

Global Beef Market Monthly Review

November 30, 2023

Volume 5, Issue 11

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Highlights:

-Chinese demand has underperformed early expectations. We started the year with forecasts for Chinese beef imports to increase 5% or more. Year to date Chinese beef imports are up almost 3% and imports for the entire year are now not that far from that level. Imports from Brazil, by far the biggest supplier, are expected to be up but the pace of imports has slowed down considerably. Imports from Uruguay and New Zealand are expected to be lower y/y.

-Beef production in Argentina was up double digits in the first half of the year, bolstering exports. Improving weather conditions have caused slaughter to decline and slaughter in Q4 is now expected to be lower y/y. Argentine beef exports, which are up 6% for the year, are expected to be lower in Q4 as well.

-Brazil has struggled to maintain the export pace, largely due to the slowdown in exports to China, a market that accounts for over 60% of export demand. Shipments to China in 2023 are down 7%, which contrasts a bit with Chinese reports of Brazilian imports. Some of this may have to do with the transit lag as well as when imports/exports are recorded.

-There was a steady increase in beef inventories in Japan between September 2022 and March 2023, resulting in as much as a 30% y/y increase. Much of this was due to more imported beef coming in. The backlog affected Japanese beef imports during Jun-Sep and the slowdown in purchases is helping get traders/processors cleaned up. As of October 1, the inventory of imported beef was 3.8% lower than the previous month and 5.8% lower than a year ago.

-US beef imports have accelerated in the last three months and as a result we have revised higher our US beef import forecasts for the year. Current projection has imports up 8.5% for the year compared to USDA forecast for a 7.8% increase. US beef exports are currently forecast down 15% y/y vs.

Main Global Meat Trading Countries, Both Export and Import, MT

Data sources: Various. Analysis and Forecasts by Steiner Consulting

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Countries	% of global trade	Most Recent Trade Data		Y/Y Ch.	Y/Y % ch.	2022	2023 Estimate	Y/Y Ch.	Y/Y % ch.
EXPORTS						5,123,269	5,182,916	59,647	1%
Australia	11%	Oct 2023	105,131	32,152	44%	854,593	1,076,787	222,194	26%
Argentina	6%	Sep 2023	49,142	-6,658	-12%	635,517	702,247	66,729	11%
New Zealand	6%	Oct 2023	26,348	-1,157	-4%	497,609	522,987	25,378	5%
Brazil	20%	Oct 2023	186,204	-2,354	-1%	1,996,585	1,912,776	-83,809	-4%
USA	14%	Sep 2023	73,679	-15,311	-17%	1,138,964	968,119	-170,845	-15%
IMPORTS						4,903,092	5,065,850	162,758	3%
USA	15%	Sep 2023	99,951	20,080	25%	1,083,310	1,175,392	92,081	8%
China	30%	Oct 2023	223,543	-29,713	-12%	2,688,643	2,777,368	88,725	3%
Hong Kong	4%	Aug 2023	7,319	-513	-7%	96,565	98,980	2,414	2%
Japan	8%	Sep 2023	37,044	-14,903	-29%	560,154	534,947	-25,207	-5%
S. Korea	6%	Oct 2023	39,224	10,036	34%	474,419	479,163	4,744	1%

*** Product wt. basis. Projections for 2022 made by Steiner Consulting.

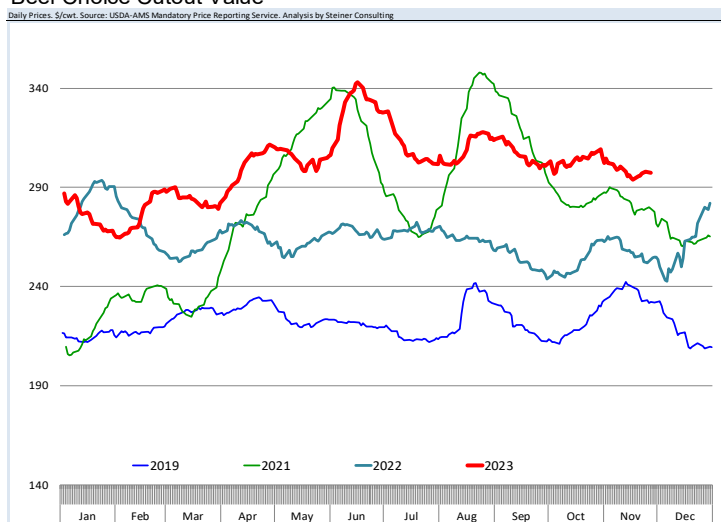
North America Market Update

United States: US inventory of cattle on feed as of October 1 was estimated at 11.580 million head, 486k head higher than the previous month (+4.4%) and also 71k head (+0.6%) higher than a year ago. Analysts polled ahead of the survey expected the inventory to be down 0.2% compared to last year. Feedlot inventories increase during this time of year as placements far outpace marketings. Futures reacted to the surprising increase in feedlot supplies, with Feb/Apr futures pressured lower. There is some talk/speculation that the survey may have overstated the level of placements. There have been some shifts from cattle that were in small feedlots (not included in the survey) to larger feedlots (+1000 head capacity), skewing the survey results but with no material impact on total supply. The supply of cattle in all feedlots is measured only once a year as part of the January 1 count. We will need to wait a few more months to square up the numbers.

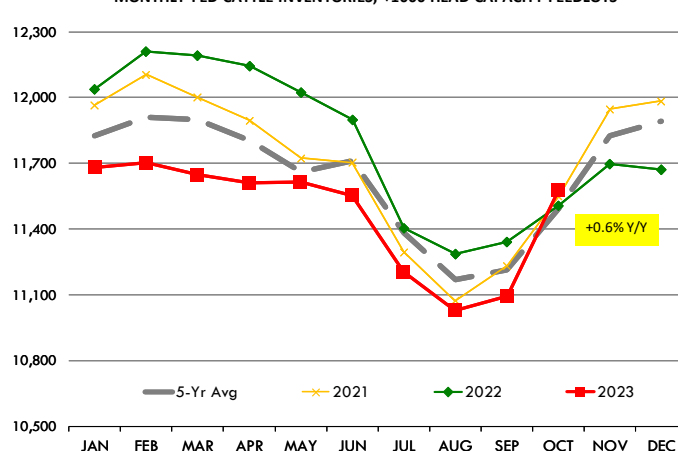
According to USDA, the supply of cattle that had been on feed for over 120 days as of October 1 was estimated at 4.326 million head, 174k head (+4.2%) higher than a year ago and 6.6% higher than the five year average. The supply of cattle that as of October 1 had been on feed for more than 150 days was estimated at 2.445 million head, up 3.6% from last year. USDA also provided its quarterly update on the number of steers and heifers on feed. Total steer inventory as of October 1 was 6.945 million head, just slightly higher than a year ago while the total heifer inventory at 4.635 million head was 60k head (+1.3%) higher than a year ago.

