



Global Beef Market Monthly Review

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Volume 6, Issue 1

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Inside this issue:	
Highlights	1
North America	2-4
South America	5-7
Asia / EU	8-9
Oceania	10-11

Key numbers

China: December imports were flat compared to last year, with imports from Uruguay down 10% offset by higher imports from Brazil and New Zealand. USDA currently forecasts 2024 Chinese imports down 1%.

Japan: Beef imports were down for much of the year and that was the case in December, down 4% vs. 2022. For all of 2023 Japanese beef imports were down 10%. This is far different than USDA initial forecasts for imports to be flat vs. 2022. Current USDA forecast is for a 1% increase in 2024.

S. Korea: As with Japan, imports have been well below initial forecasts. December imports were down 10%. Higher imports from Australia (+10%) were offset by a 24% decline in imports from the US, 22% decline in imports from New Zealand and 40% decline in imports from Canada. For 2024 USDA is currently forecasting South Korean beef imports up 2%.

USA: The question in the market is not whether beef supply will be down but by how much. Cattle inventory is at the lowest point in +70 years and the decline in heifer retention and smaller cow herd points to an even smaller calf crop in 2024 and lower beef supplies well into 2026. USDA is currently forecasting US beef exports in 2024 down 8% following a 15% decline in 2023. Imports in 2024 are forecast up 2%.

Brazil: Brazil closed the year on a high note, beating the projection for a 2% decline. By the end of 2023, total export volume was slightly higher than the year before. USDA is currently forecasting Brazilian beef exports for 2024 to be up 3%. We will provide our initial estimates next month.

Australia: Slaughter has slowed down recently as improved moisture conditions have allowed producers to reduce offerings.

New Zealand: Bull slaughter has been tracking close to year ago levels. Bull slaughter normally peaks in January. Cow slaughter since October has been 4k head under year ago. Supply moves up from hereon.

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

Data sources: Various. Analysis and Forecasts by Steiner Consulting

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	5,261,141	137,872	3%	
Australia	11%	Dec 2023	106,724	30,606	40%	854,593	1,076,787	222,194	26%
Argentina	6%	Dec 2023	61,452	14,052	30%	635,517	683,397	47,880	8%
New Zealand	6%	Dec 2023	52,805	4,305	9%	497,609	526,470	28,861	6%
Brazil	20%	Dec 2023	208,440	55,692	36%	1,996,585	2,006,367	9,781	0%
USA	14%	Nov 2023	72,424	-16,500	-19%	1,138,964	968,119	-170,845	-15%
IMPORTS					4,903,092	4,999,139	96,048	2%	
USA	15%	Nov 2023	99,019	16,956	21%	1,083,310	1,180,808	97,498	9%
China	30%	Dec 2023	241,021	-541	0%	2,688,643	2,736,224	47,581	2%
Hong Kong	4%	Dec 2023	8,267	1,614	24%	96,565	98,980	2,414	2%
Japan	8%	Dec 2023	36,108	-1,333	-4%	560,154	503,964	-56,190	-10%
S. Korea	6%	Dec 2023	22,504	-2,597	-10%	474,419	479,163	4,744	1%

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

North America Market Update

United States: US cattle inventory was down by almost 2% vs. the previous year, in line with expectations. The drumbeat of the last three years is that US beef supplies are trending down, although the pace of the decline has been affected by COVID disruptions and weather. Below are key numbers with regard to US cattle supplies and implications for the beef market going forward:

Beef cow herd was pegged at 28.223 million head, down 716k head (-2.5%) vs. year ago. This is in line with expectations and does not change any ideas for the calf crop in 2024. The beef cow herd has declined 3.5M head (-10.9%) since 2019.

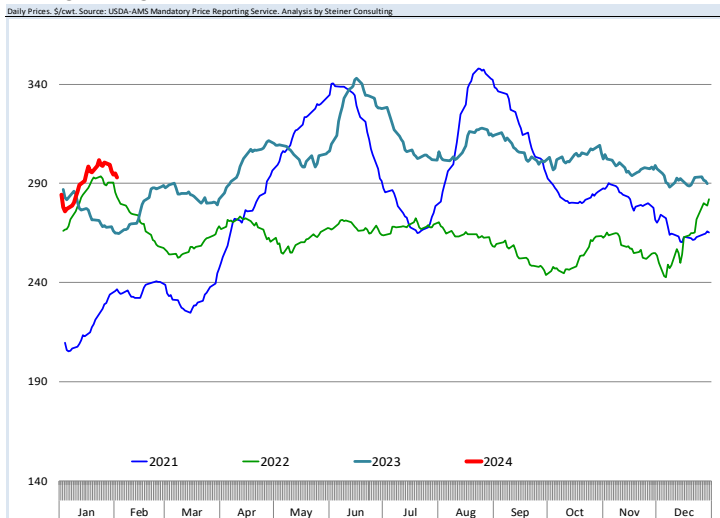
Heifer retention for beef replacement for 2023 was revised lower based on the number of cattle that came to market last year. A year ago producers indicated they expected to retain 5.164 million heifers for beef cow replacement. That number was revised to 4.930 million head and for 2024 it is pegged at 4.858 million head. The ratio of heifers retained vs. the beef cow herd is now at 17.2%, the lowest since 2011. The lower heifer retention numbers suggest no significant increase in the beef cow herd in 2024.

The calf crop for 2023 was estimated at 33.593 million head, down 847k head (-2.5%) than the previous year. This is lower than the initial estimate based on spring calving reported in July, when the crop was pegged at 33.8 million. The calf crop for 2023 was just slightly higher than the production numbers in 2014, the trough of the previous cycle. Given the lower cow inventory numbers, it is all but certain that the calf crop in 2024 will be down further. Based on the relationship of the calf crop to the cow herd, and also adjusting for trend improvement in the calving rate, we would expect the calf crop for 2024 to be around 33 million head, down 1.6% vs. 2023 levels and the smallest calf crop since 1940.

