% compared to last year. So far this year hog slaughter has been higher than a year ago, in part because of delays in marketing hogs in December but also the impact of high feed costs on producer profitability, encouraging them to market hogs as soon as possible. Hog carcass weights are currently running about 1.3% lower than a year ago, suggesting that even with slaughter at or slightly above last

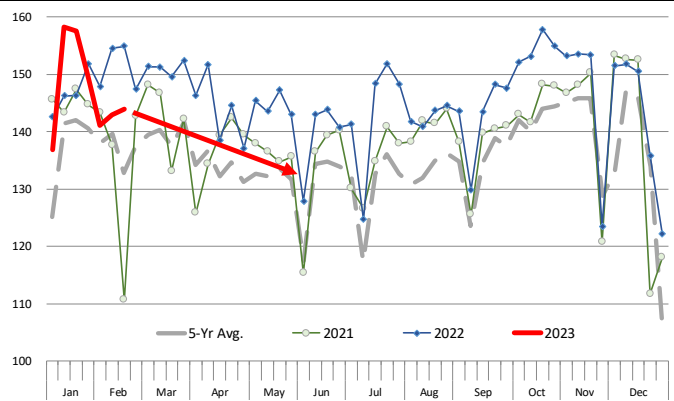
USDA Estimates of Q2 Production for Beef, Pork and Chicken

Data source: USDA. Analysis by Steiner Consulting



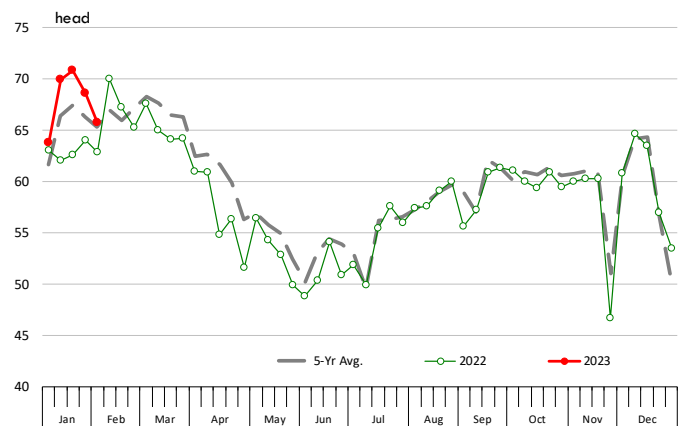
WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS



Weekly Dairy Cow Slaughter. '000 Head

Data source: USDA-NASS. Analysis by Steiner Consulting



year, output may still be down. As for chicken USDA thinks that broiler production in Q2 will be up 2.4% from a year ago. Last year broiler production was limited in Q2, resulting in record prices. For the moment it appears that the USDA forecast may be too high. Egg sets and chick placements are running just slightly above year ago levels. The chart on page 1 shows the trend in corn

prices in US and Canada. Additionally for chicken producers, the spike in soybean meal prices has further compressed margins. Chicken breast prices have started to trend higher but they are still far lower than they were last year. We suspect that producers will try to hold on to their new found production discipline. Total beef, pork and chicken production for Q2 is expected to be down 282 million pounds, 1.1% lower than a year ago. Beef imports are not expected to increase significantly compared to last year and exports may perform better if prices in China rebound.

Steiner Cattle on Feed Estimates

Below are our estimates of the upcoming USDA ‘Cattle on Feed’ report:

Placed on feed: -4.3% vs. year ago

There was one extra marketing day in January, which may have impacted placements during the month. Despite this we think the shortfall in feeder cattle supplies will continue to limit the flow of cattle into feedlots. There was some improvement in drought conditions in January but high cost of feed and lack of hay remains a challenge. We think that the net reduction in feeder supplies and fewer heifers going into feedlots will be the primary drivers for the lower placements last month.

Marketed: +4.1% vs. year ago

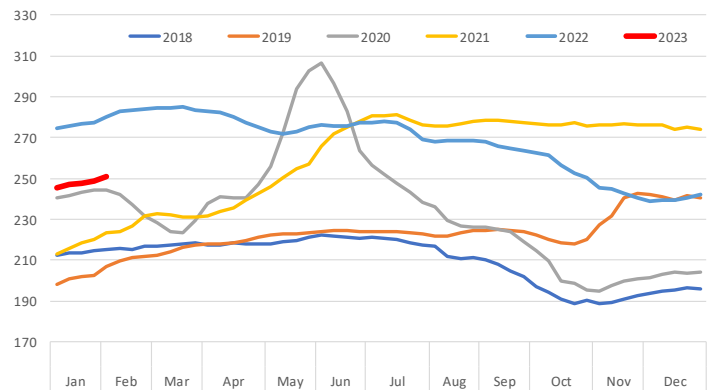
The extra marketing day added to the number of cattle going to slaughter in January. Our forecast reflects steer/heifer slaughter for the month that was about 4.1% above last year.