The recent increase in placements may be bearish in the very near term. However, it suggests that producers continue to liquidate and this will result in even tighter supplies/higher prices for lean beef down the road. Also, a shift in weather patterns this winter and spring could significantly limit cow slaughter. Regardless what the fed cattle futures are saying currently, the potential shortfall in supply coupled with the seasonal, inelastic lean beef demand in the spring are something that buyers should not forget. Beef cow slaughter in Q3 was 16% lower than a year ago. And yet, when we look at the ratio of beef cow slaughter vs. the beef cow inventory as of July 1, the ratio at 2.8% is on the high end of the 33 year range. Additionally, USDA reported that there were more heifers in the feedlots than a year ago, also suggesting that producers are far from any herd rebuilding activity. Yes, supplies are lower than the extreme liquidation that happened last year but still elevated. This suggests that the production shortfall is still ahead of us and it may come in Q2, just in time for the start of the grilling season and seasonal improvement in foodservice demand.

Beef Choice Cutout Value



MONTHLY FED CATTLE INVENTORIES, +1000 HEAD CAPACITY FEEDLOTS



Mexico: Beef production accelerated in September as robust demand in domestic and export markets encouraged processors to ramp up slaughter last month. At 191,298 MT, beef production was 3% higher than the previous year. Through September beef production in Mexico is up 1.9%, in line with earlier forecasts for a 2% increase in production so far this year. Beef supplies have been steadily increasing in recent years and that trend is expected to continue. Earlier in the year production growth was running behind forecasts, in part because of more feeder cattle going directly to the US rather than finished and slaughtered in Mexico. The pace of feeder cattle shipments to the US has been exceptionally strong in the last two months, which could limit supply growth at the end of the year, traditionally the seasonal high for beef production in the country. US beef imports from Mexico through the end of October remain about 10% below last year's levels. In the last four reported weeks, US imports of Mexican beef were about 1,900 MT (-9%) lower than a year ago.

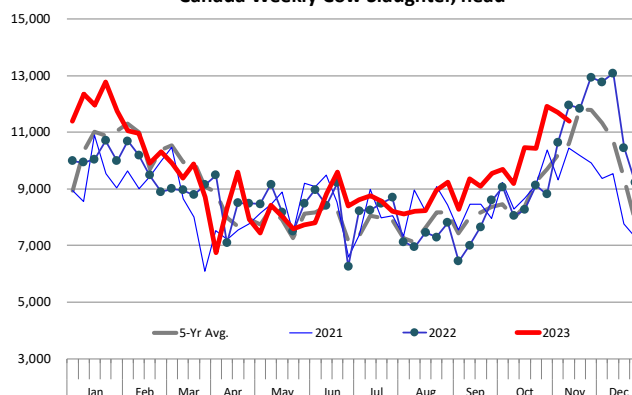
North America (continued)

US beef imports from other Central American countries are also below last year's levels, a function of supply availability in those markets but also restrictions from some large end users on imports from Nicaragua. Year to date imports from Nicaragua are 11,500 MT (21%) lower than a year ago. In the last four reported weeks, imports were 1,400 MT (-36%) lower than a year ago.

Canada: Compressed margins have caused Canadian packers to slow down processing cattle, slowly increasing the supply of cattle sitting in feedlots. As of September 1, feedlot supplies in Alberta and Saskatchewan were 2% higher than the previous year. During September, feedlots placed 267,308 head on feed, 2% more than a year ago while marketings declined by almost 22k head from the previous year (12%). As a result, the supply of cattle on feed on October 1 was 921,390 head, about 38k head (+4%) higher than a year ago. The increase in feedlot inventories comes at a time when overall Canadian cattle supplies have declined and are poised to decline further given the ongoing liquidation of the beef cow herd and an increase in feeder cattle shipped to the US. Cow slaughter in the four weeks ending October 15 was 37,515 head, 12.5% higher than a year ago. Year to date cow slaughter is up almost 28k head (+8%) compared to the previous year. Cow slaughter has increased despite the fact that on January 1 the overall cow herd was estimated at 4.531 million head, 2.5% lower than the previous year and the lowest cow inventory in over 30 years.

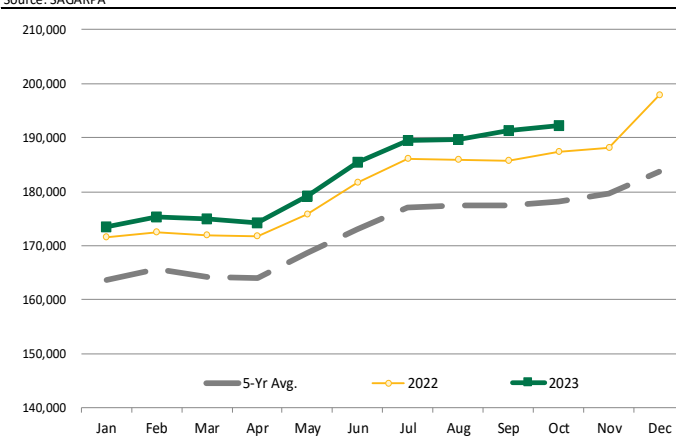
The calf crop in Canada will be down again in 2023 and likely in 2024, implying a steady decline in Canadian beef output, less beef available for export, and more demand for imported lean grinding beef. Imports from Australia and New Zealand are up so far this year. Frozen beef imports from Australia at 9,423 MT are up 37% while frozen imports from New Zealand at 12,593 MT are up 70% y/y.