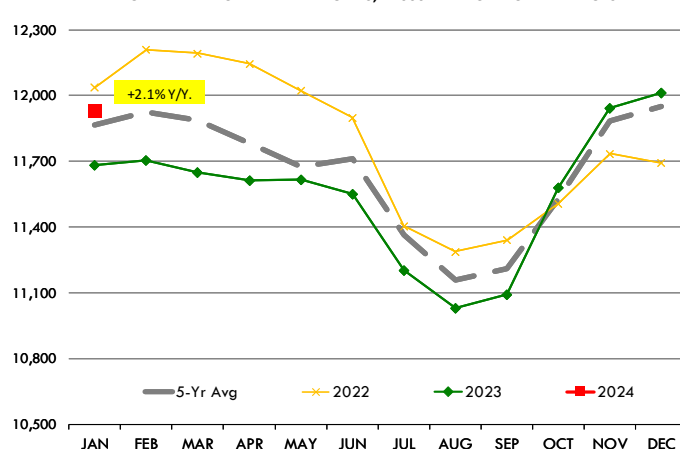
Given the decline in the calf crop, it is no surprise that feeder supply is down. That feeder supply could decline further if producers actually hold back more heifers for herd rebuilding. The decline in the cow herd, lower calf crop in 2024 and herd rebuilding efforts have set the stage for even fewer feeder cattle in 2025. As of January 1, the feeder supply was estimated at 24.2 million head, 4.2% lower than a year ago. This is consistent with the numbers floating around ahead of the report so should not be a surprise for futures. Nevertheless, it underscores why market remains bullish out front.

Mexico: Final production figures for 2023 are in, allowing us to get a complete view of the supply picture last year and expectations for 2024. Total beef production for the year was reported at 2.215 million MT, 1.8% higher than the previous year. This is slightly lower than the USDA forecast for a 2.0% y/y increase in Mexican beef production. In the last five years, Mexican beef production has increased at an average 2.3% per year but the pace of growth is slowing down and current forecasts are for production to be up 1.6% in 2024.

Beef Choice Cutout Value



MONTHLY FED CATTLE INVENTORIES, +1000 HEAD CAPACITY FEEDLOTS



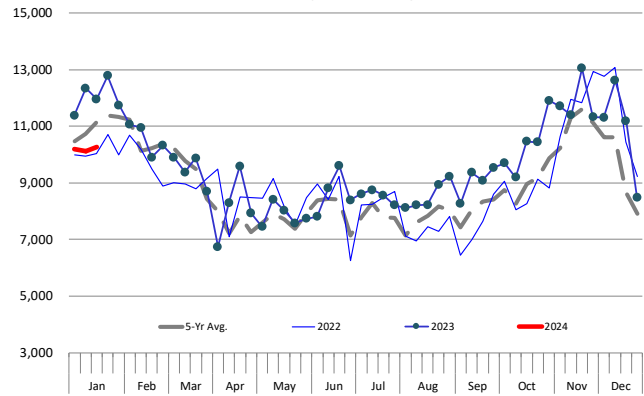
Robust domestic demand and a strong currency have resulted in a shift in the trade picture. Current projections are for Mexican beef exports in 2023 to be down 14.6% vs. the previous year, with the double digit decline in exports to the US a primary reason. On the other hand, beef imports (from US, Canada and Australia) are expected to be up 21% y/y. The slowdown in domestic production may continue to limit Mexican exports but much will depend on price levels in the US market and the exchange rate.

Canada: Drought conditions in Western Canada forced producers to cull beef cows earlier than normal last year. Cow slaughter between August and November averaged 1,400 head/week more than the previous year and the five year average, an 18% jump despite the smallest beef cow herd in decades. The pace was not sustainable and we are already seeing the slowdown in cow slaughter. In the first three weeks of the year, beef cow slaughter was down 5,111 head (-14%) from the previous year. Steer/heifer slaughter during this period was also down 10,800 head (-6.9%). Winter weather is par for the

North America (continued)

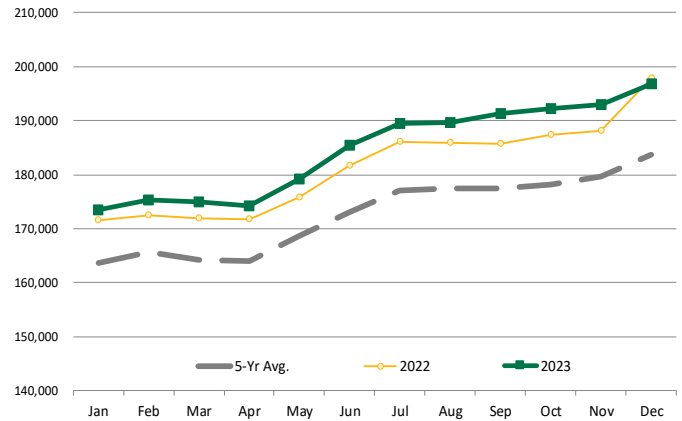
course in Canada during this time of year. The shortfall in slaughter may be affected by weather in the very near term but it is primarily a function of the smaller calf crops, exports of feeder cattle to the US and current feedlot situation. CanFax reports that the January 1 inventory of cattle in Alberta/Saskatchewan feedlots was 1.093 million head, 0.5% higher than a year ago. That number will move lower in the coming months due to fewer cattle outside feedlots. December placements were just 77,821 head, down 13.6% vs. a year ago. As in the US, the high rate of placements in late summer and fall has bolstered feedlot supplies in the very near term but that trend will shift in the spring and summer. Canadian beef export sin 2024 are expected to be down 3.6%. Imports are also expected to be down, however due to less beef/higher prices in the US, the top imported beef supplier.

Canada Weekly Cow Slaughter, head

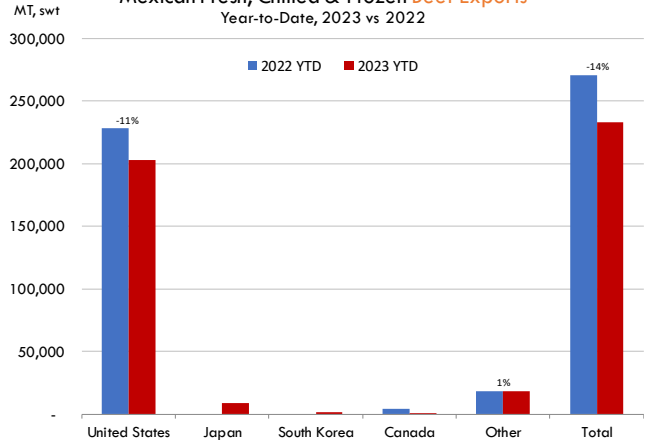


Mexico Beef Production

Source: SAGARPA



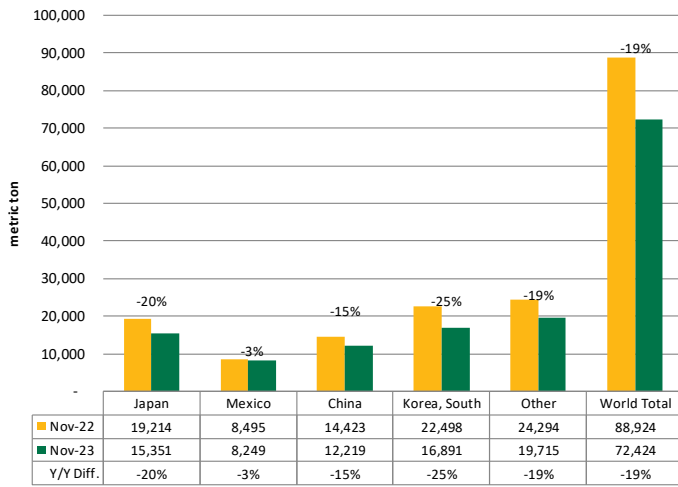
Mexican Fresh, Chilled & Frozen Beef Exports
Year-to-Date, 2023 vs 2022