Total on Feed: -4.2%

The on feed number reflects the change in feedlot supplies based on placements and marketings for the month.

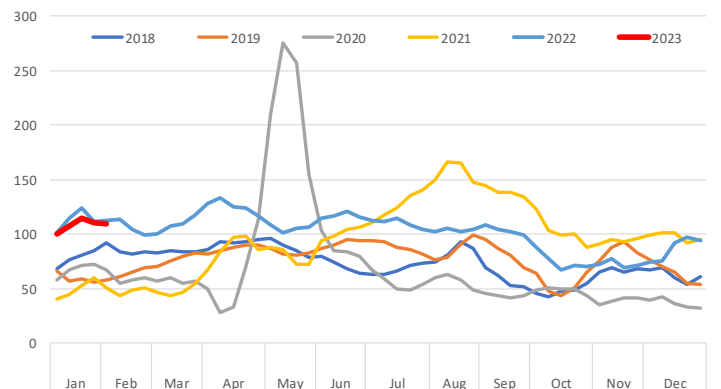
Domestic Fresh 90CL Boneless Beef Price History. \$/cwt

Weekly Prices. USDA Wt. Avg. Analysis by Steiner Consulting

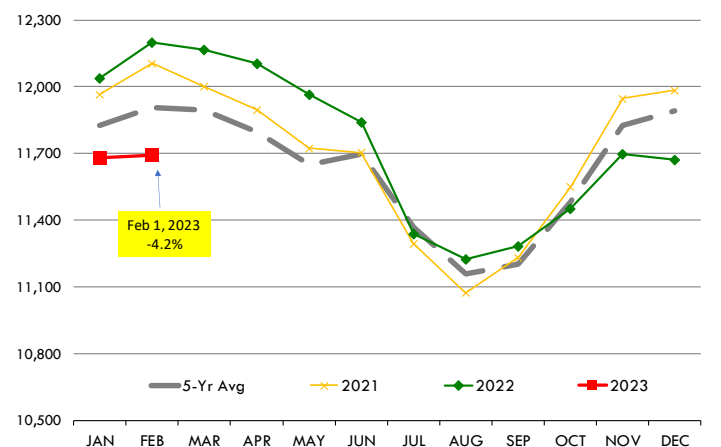


Domestic Fresh 50CL Beef Trim, Price History. \$/cwt

Weekly Prices. USDA Wt. Avg. Analysis by Steiner Consulting



MONTHLY FED CATTLE INVENTORIES, +1000 HEAD CAPACITY FEEDLOTS

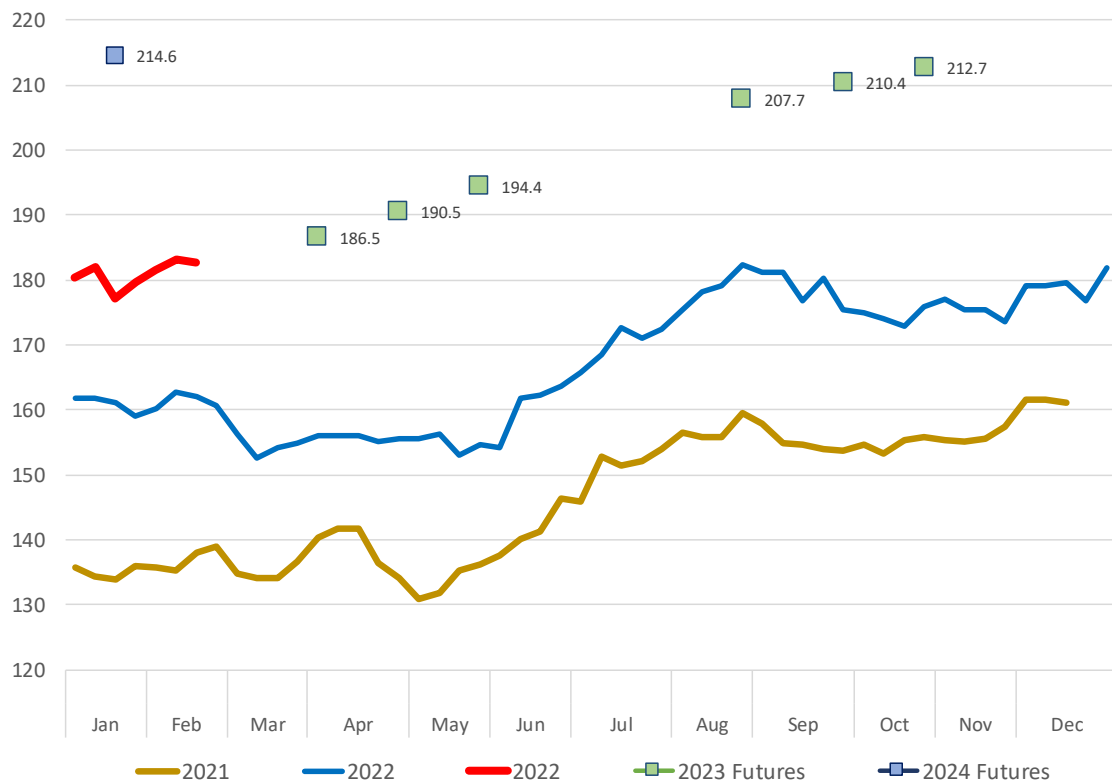


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	16-Feb-23	9-Feb-23		17-Feb-22	
CME FEEDER CATTLE INDEX	182.63	183.09	-0.3%	162.14	12.6%
	17-Feb-23	10-Feb-23		18-Feb-22	
FED STEER (5-MKT AVG)	160.23	158.71	1.0%	142.23	12.7%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	144.50	143.00	1.0%	132.50	9.1%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	153.00	151.00	1.3%	130.50	17.2%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	155.00	155.00	0.0%	131.50	17.9%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	204.37	201.80	1.3%	231.41	-11.7%

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
	17-Feb-23	258.0	10-Feb-23	255.0		18-Feb-22		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	255.0	258.0	250.0	255.0	3.0	327.0	330.0	-72.0
90 CL Blended Cow	235.0	237.0	230.0	234.0	3.0	305.0		-68.0
90 CL Shank		UNQ		UNQ	N/A	300.0		N/A
85 CL Fores	220.0	225.0	215.0	218.0	7.0	275.0		-50.0
85 CL Chucks		UNQ		UNQ	N/A	UNQ		N/A
95 CL Bull, W. Coast	254.0	257.0	250.0	252.0	5.0	328.0	330.0	-73.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A	UNQ		N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	220.0	223.0	215.0	216.0	7.0	270.0	274.0	-51.0
80 CL Trimmings	210.0	212.0	205.0	210.0	2.0	245.0	250.0	-38.0
75 CL Trimmings	195.0	200.0	195.0	200.0	0.0	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	320.0	310.0	320.0	0.0	375.0		-55.0
Steer Insides 14/18		UNQ		UNQ	N/A	UNQ		N/A