Canada Weekly Cow Slaughter, head

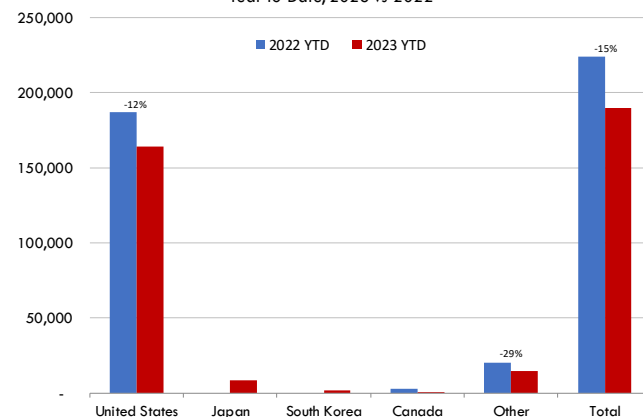


Mexico Beef Production

Source: SAGARPA



Mexican Fresh, Chilled & Frozen Beef Exports
Year-to-Date, 2023 vs 2022

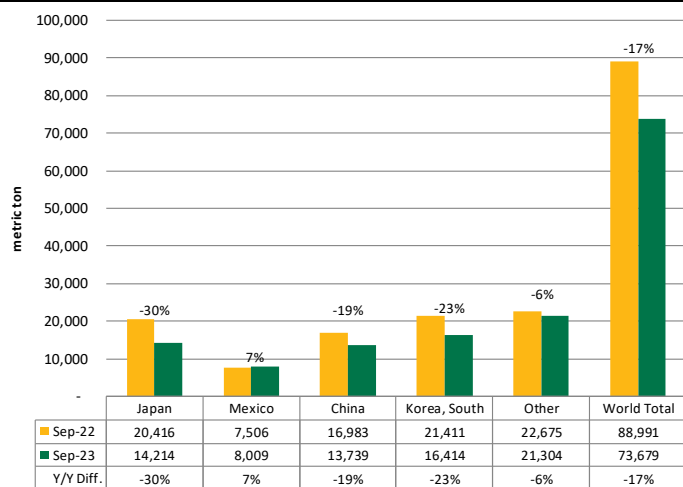


North America Trade Statistics

USA Fresh/Frozen Beef Exports

Latest Data for September

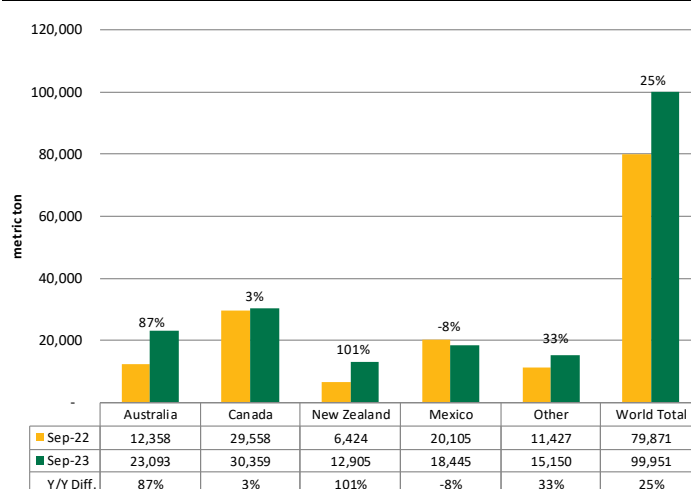
Units: Metric Tons



USA Fresh/Frozen Beef Imports

Latest Data for September

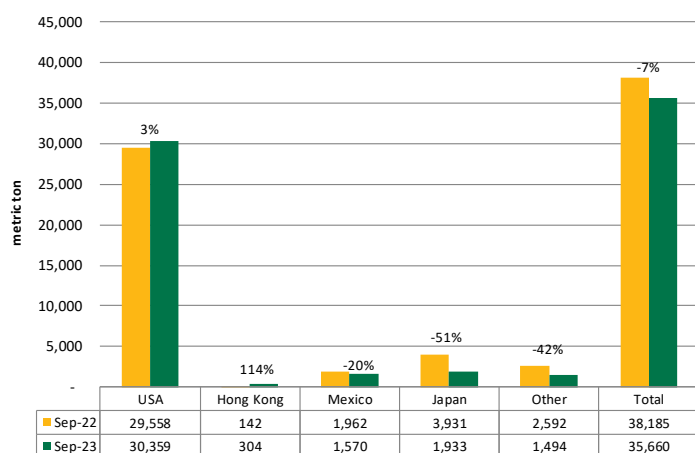
Units: Metric Tons



Canada Fresh/Frozen Beef Exports

Latest Data for September

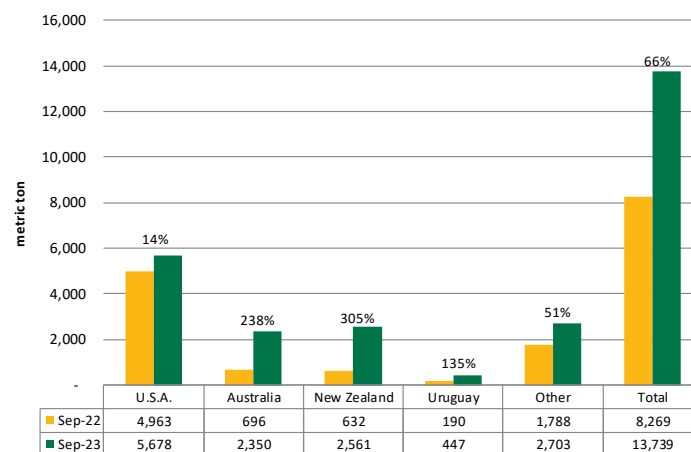
Units: Metric Tons



Canada Fresh/Frozen Beef Imports

Latest Data for September

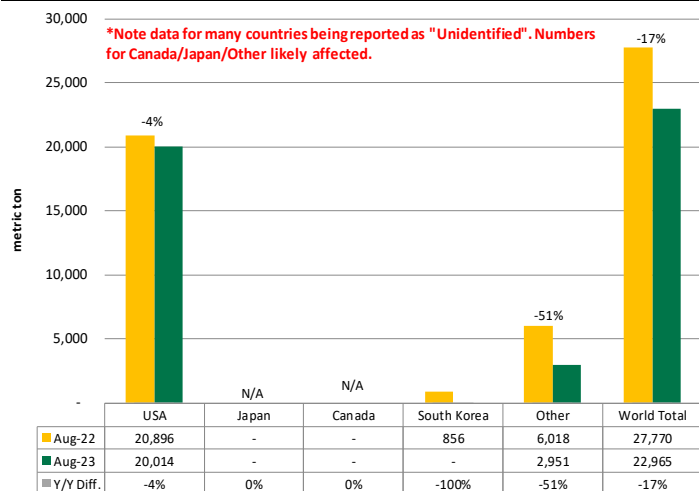
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Mexico Fresh/Frozen Beef Exports

Latest Data for August

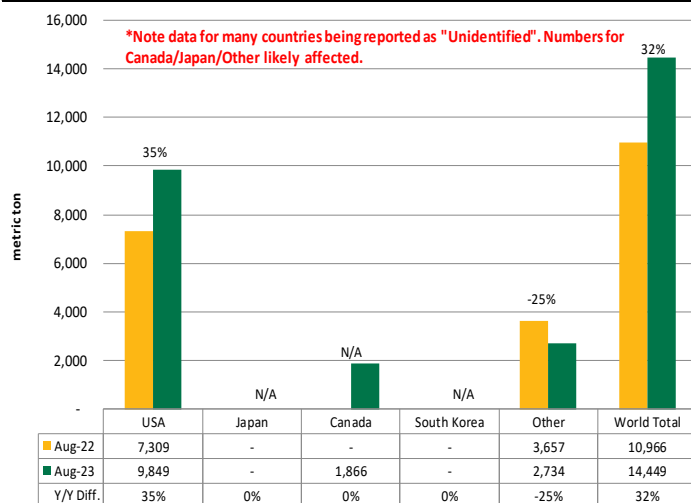
Units: Metric Tons



Mexico Fresh/Frozen Beef Imports

Latest Data for August

Units: Metric Tons



South America Market Update

Brazil: Brazilian cattle slaughter has increased by double digits since May but that has not resulted in higher exports. Initial slaughter for September was estimated at up 17% y/y and for all of Q3 slaughter was estimated 12% above last year's levels. Cattle prices in Brazil remain under pressure and well below last year's levels as producers look to move more cattle at a time when demand from China, by far the biggest market, has slowed down.