North America Trade Statistics

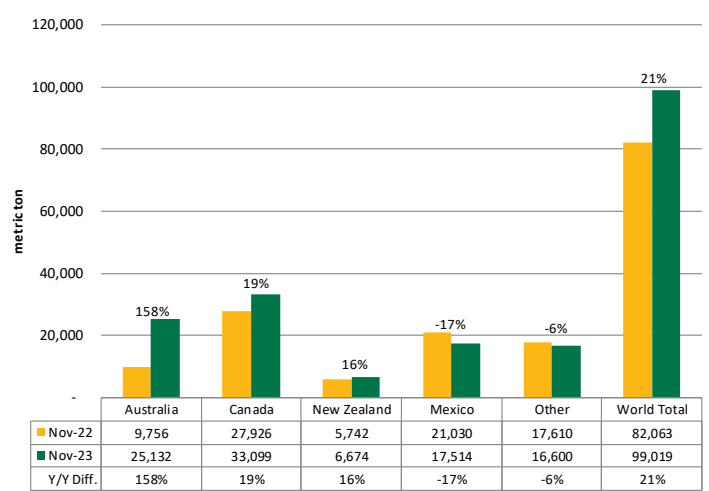
USA Fresh/Frozen Beef Exports

Latest Data for November Units: Metric Tons



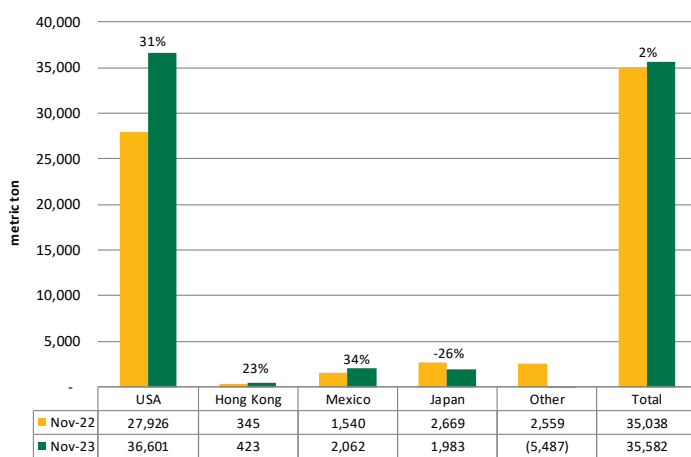
USA Fresh/Frozen Beef Imports

Latest Data for November Units: Metric Tons



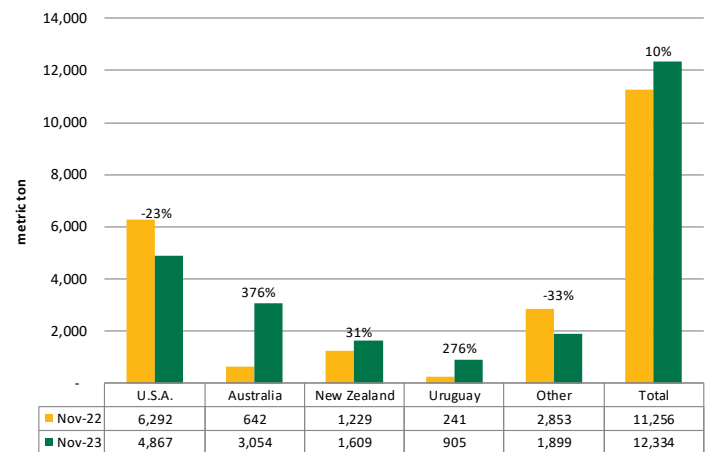
Canada Fresh/Frozen Beef Exports

Latest Data for November Units: Metric Tons



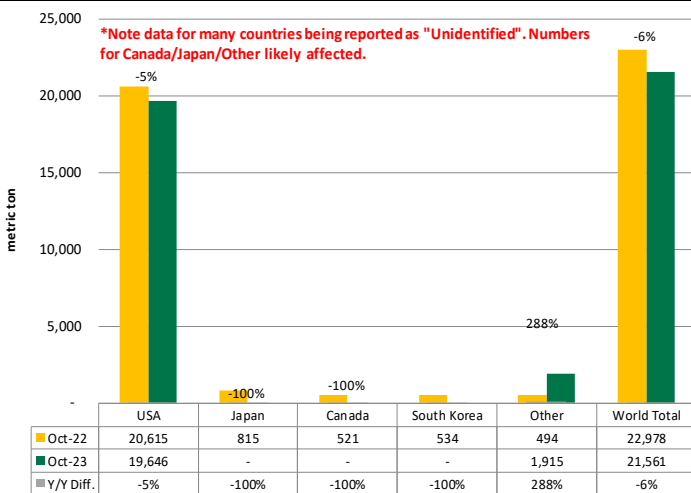
Canada Fresh/Frozen Beef Imports

Latest Data for November Units: Metric Tons



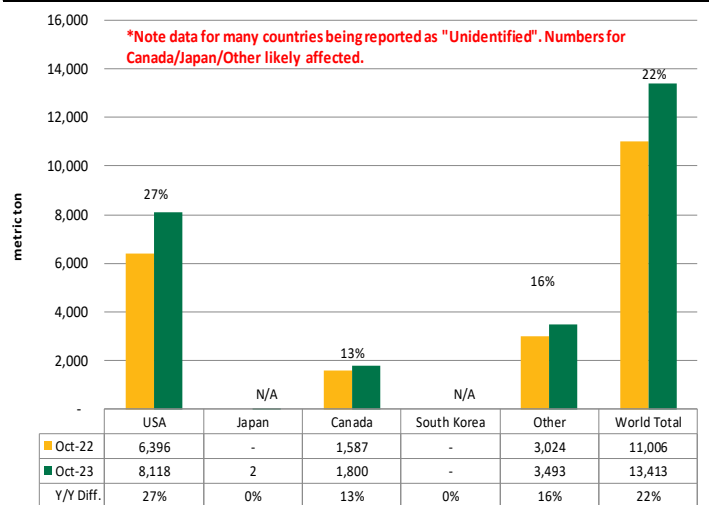
Mexico Fresh/Frozen Beef Exports

Latest Data for October Units: Metric Tons



Mexico Fresh/Frozen Beef Imports

Latest Data for October Units: Metric Tons



South America Market Update

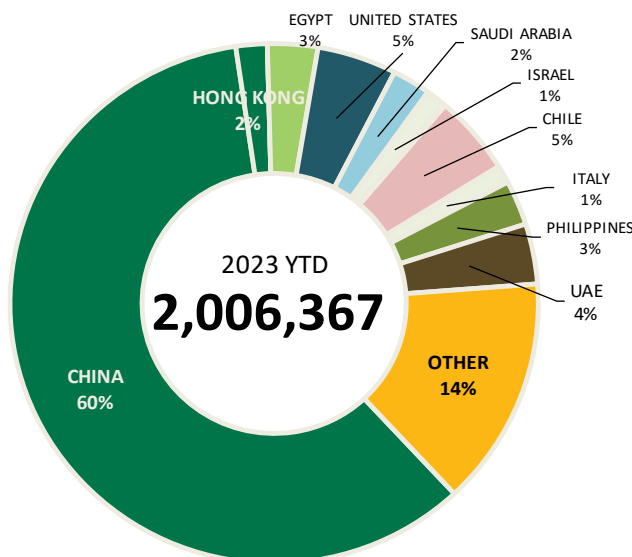
Brazil: Brazilian cattle slaughter estimates continue to point to ample supplies in the final quarter of 2023, hence the robust increase in slaughter to all markets, particularly China. While cattle prices were down from the previous year, improving export demand helped put a floor under prices and, by some estimates, cattle prices in Brazil at the end of December were 10% higher than mid November. In part that's also due to seasonal improvement in demand for year end holiday parties and extra pay. Early estimates put cattle slaughter in Brazil for November up 16% compared to last year and up 16% in the last four months. Beef export shipments in November were 26% higher than a year ago. The increase was far higher than we expected and we have had to significantly alter our forecast for the year, which was expected to be down 4%. We currently think Brazilian beef exports for all of 2023 will be about 2% lower than last year. Shipments to China in November were 110,667 MT, 18% higher than a year ago. Through November, Brazilian beef exports to China were 1.079 million MT, 5% lower than a year ago. The decline is largely due to lower exports in the spring and summer. Exports to the US market in November were 11,877 MT, 5% higher than a year ago. Brazilian exports to the US continue to be limited by the steep tax on out of quota product. Our guess is that the quota for 2024 will be filled by the end of Q1. Exports to smaller markets were robust as well, up 49% in November and 10% for the year.