Steer Flats		UNQ		UNQ	N/A	UNQ		N/A
Steer Knuckles		290.0		290.0	0.0	310.0	315.0	-25.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	10-Feb-23	3-Feb-23				11-Feb-22		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	263.0	265.0	258.0	260.0	5.0	334.0	335.0	-70.0
90 CL Blended Cow	241.0	245.0	235.0	240.0	5.0	310.0	311.0	-66.0
90 CL Shank		UNQ		UNQ	N/A	305.0	306.0	N/A
85 CL Fores	227.0	228.0	222.0	224.0	4.0		280.0	-52.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	260.0	263.0	256.0	257.0	6.0	335.0	337.0	-74.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	226.0	227.0	220.0	222.0	5.0	278.0	279.0	-52.0
80 CL Trimmings	215.0	217.0	210.0	212.0	5.0		UNQ	N/A
75 CL Trimmings	205.0	206.0		200.0	6.0		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	325.0	330.0	315.0	320.0	10.0	390.0	395.0	-65.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		UNQ		UNQ	N/A		340.0	N/A
Steer Knuckles	290.0	300.0	290.0	300.0	0.0		325.0	-25.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	17-Feb-23	10-Feb-23		18-Feb-22							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	281.04			269.66			11.4	265.85			15.2
Select Cutout	265.89			254.29			11.6	262.63			3.3
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	252.0	263.5	257.9	245.5	260.0	255.7	2.2	273.5	292.0	283.5	-25.6
85 CL Beef Trimmings	225.8	241.1	232.2	220.3	240.0	230.4	1.8	248.4	271.1	257.6	-25.5
50 CL Beef Trim	104.0	130.0	114.6	107.0	132.0	114.9	-0.3	84.0	116.5	104.6	10.0
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	57.0	86.0	64.8	60.1	85.0	64.7	0.1	68.0	101.3	81.0	-16.2
72 CL Pork Trim	80.8	106.8	91.9	77.1	104.9	88.6	3.3	85.8	125.8	96.1	-4.2
<u>Point of Lean Values</u>											
90 CL Domestic	286.5			284.1			2.5	315.0			-28.4
50 CL Beef Trimming	229.2			229.7			-0.6	209.2			19.9
42 CL Pork Trim	154.3			154.0			0.3	193.0			-38.6
72 CL Pork Trim	127.6			123.0			4.6	133.4			-5.8
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	160.23			158.71			1.5	142.23			18.0