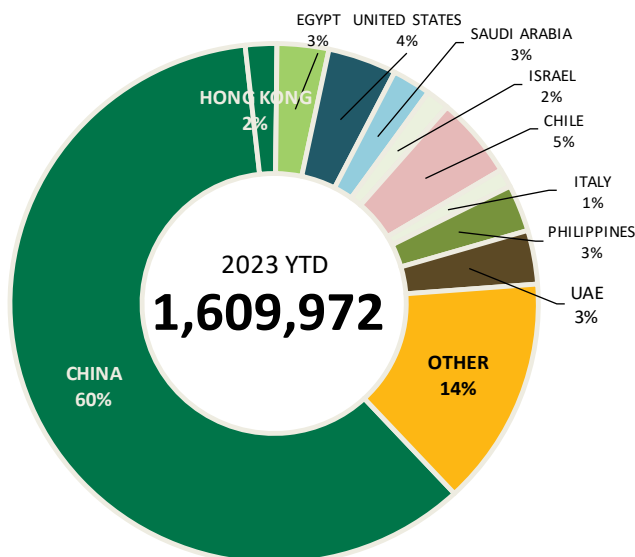
Shipments of fresh/frozen Brazilian beef in September were estimated at 195,072 MT, 4% lower than the previous year. Shipments were down across the board with the exception of the US market, which saw a 38% increase vs. the limited volume shipped last year. Shipments to China were 132,135 MT, 3% lower than a year ago. China accounts for almost 68% of all shipments in September and if we also include Hong Kong the share climbs to 69.3%. Year to date shipments to China were 851,429 MT, down 66k MT (-7%) compared to a year ago. Brazilian beef exports to the US in September were 3,689 MT, 1,017 MT (+38%) higher than last year. However, through September Brazil had shipped 60,043 MT to the US market. Large carryover inventories from the previous year resulted in the US quota being filled earlier in the year. A similar situation is expected to take place in 2024, with much of the shipments in Q3 and in Q4 going into bonded warehouses and released in January against the 2024 quota. Our current projections are for Brazilian beef exports to be down 3.5% for all of 2023.

Argentina: Easing drought conditions during winter and early spring have resulted in fewer cattle coming to market, a situation that is expected to continue as El Nino gains strength. Total slaughter in September was estimated at 1.158 million head, 0.5% lower than a year ago. For the year slaughter is still 11.3% higher than a year ago, implying that the high cull rate in the first half of the year will result in less cattle available for slaughter in Q4.

The decline in slaughter has limited the exportable beef supply. Shipments of fresh/frozen beef in September were 49,142 MT, 12% lower than the previous year. China accounts for 3/4 of all Argentinean exports so the decline in shipments necessarily means less beef going to this market. Total shipments to China in September were 36,536 MT, 15% lower than a year ago. Shipments to other markets, like Chile and Israel were down 24% and 5%, respectively. Argentina has been shipping more beef to the US, in part due to the premiums for high quality beef and higher beef prices overall. Shipments in September were 2,227 MT, 41% higher than a year ago. Through September Argentinean exporters had shipped 18,728 MT to the US, 31% more than last year. It appears that the quota available will be filled before the end of

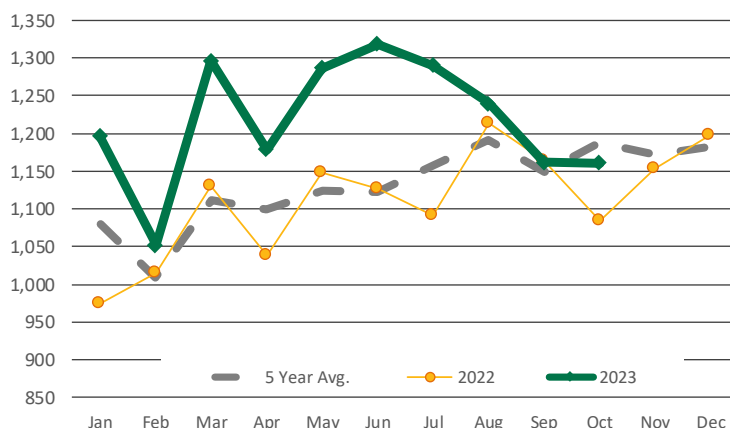
YTD Brazil Beef Fr/Frz Beef Exports. Metric Ton

Source: COMEX. Jan - Oct



Monthly Argentina Cattle Slaughter, Total Slaughter. '000 Head

Source: MAGYP. Analysis by Steiner Consulting



the year and some product will go into bonded warehouses.

Uruguay: Slaughter numbers have increased, consistent with the seasonal tendency in late winter and spring. The slaughter rate earlier in the year implies there is the potential for more cattle to come to market in the next three months. Total cattle slaughter in the four weeks ending October 21 averaged 46,877 head/week, 6.2% higher than the same four week period last year and 8% higher than the five year average. Steer slaughter during this period averaged 18,942 head/week, 7.2% lower than a year ago and 1.6% lower than the five year average. On the other hand, cow slaughter during this period averaged 21,202 head/week, 25% higher than a year ago and 14% higher

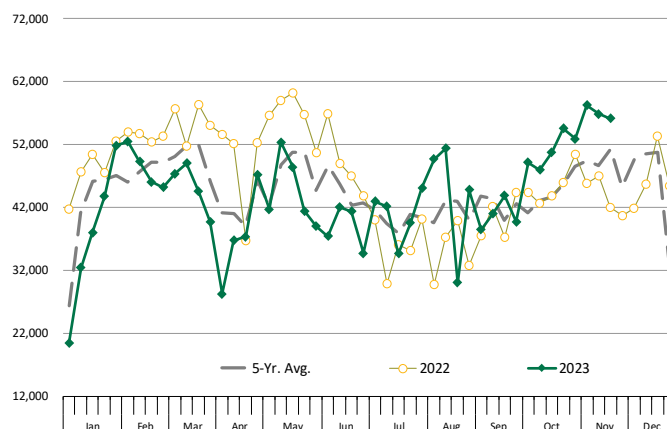
South America (continued)

than the five year average.

Slaughter in September was close to last year's levels, corresponding to a modest increase in exports. Totals shipments of fresh/frozen beef for the month were 29,263 MT, 2% higher than a year ago. China accounts for about 60% of Uruguayan beef exports and September shipments to that market were 17,241 MT, 10% lower than a year ago. Shipments to the US have been robust all year, driven by tight supplies and higher prices, especially for cuts. September shipments to the US were 4,600 MT, 22% higher than a year ago. Through September shipments to the US were 36,220 MT, 21% higher than last year.