Argentina: Robust slaughter and a weak exchange rate resulted in a significant increase in Argentine beef exports in 2023. While expectations are for slaughter to slow down in 2024, the weak Peso will continue to erode the purchasing power of the Argentine consumer and support exports. Total slaughter in 2023 was a little over 11 million head, 11.3% higher than the previous year. Exports in December were up 30%, with much of the increase going to the biggest Argentine beef customer—China. For all of 2023 Argentine beef exports were 683,397 MT, 8% higher than the previous year and easily beating our forecast for a 5% y/y increase. Of the near 48k MT increase in exports, 42k MT went to China, which accounted for almost 79% of all Argentine beef exports in 2023. We expect China to continue to buy from Argentina for two reasons: first, Chinese beef demand may not be growing at the pace it once did but it is still by far the biggest imported beef buyer in the world.

USDA forecasts Argentine cattle slaughter to be down about 11% in 2024 due to lower inventory and improved pasture conditions. However, USDA expects beef exports to increase another 3%, underscoring the continued decline in domestic beef availability in Argentina.

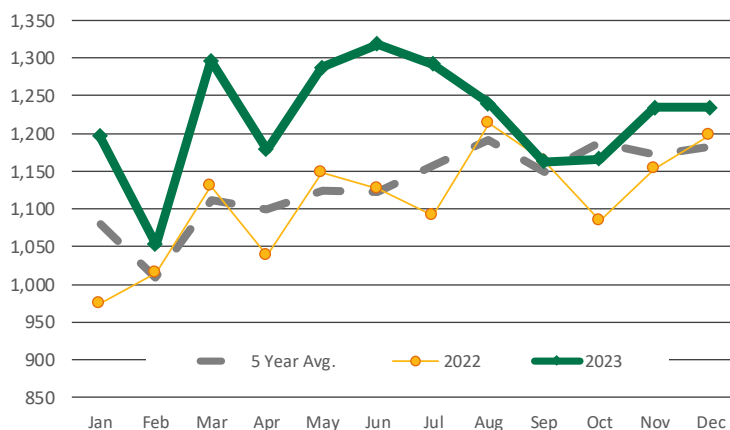
YTD Brazil Beef Fr/Frz Beef Exports. Metric Ton

Source: COMEX. Jan - Dec



Monthly Argentina Cattle Slaughter, Total Slaughter. '000 Head

Source: MAGYP. Analysis by Steiner Consulting



Uruguay: Cattle slaughter is off to a strong start this year. In the first three weeks of January, slaughter was a total of 116,192 head, up 25,354 head (+28%) vs. a year ago. Seasonally slaughter moves up into the fall as producers make key production decisions ahead of winter. USDA expects Uruguayan cattle slaughter in 2024 to be up 3% y/y, a rather modest increase. The calf crop in 2023 was forecast down 10% but it is expected to rebound by the same amount this year as herd numbers have increased. It will take some time, however, for producers to recover following extreme drought and liquidation in previous years.

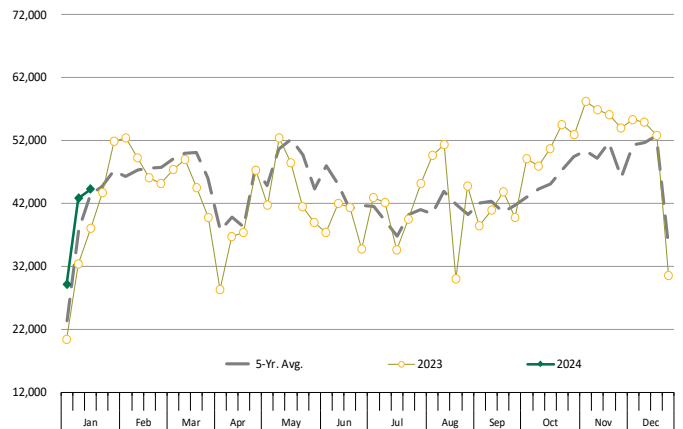
The increase in slaughter during December helped bolster shipments, with total exports of fresh/frozen beef last

South America (continued)

month pegged at 38,165 MT, 22% higher than the previous year. Exports to China were 19,399 MT, about the same as a year ago while exports to the US jumped to 7,762 MT, a 77% increase y/y. For all of 2023, Uruguayan beef exports were down 6%, with exports to China down almost 17% from a year ago while exports to the US hitting 55,285 MT, a 31% increase. High prices for high value cuts in the US have encouraged higher shipments to the US market.

