US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

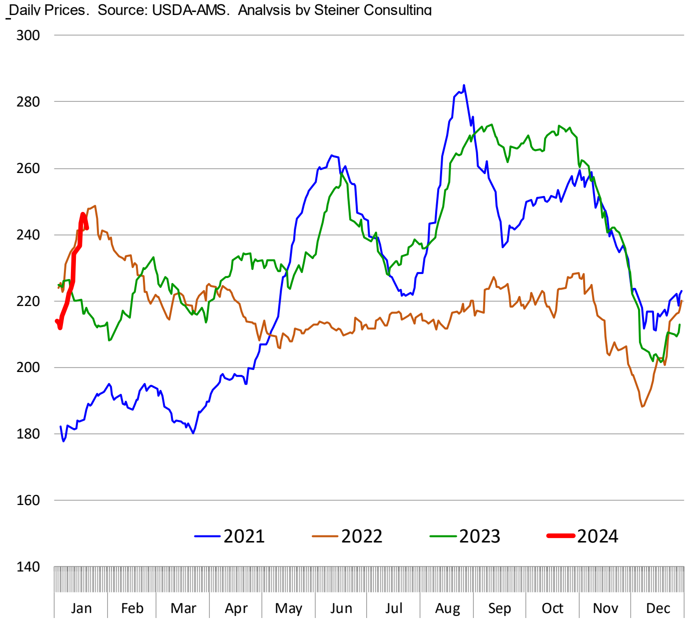
- Imported beef prices got a boost from the sharp runup in domestic lean beef values and buyers looking to cover needs both in near and medium term.
- Australian supply picture has changed somewhat following ample rainfall. The young cattle index is up 70% since November, reflecting the slow-down in the number of cattle coming to market.
- Some discussion in the US market about potential disruption from strikes at Australian ports. This likely adds to the uncertainty created by the turnaround in cattle prices.
- US cattle slaughter rebounded last week following holiday and winter weather disruptions. Fed cattle slaughter estimated just slightly under year ago while non-fed slaughter was estimated down 12%.
- Fed beef prices got a boost, with end cuts seeing the biggest gains thanks to retail demand at this time of year. With supply recovering, the rally appears to be running out of steam.
- USDA estimated the total supply of cattle on feed as of January 1 up 2.1% from a year ago, with the supple of cattle with more than 120 days on feed up 3.6% y/y.

Imported Market Activity for the Week

Imported beef prices benefited from a jolt of activity this week, with buyers more actively looking to get orders covered and willing to pay up to do so. As we noted last week, it is important to distinguish between spot supply issues and forward market. Tight domestic supplies and higher prices across a range of products helped lift prices for product delivering into February. There was also talk of logistics issues with Australian product although it is hard to say how much of a material impact this is having on product on trade. With more product available from Australia, New Zealand and South America it is expected that imported product will trade at a discount. However, the rapid increase in prices for domestic lean beef possibly changed some of the Q2 targets that buyers have in mind and thus the levels they are willing to pay for imported product.