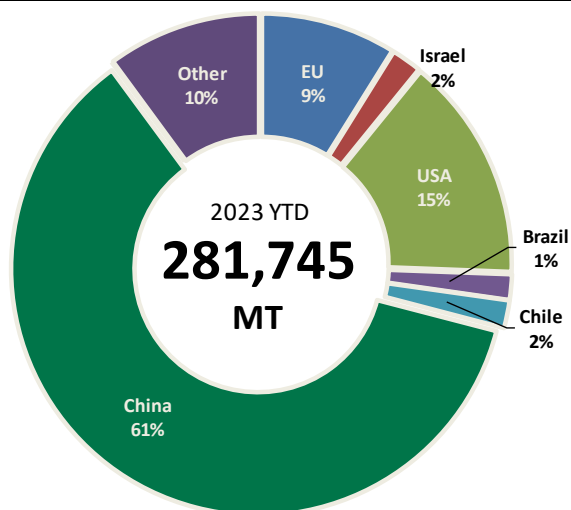
Uruguay Cattle Slaughter, Total

Weekly Slaughter in Head. Source: World Beef Report



YTD Uruguayan Exports of Fresh/Frozen Beef. Top Markets

Source: World Beef Report. Analysis by Steiner Consulting

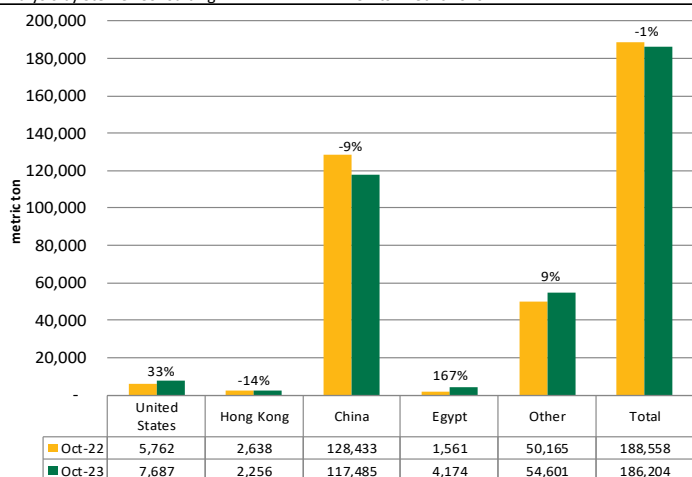


South America Trade Statistics

Brazilian Fresh/Frozen Beef Exports in October 2023 vs. October 2022

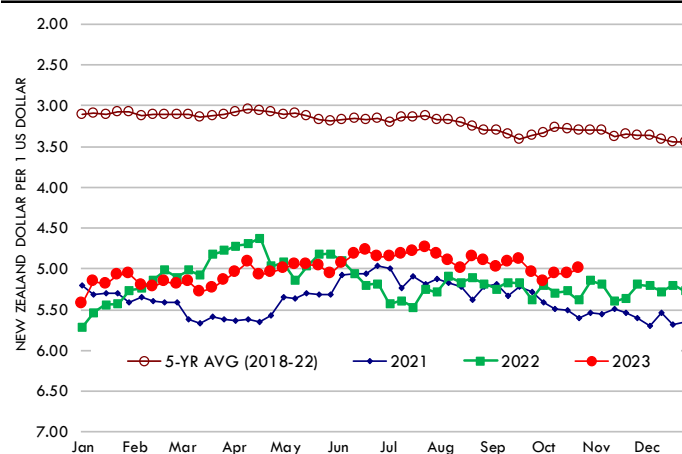
Analysis by Steiner Consulting

Units: Metric Tons



Brazilian Real Per 1 US Dollar

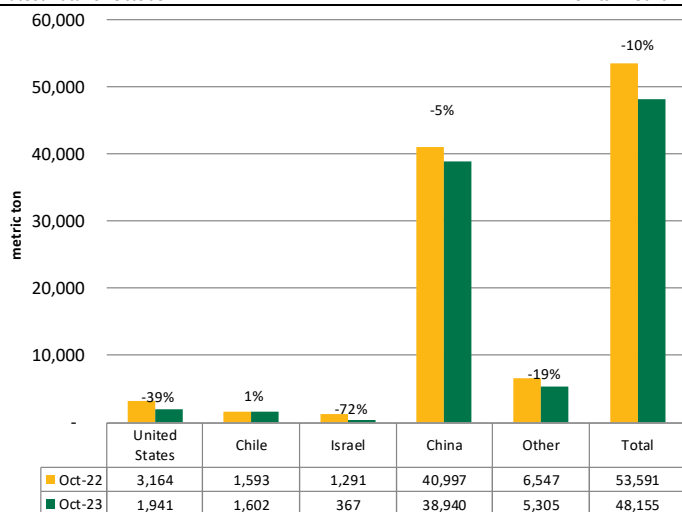
Y/Y Comparison of Weekly Exchange Rate



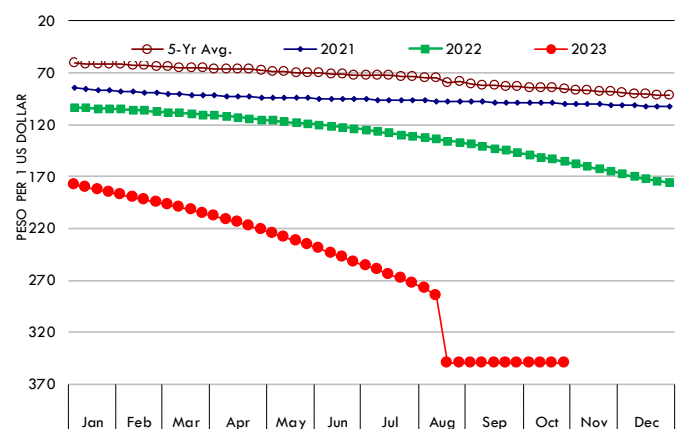
Argentina Fresh/Frozen Beef Exports

Latest Data for October

Units: Metric Tons



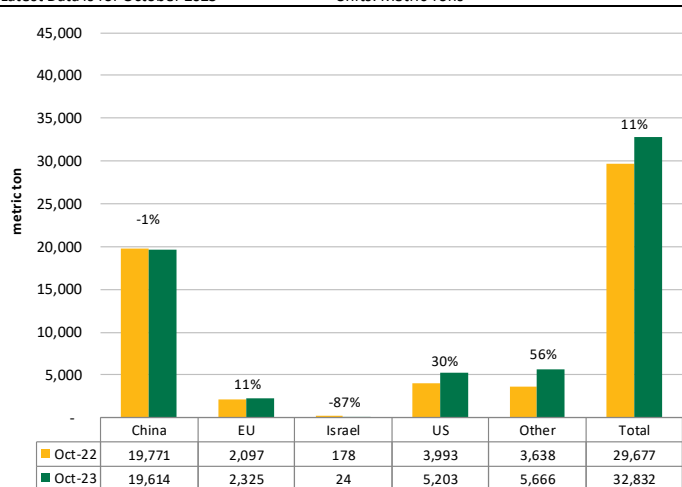
Argentine Peso Per 1 US Dollar



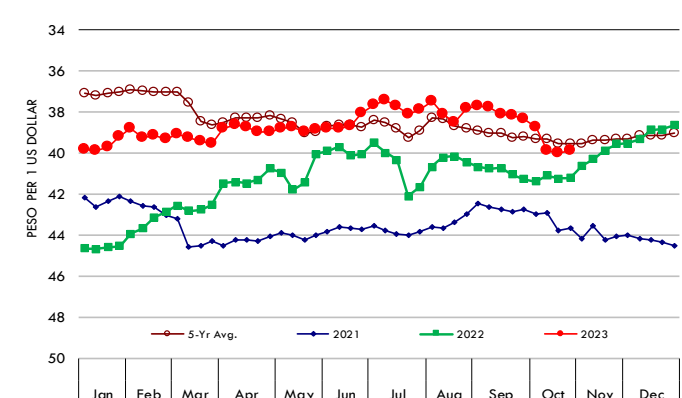
Uruguayan Fresh/Frozen Beef Exports

Latest Data is for October 2023

Units: Metric Tons



Uruguay Peso Per 1 US Dollar

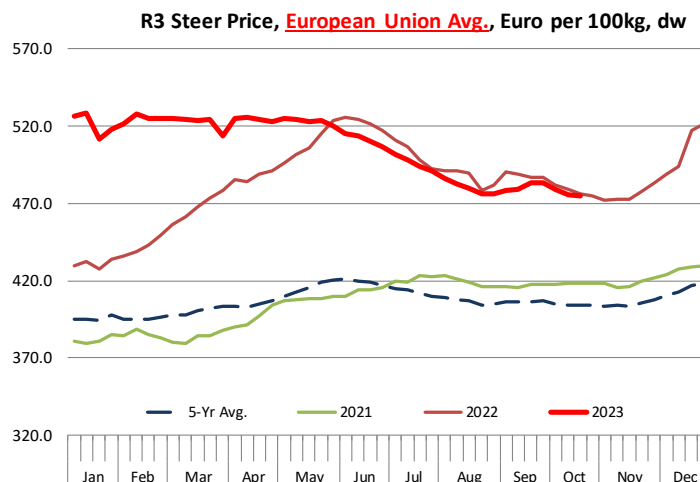


Asia / EU Market Update

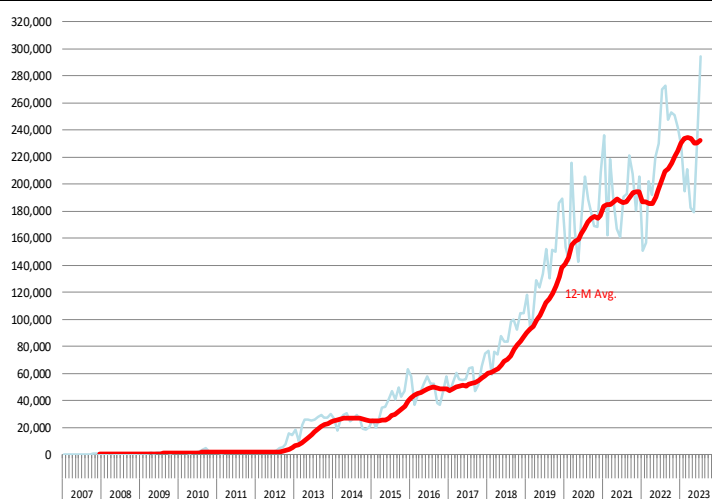
European Union: Cattle slaughter in Ireland has been tracking under year ago levels so far this fall but largely due to fewer young animals coming to market. Total slaughter in the four weeks ending October 29 was estimated at 39,578 head/week, down 1.3% than the previous year. There is a very wide disparity, however, in terms of the type of cattle coming to market this fall. It is not unusual for producers to send more cows to market ahead of winter and this year is no different. Cow slaughter for the week ending October 29 was over 10k head and in the four week reference averaged 9,325 head/week, 14% higher than the previous year. Last year weekly cow slaughter in late November and early December climbed to over 11k head and it appears a similar trend may develop this year as well. Heifer slaughter, however, averaged 10,415 head/week, 6.1% lower than a year ago. Overall female cattle slaughter remains high, averaging 50% of total cattle slaughter in October. In the last 12 months Irish female cattle slaughter has averaged 51% of total slaughter, a clear indication that producers are in a liquidation phase. Steer slaughter during the reference period were averaged 17,784 head/week, 3.1% lower than last year and slaughter of young bulls averaged 1,524 head/week, 21% lower than a year ago.