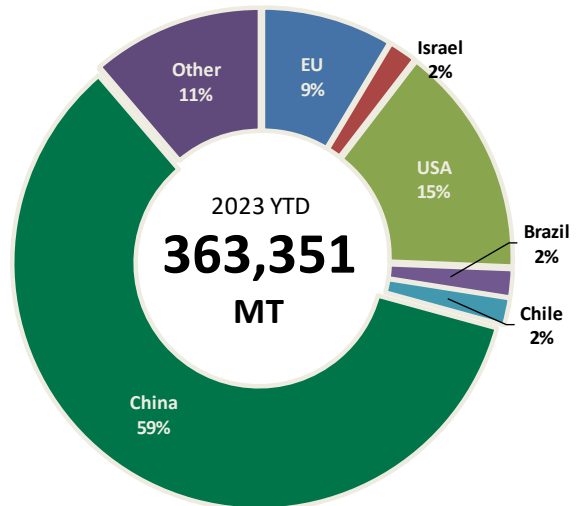
Uruguay Cattle Slaughter, Total

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

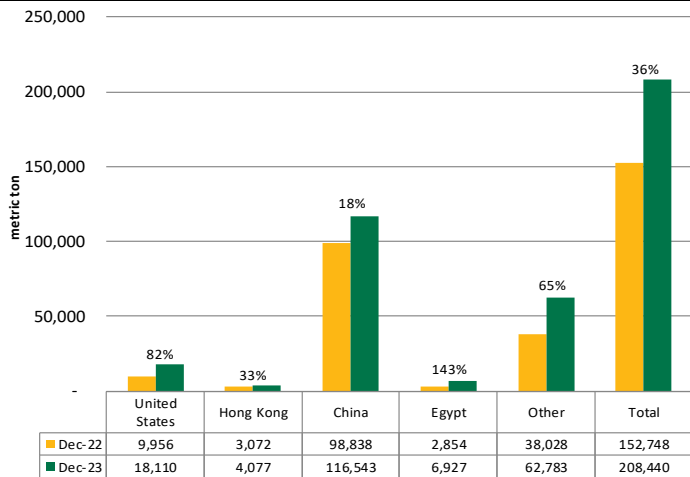


South America Trade Statistics

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

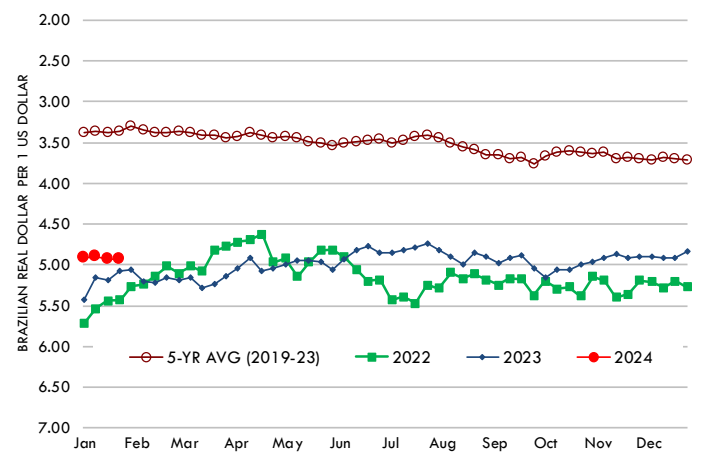
Analysis by Steiner Consulting

Units: Metric Tons



Brazilian Real Per 1 US Dollar

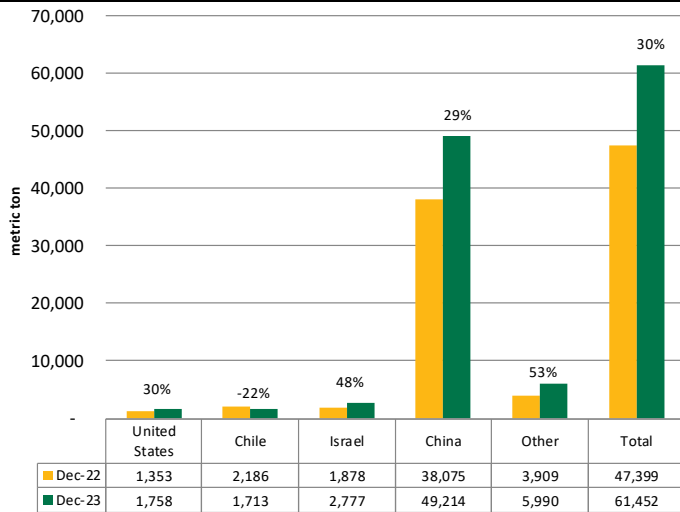
Y/Y Comparison of Weekly Exchange Rate



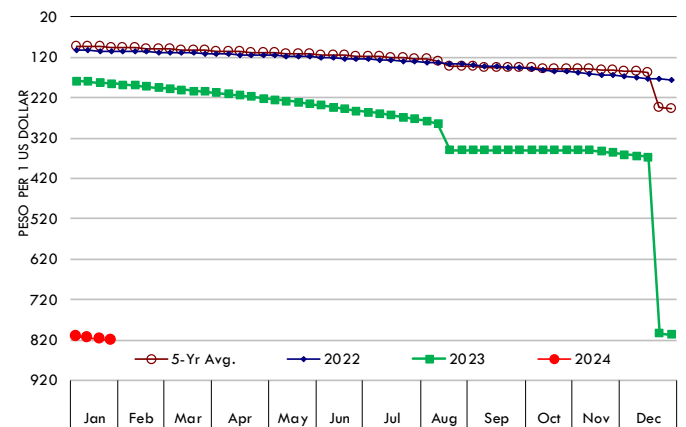
Argentina Fresh/Frozen Beef Exports

Latest Data for December

Units: Metric Tons



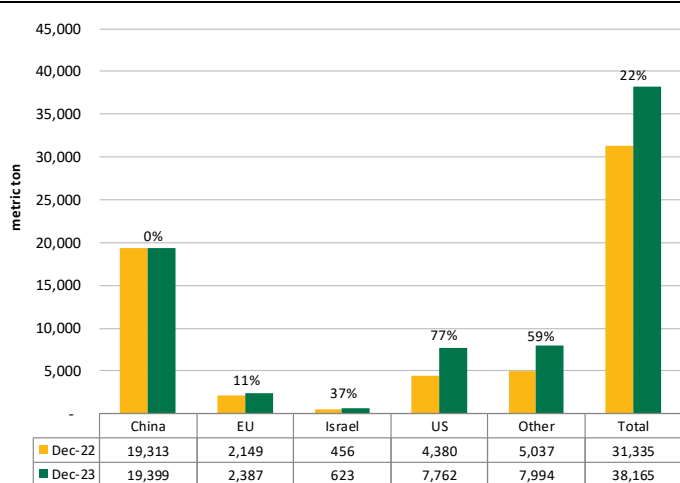
Argentine Peso Per 1 US Dollar



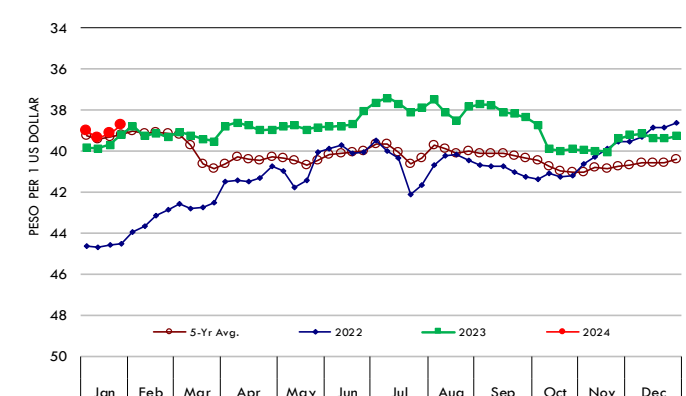
Uruguayan Fresh/Frozen Beef Exports

Latest Data is for December 2023

Units: Metric Tons



Uruguayan Peso Per 1 US Dollar



Asia / EU Market Update

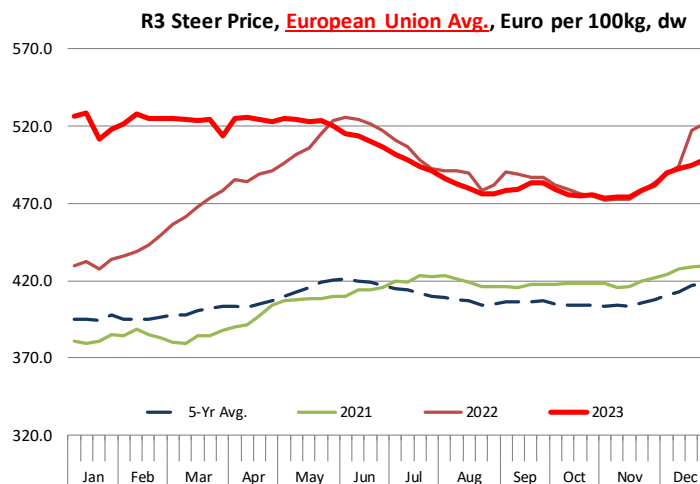
European Union: Slaughter has increased following the holiday shortened weeks in late December and early January. Overall cattle slaughter outpaced 2022 in the second half of last year and that has continued in the near term. However, for all of 2023 Irish cattle slaughter (based on weekly figures) was 5.2% lower than the year before. In the first three weeks of this year, total cattle slaughter in Ireland averaged 33,450 head/week, 8.5% higher than a year ago but still higher than the five year average.