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>
	17-Feb-23	10-Feb-23		18-Feb-22	
<u><i>Live Cattle Futures</i></u>					
<i>February '23</i>	163.575	161.200	↑ 2.38	143.250	↑ 20.33
<i>April '23</i>	164.650	163.950	↑ 0.70	145.875	↑ 18.78
<i>June '23</i>	160.125	159.750	↑ 0.38	141.500	↑ 18.63
<i>August '23</i>	159.050	158.700	↑ 0.35	140.500	↑ 18.55
<u><i>Feeder Cattle Futures</i></u>					
<i>March '23</i>	186.525	186.400	↑ 0.13	165.425	↑ 21.10
<i>May '23</i>	194.350	194.550	↓ -0.20	175.900	↑ 18.45
<i>August '23</i>	207.725	207.850	↓ -0.13	186.075	↑ 21.65
<i>September '23</i>	210.375	210.525	↓ -0.15	187.650	↑ 22.73
<u><i>Corn Futures</i></u>					
<i>March '23</i>	677.750	680.500	↓ -2.75	654.250	↑ 23.50
<i>May '23</i>	677.500	678.250	↓ -0.75	652.750	↑ 24.75
<i>July '23</i>	666.000	666.500	↓ -0.50	647.000	↑ 19.00
<i>September '23</i>	610.750	610.000	↑ 0.75	608.750	↑ 2.00
<u><i>Ch Wheat Futures</i></u>					
<i>March '23</i>	765 1/2	786	↓ -20.50	797	↓ -31.50
<i>May '23</i>	776 1/4	795 3/4	↓ -19.50	804	↓ -27.75
<i>July '23</i>	781	799	↓ -18.00	800 3/4	↓ -19.75
<i>September '23</i>	789 3/4	806 1/4	↓ -16.50	802 1/2	↓ -12.75

<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>
	18-Feb-23	11-Feb-23		19-Feb-22	
<u><i>Total Cattle Slaughter</i></u>	627,000	630,000	↓ -3,000	670,195	↓ -43,195
	4-Feb-23	28-Jan-23		5-Feb-22	
<i>Total Cow Slaughter</i>	133,516	140,676	↓ -7,160	138,980	↓ -5,464
<i>Dairy Cow Slaughter</i>	65,674	68,519	↓ -2,845	62,851	↑ 2,823
<i>Beef Cow Slaughter</i>	67,842	72,157	↓ -4,315	76,129	↓ -8,287