Irish cattle prices have been trending lower, consistent with the trend in cattle/beef prices across the EU. Some of the post-pandemic pent up demand has dissipated and prices are now at levels more consistent with long term demand. Prices are still higher than pre-COVID levels, reflecting the steady reduction in supply in the last four years. The average price of O3 cows in Ireland was last reported at 386 euro/100kg, 6% lower than a year ago. This is below the average EU cow price at 401 euro but the y/y decline is similar. The average price of R3 steers at 459 euro per 100 kg is 13% lower than six months ago but at about the same level as last year.

China: Chinese beef imports for September were down 1% y/y. Imports from Australia continue to rebound following a poor 2022. Australian Imports were up 34% y/y in September, YTD imports from Australia are up 27%. USDA currently expects beef imports to increase by 2.2% following a 14.1% increase in 2023. We think that USDA is overstating the increase in Chinese domestic production and therefore understating demand for imported beef. The Chinese economy is still recovering following COVID lockdowns, and we should see improved beef demand the rest of the year from China. As a result our current forecast is for Chinese beef imports to increase 4.5% in 2023. Chinese beef imports through September are up 4.8% y/y, with 41.4% of total imports coming from



Monthly **Chinese Imports of Fresh/Frozen Beef**. Metric Ton. Product Weight Basis
Data Source: China Customs Administration. Analysis by Steiner Consulting



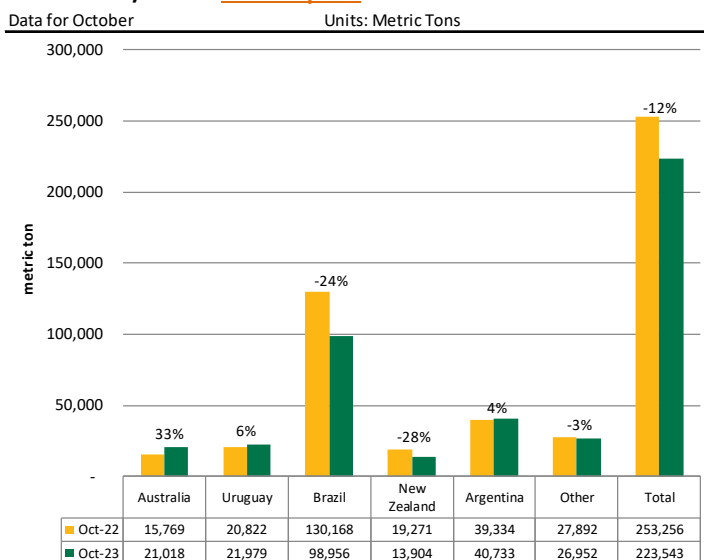
Brazil. Ships from Brazil were stopped in early March due to BSE infections but have since resumed. USDA is currently forecasting Chinese domestic beef production to increase 4.4% in 2023 following a 2.8% increase in 2022. The Chinese cattle herd on January 1, 2023 is projected at 101.5 million head, 3.4% higher than the previous year. Both beef and dairy herd numbers are expected to increase at the same rate of 0.4%. We expect the dairy herd to increase at a faster pace while beef cow supply growth continues to be constrained by high feed costs and other resource constraints. The Chinese beef market has become a primary driver for global beef demand and that is expected to continue in 2023.