Cow slaughter to start the year has increased vs. both 2023 and the five year average (see chart). During the three week period, cow slaughter averaged 8,323 head/week, about 1000 head/week more than last year (+12.8%) as well as 22% higher than the five year average. Expectations are for overall cattle slaughter and beef production in Ireland to be down y/y in 2024. This is a function of a smaller herd. By some estimates, beef production in Ireland could be down as much as 4% in 2024 vs. 2023.

Despite the increase in slaughter, cow/steer prices have been trending higher in the last three weeks. The most current data puts the average price for O3 cows at 408 euro per 100 kg vs. 388 in early December, a 5% increase. Prices are still as much as 6% lower than a year ago, however. The average price of R3 steers was last quoted at 496 euro per 100 kg, 7% higher than in early December.

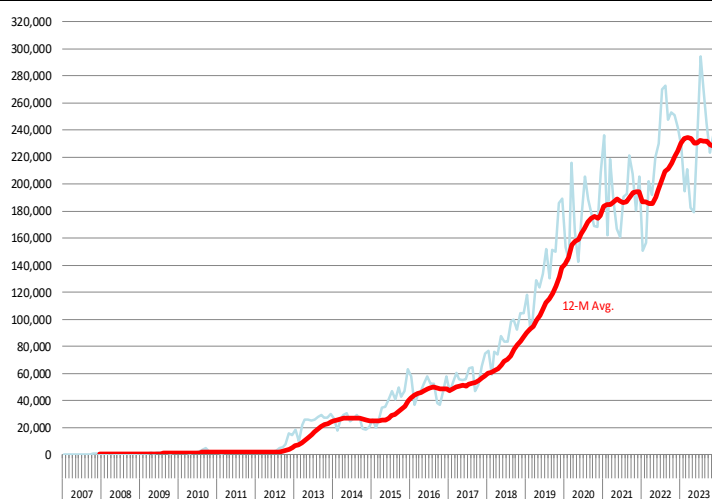
US imports of Irish beef were minimal in 2023 and that's unlikely to change in 2024. That's primarily due to the lack of quota, with Brazil filling the quota available to a number of countries, including Ireland. At this time about 72% of the quota has been filled (see page 7), with the rest likely to be filled by the end of February.