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

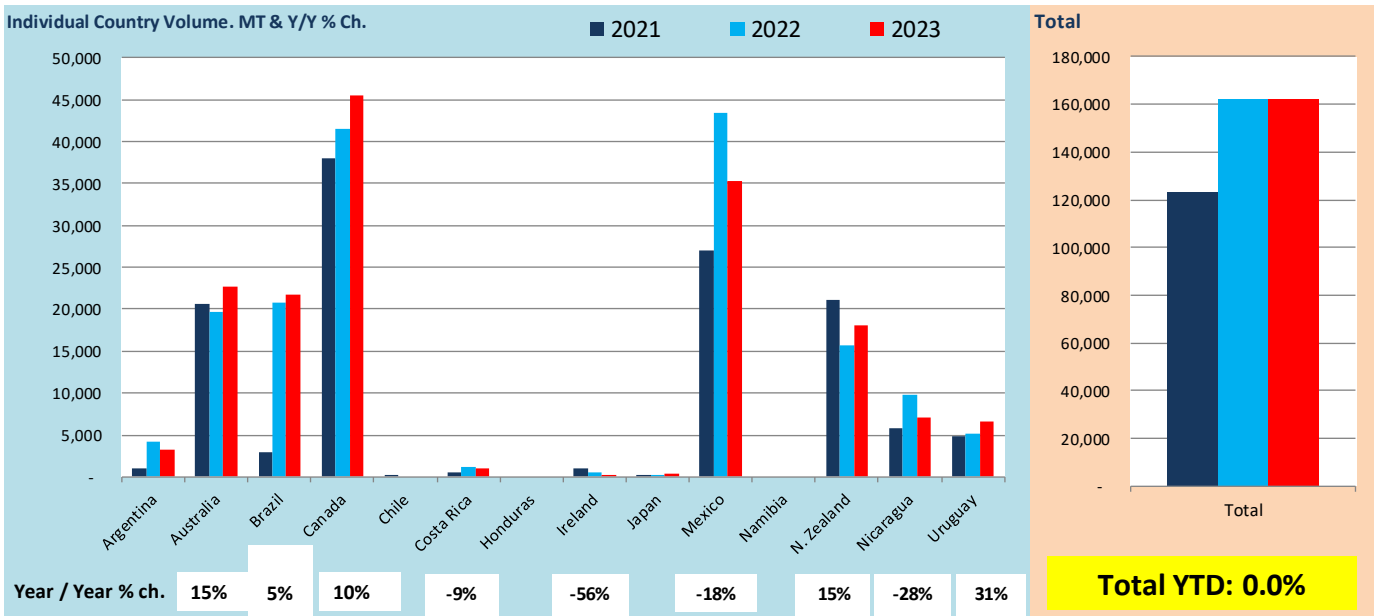
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 7	2/12/2022	2/11/2023		
Argentina	4,244	3,240	(1,004)	-23.7%
Australia	19,649	22,677	3,028	15.4%
Brazil	20,813	21,789	976	4.7%
Canada	41,515	45,537	4,022	9.7%
Chile	-	-	-	
Costa Rica	1,118	1,014	(104)	-9.3%
France	-	-	-	
Honduras	-	-	-	
Ireland	587	258	(329)	-56.0%
Japan	150	372	222	148.0%
Mexico	43,354	35,334	(8,020)	-18.5%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	15,749	18,034	2,285	14.5%
Nicaragua	9,771	7,040	(2,731)	-28.0%
Spain	-	-	-	
Uruguay	5,101	6,687	1,586	31.1%
Total	162,052	161,981	(71)	0.0%

Source: AMS - USDA

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

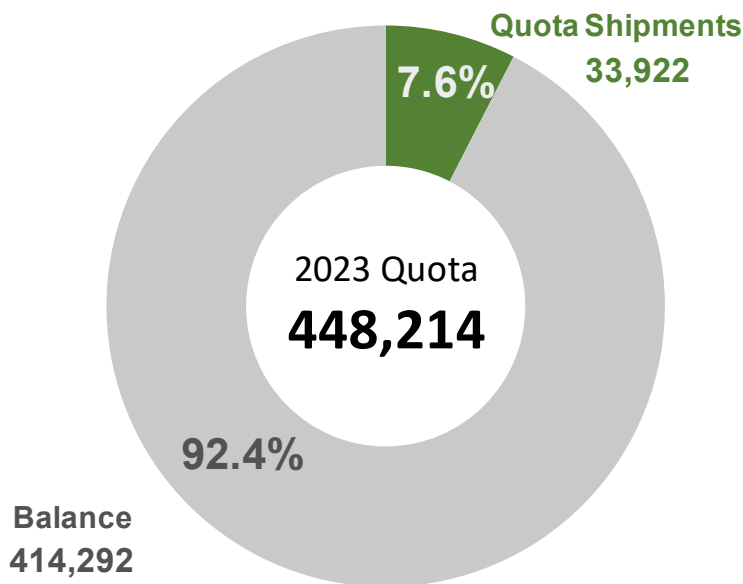
Imports as of February 11, 2023



Australian Beef Quota Position

13-Feb-23

Metric Ton. Australian Department of Agriculture Statistics



Australia still has a quota in place even though beef no longer faces a quota based tariff. The over quota product is now subject to a safeguard duty. Due to this DAFF continues to report volume shipped against quota.

USA Quota Entries through Week Ending February 13. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