Japan: Total cattle slaughter in August was estimated at 85,847 head, up less than a percent from the previous year. Domestic slaughter has been consistently higher this year and

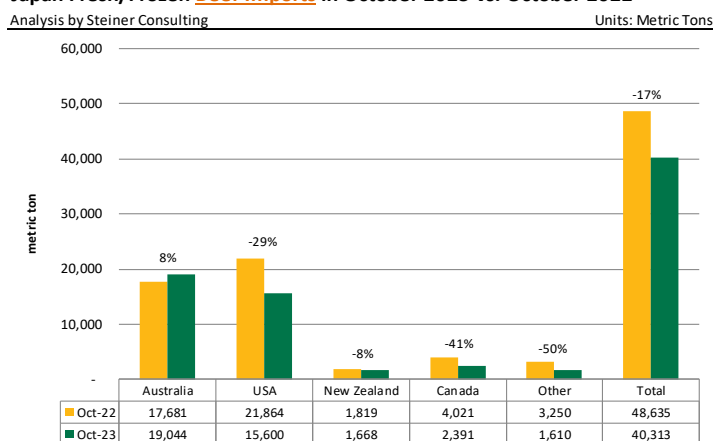
Asia / EU Trade Statistics

combined with higher imports earlier in the year it has resulted in a backlog of product. Through August, total cattle slaughter in Japan was 710,464 head, 2.2% higher than a year ago. The trend in beef imports has been mixed but trending lower. September beef imports were down for the fourth straight month declining by 29% y/y. YTD imports are now down 9% y/y. Declines were broad based and likely reflected the build up in inventory during late 2022 and first four months of 2023. By the end of April, inventory of imported beef was up 30% y/y. While the slowdown in imports has helped keep inventories in check, we have yet to see a significant drawdown. At the end of July beef inventory was estimated 5.6% above last year's levels. However, this inventory is still just slightly under April/May levels and far higher than normal. With lower exports again in September we think inventories have seen further declines, which should help beef imports to normalize following double digit declines recently. Getting imports to start increasing is a different matter, however, as markets remain well supplied. We have adjusted our import forecasts lower to reflect the current supply situation in Japan.

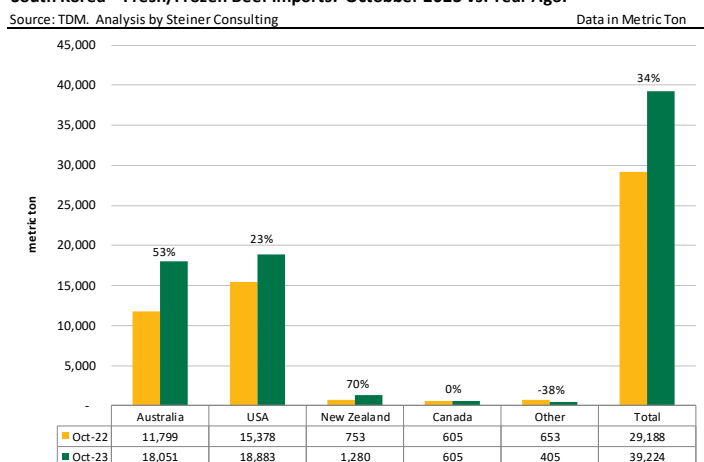
China Fresh/Frozen Beef Imports



Japan Fresh/Frozen Beef Imports in October 2023 vs. October 2022



South Korea - Fresh/Frozen Beef Imports. October 2023 vs. Year Ago.



Oceania Update

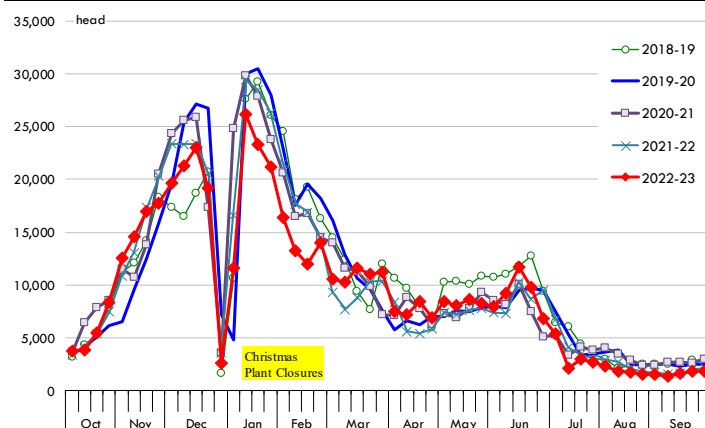
New Zealand: The shift of more New Zealand supplies to the US market continues, reflecting both the slowdown in demand in China and the impact of tight supplies and higher prices in the US. Total shipments of New Zealand fresh/frozen beef in August were 41,466 MT, about 1% higher than a year ago. However, shipments to the US were 13,650 MT, about double what they were a year ago. Shipments to China, on the other hand, were 14,691 MT, down 8,900 MT (-38%). Year to date shipments to the US market were 139,614 MT, 43.5% higher than a year ago and representing 37% of all exports. Shipments to China at 149,249 MT were 6% lower. In addition to shipping less beef to China, New Zealand packers have notably reduced the pace of shipments to Japan and South Korea, down 37% and 28% respectively so far this year.

Australia: Prospects of an intensifying El Nino, a bigger cattle inventory and difficulty in expanding capacity have resulted in panic selling and extreme price pressures for cattle producers. The last quote of the EYCI, the Eastern Young Cattle Indicator, was \$3.57 AUD/kg, down 66% compared to this time last year. To be clear the price for beef is determined in the world market considering that 2/3 of Australian beef production goes to export. But the sharp decline in feeder cattle prices is a reminder of the extreme challenges that producers and packers alike face in the current Australian production system. While slaughter has been slowly increasing, it remains about 30% under the peak registered a decade ago. At this point it is highly doubtful that slaughter in the Eastern States can expand to 140k head/week, let alone 170-180k head per week we saw in 2014 and early 2015.