China: Chinese beef imports for December were down less than a percent y/y. Imports from Australia were down for the first time in 2023 during December. YTD imports for 2023 ended the year up 1.8%. The Chinese economy is still recovering following COVID lockdowns, but expectations are for beef demand growth to be more muted in 2024. Brazil remains the top exporter to China making up 43% of all imports. 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



Monthly **Chinese Imports of Fresh/Frozen Beef**. Metric Ton. Product Weight Basis

Data Source: China Customs Administration. Analysis by Steiner Consulting



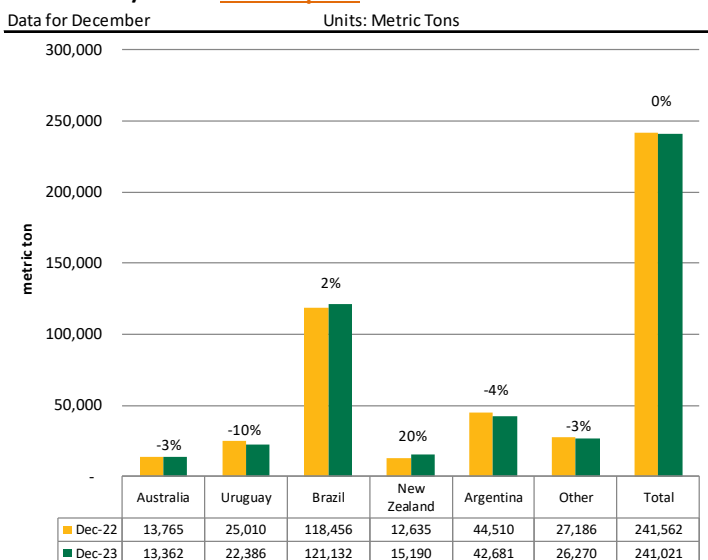
other resource constraints. The Chinese beef market has become a primary driver for global beef demand and that is expected to continue in 2023.

Japan: Total cattle slaughter in November was estimated at 109,323 head, down 2% from the previous year. Domestic slaughter has been consistently higher this year, with November being the first month of y/y declines. Heavy slaughter combined with higher imports earlier in the year has resulted in a backlog of product. Through November, total cattle slaughter in Japan was 1,006,703 head, 1.8% higher than a year ago. The trend in beef imports has been mixed but trending lower. November beef imports were down for the sixth straight month declining by 4% y/y. YTD imports ended the year down 10% y/y. Declines were broad based, and likely reflected the build up in inventory during late 2022 and first four

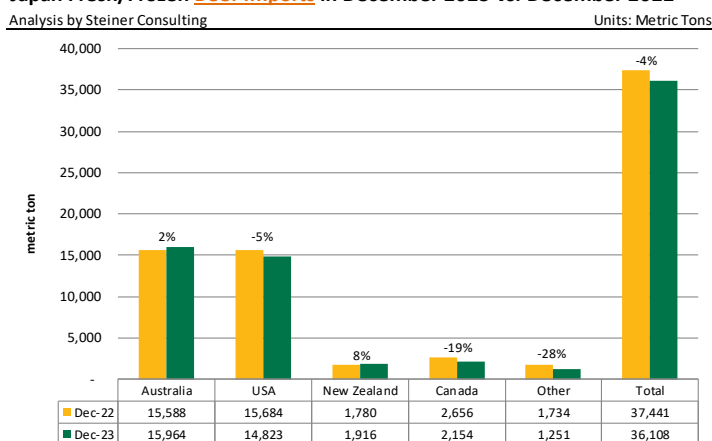
Asia / EU Trade Statistics

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 November 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.

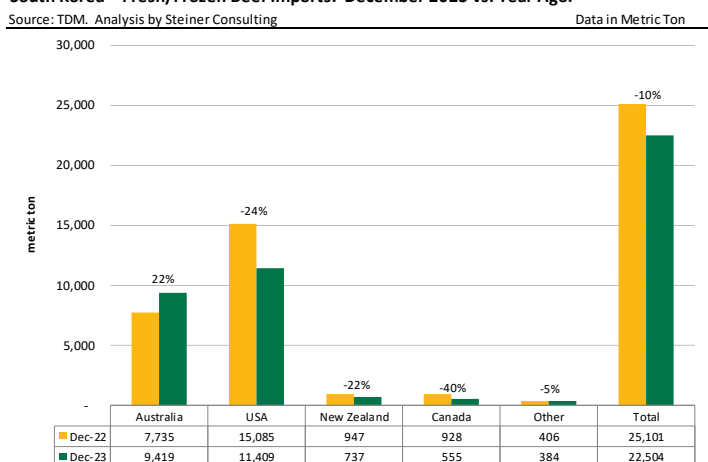
China Fresh/Frozen Beef Imports



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



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



Oceania Update

New Zealand: New Zealand slaughter drops sharply at the end of December as plants are closed for the holidays and doing annual maintenance. However, in the four full December weeks ending December 30, total slaughter was 191,742 head, 3% higher than the previous year and 2% higher than the five year average. Bull slaughter during this period was a total of 66,898 head, 1% lower than a year ago and 6% lower than the five year average. Bull slaughter normally picks up in January and the slower pace of slaughter in late November and December could result in higher January numbers. Cow slaughter during the four week period ending December 30 was 32,079 head, 12% higher than last year. Cow slaughter tends to be stable through February before fall culling gets under way.

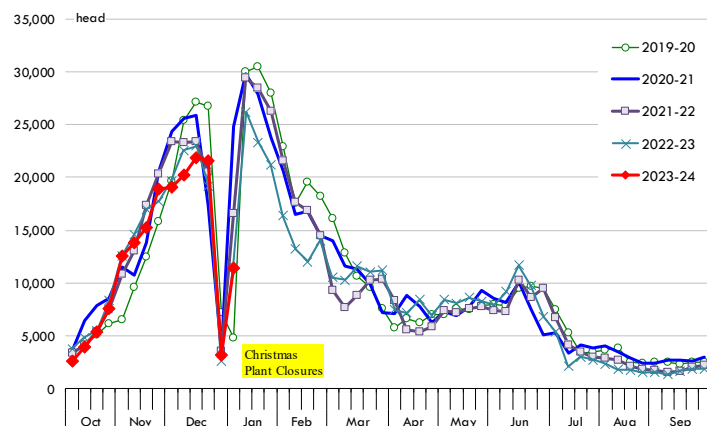
Australia: Australian beef exports continue to trend higher even as the flow of cattle into processing plants has slowed down from the torrid pace we saw during Aug-Nov. In the four weeks ending January 26 cattle slaughter in Eastern states averaged 85,367 head/week, well below the 125k head/week in Nov and first half of December. But slaughter numbers are usually light to start the year due to holiday disruptions and plants doing maintenance. Slaughter in the last four weeks was still about 11% higher than the previous year. The y/y increase and lack of sustained demand from Asian markets continues to bolster the supply of Australian beef shipped to North America. January export statistics reflect this and we think the pace of shipments to the US will continue as the decline in US beef supplies opens the door to more Australian imports. Below are key highlights from January statistics:

Shipments to the US in January were 20,308 MT, 128% higher than the volume shipped in January 2023. This was the highest January export volume to the US since January 2015 when shipments to the US were a little over 25k MT. Years 2014 and 2015 hold parallels to the current situation both in terms of the cattle cycle in Australia and US and weather impacts. Australian beef shipments to the US in 2015 peaked at around 42k MT and they were lower towards the end of that year. Weather and Asia demand will remain key in terms of the flow of Australian product

Total Australian shipments of beef and veal in January 2024 were 75,585 MT, 47% higher than a year ago. Higher exports to the US accounted for about half of that increase. Exports to Japan showed some improvement at 16,331 MT, up 37% y/y and shipments to S. Korea were 11,682 MT, up 15%. China remains a key market and the biggest difference between 2014-15 and today. Back then China was a non factor. In January, Australian shipments to China were 14,100 MT, surpassing S. Korea and up 35% vs. last year.