As of this writing we did not have access to September export data but the chart below shows our latest projection for shipments to the US market. As has been the case in other major beef exporting countries, high prices in the US and a strong US dollar have proved to be a magnet for higher exports to that country. In August Australian beef exports to the US were 25,760 MT, 71% higher than a year ago. Our current projection is for shipments in September to be around 24,500 MT, significantly higher than the unusually low (data reporting issue) figure a year ago. So far this year Australian beef exports to the US are up 62% and we expect that for the year shipments will be up 70% and account for a 21.5% share of all exports. Exports to China in August were 17,114 MT, about 2% higher than a year ago. Through August China was the third largest market for Australian beef. The second largest market remains Japan, with shipments in August down 23% and down 8% for the year. While overall Australian beef exports are forecast to increase 25% in 2023, shipments to Japan are expected to be down 2-3%.

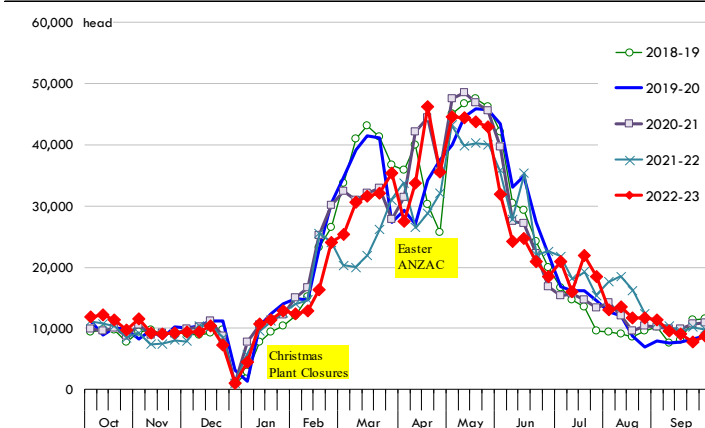
New Zealand Weekly Bull Slaughter

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



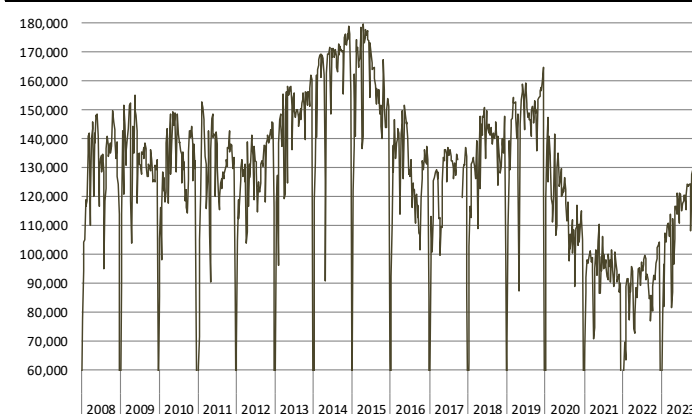
New Zealand Weekly Cow Slaughter

Based on Oct - Sep Marketing Year. Source: New Zealand Meat Board. Analysis by Steiner Consulting



Australia Weekly Eastern State Cattle Slaughter: Source MLA

Data Source: Meat & Livestock Australia. Analysis by Steiner Consulting

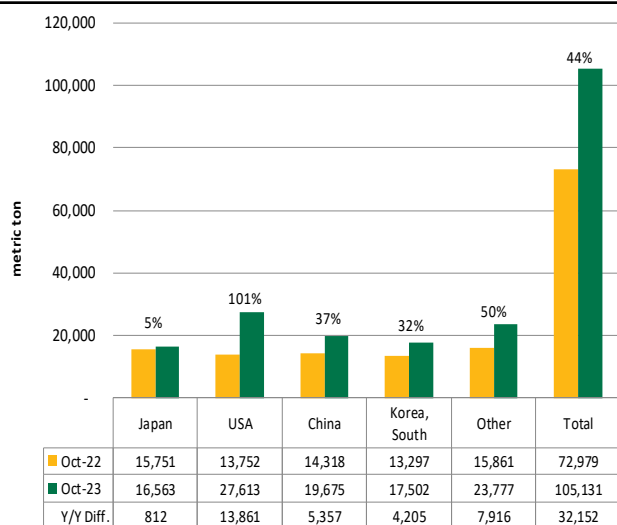


Oceania Statistics

Australia Fresh/Frozen Beef Exports In October 2023 vs. October Year

Latest Data for October

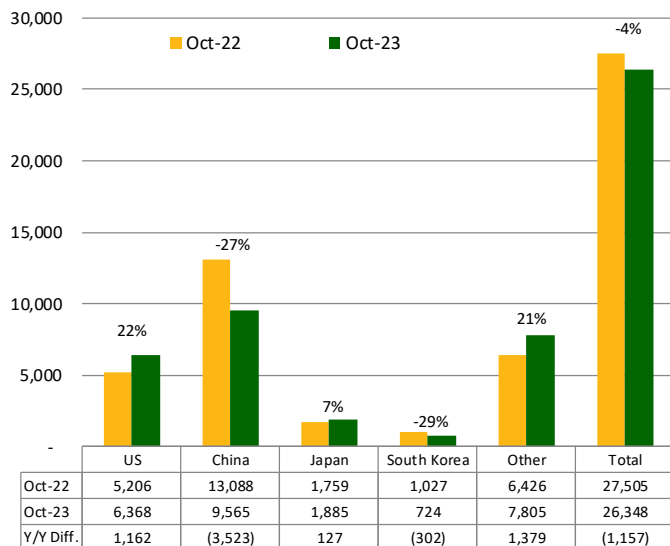
Units: Metric Tons



New Zealand Fresh/Frozen Beef Exports in October

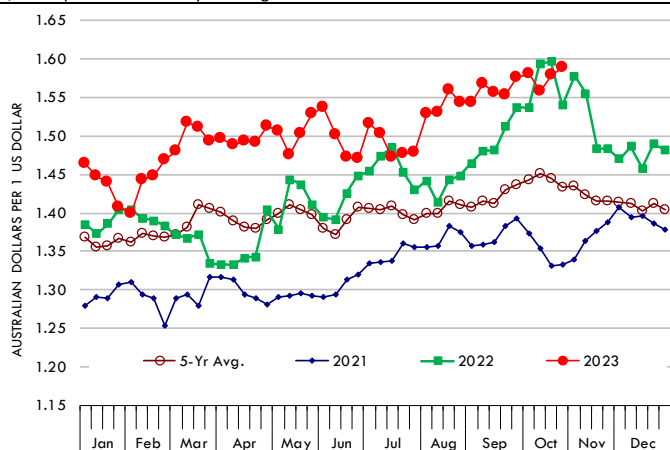
Source: Statistics NZ

Units: Metric Tons



AUSTRALIAN DOLLAR PER 1 US DOLLAR

Y/Y Comparison of Weekly Exchange Rate



NEW ZEALAND DOLLAR PER 1 US DOLLAR

Y/Y Comparison of Weekly Exchange Rate