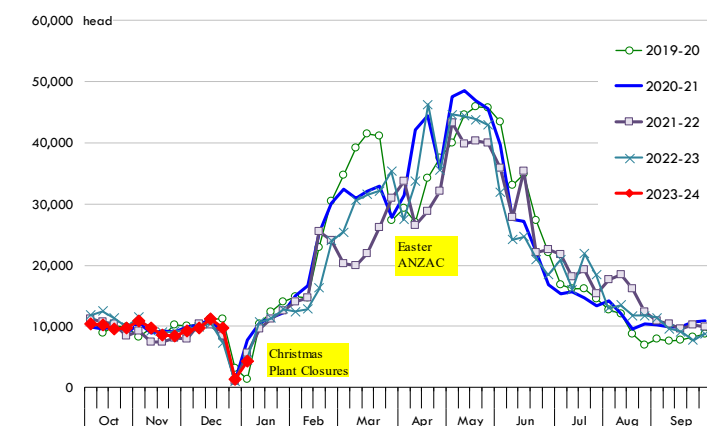
New Zealand Weekly Bull Slaughter

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



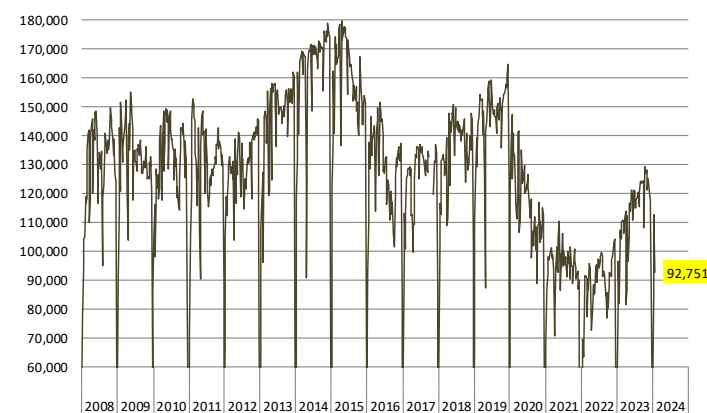
New Zealand Weekly Cow Slaughter

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



Australia Weekly Eastern State Cattle Slaughter: Source MLA

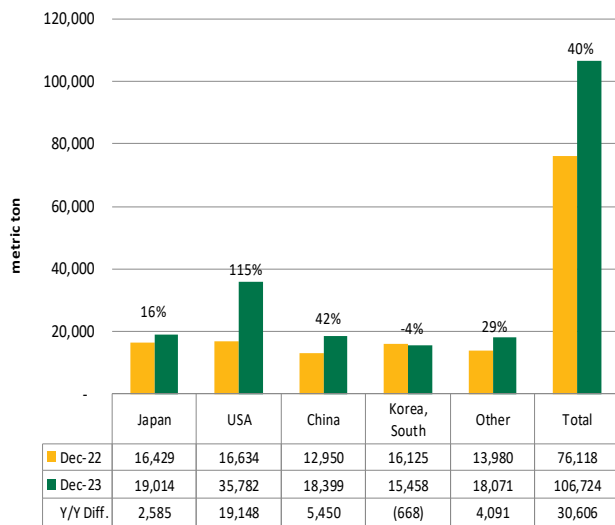
Data Source: Meat & Livestock Australia. Analysis by Steiner Consulting



Oceania Statistics

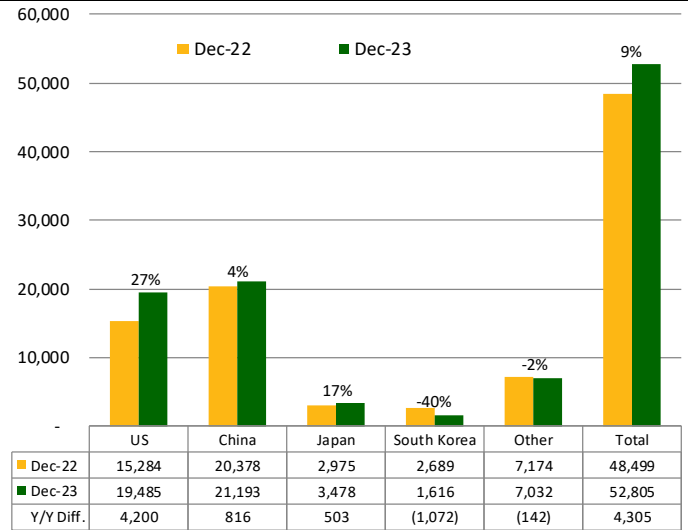
Australia Fresh/Frozen Beef Exports In October 2023 vs. October Year

Latest Data for December Units: Metric Tons



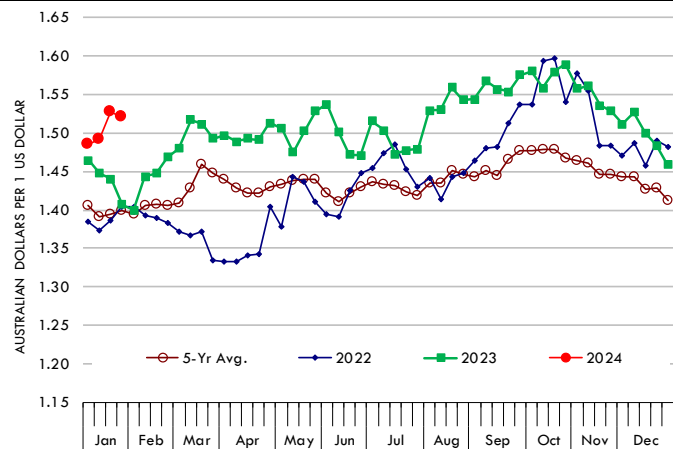
New Zealand Fresh/Frozen Beef Exports in December. MT

Source: Statistics NZ. Analysis by Steiner Consulting



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