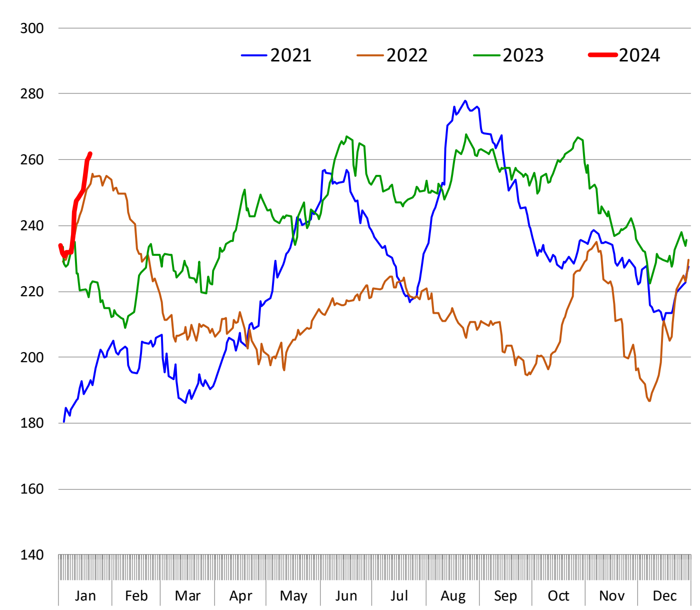
Choice **Round** Primal Value. $/cwt

Daily Prices. Source: USDA-AMS. Analysis by Steiner Consulting



Choice **Chuck** Primal Value. $/cwt

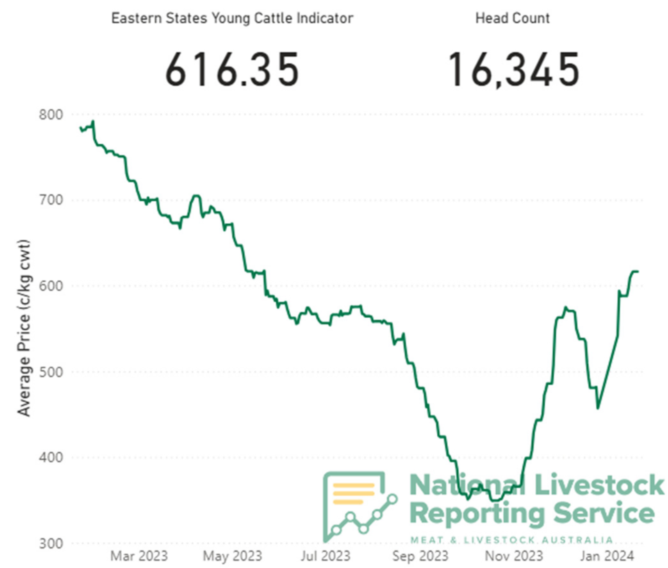
Daily Prices. Source: USDA-AMS. Analysis by Steiner Consulting



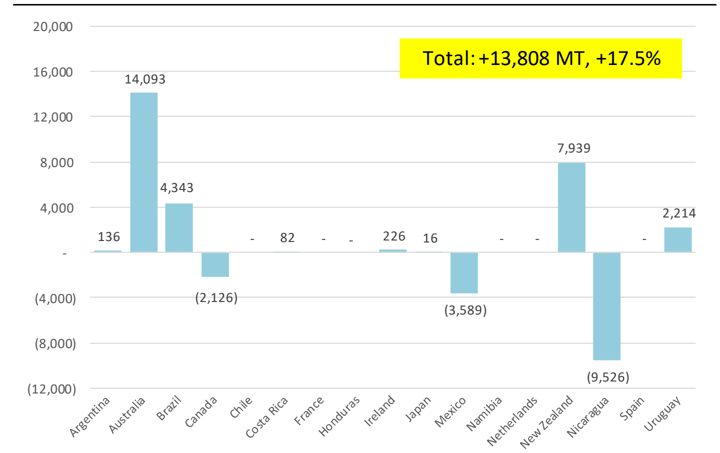
Market notes

- US cattle slaughter rebounded from the previous week when winter weather forced packers to suspend operations in several plants. Total cattle slaughter for the week was 617k head, up from 546k the previous week and 551k the week before that but still about 4.7% lower than a year ago. Much of the y/y reduction was due to fewer beef and dairy cows coming to market. Fed cattle slaughter for the week was estimated at 488k, just 0.4% lower than last year. Non fed cattle slaughter at 129k head was 18% lower than the previous year and 12% lower than the five year average. The decline in cow slaughter is a reminder of what's expected to take place for much of this year, with slaughter expected to be down by double digits.
- Australian moisture conditions have improved significantly, resulting in lower cattle processing rate and a sharp rebound in feeder cattle values. The value of the EYCI index (young cattle) is still well below it peak but 70% higher than last spring (Oct/Nov). The recover in cattle prices has caused Australian packers to become more cautious in their offerings.
- US beef imports in the last four weeks were up by almost 14k MT compared to a year ago. As the chart to the right shows, higher imports from Australia, New Zealand and Brazil have been offset somewhat by a notable decline in imports from Nicaragua and Mexico.
- The shortfall in fed beef supplies to start the year has provided a boost to wholesale fed beef values as well as fat and lean beef. Whether these prices will be sustained in the near term is debatable, probably unlikely. At the end of the week, the choice beef cutout value was quoted at $295.5/cwt, 9% higher than the previous year. The performance of the various primals varied greatly. The rib and loin primals were up 3% and 2% respectively vs. ago levels. On the other hand, the chuck primal at the end of the week was quoted at $261.81/cwt, 17.4% higher than last year while the round primal at $241.98 was up 11.8% y/y. As the charts on page 1 illustrate, the runup in the value of end cuts largely mirrors what happened in 2022, another year when winter weather disrupted slaughter. As supply recovered, prices adjusted lower. The value of the chuck primal continued to trend up last the week while rounds lost 2%. Fed cattle weights remain well above year ago levels and the supply of cattle in feedlots is front loaded, a combination that should result in fed cattle slaughter at or above year ago levels in Q1.

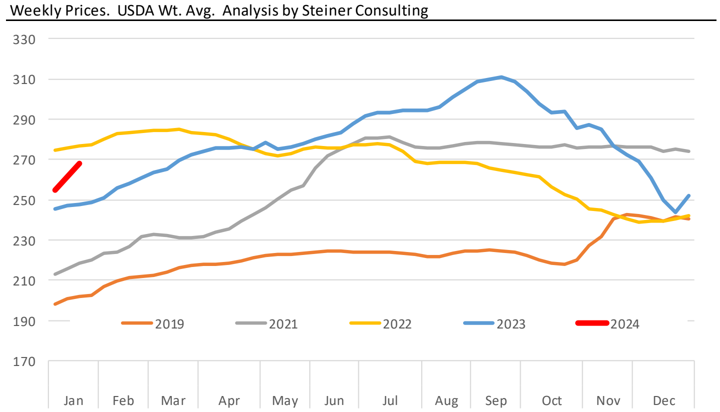
Eastern Young Cattle Indicator: Source: MLA
https://www.mla.com.au/prices-markets/cattle/eycireport/

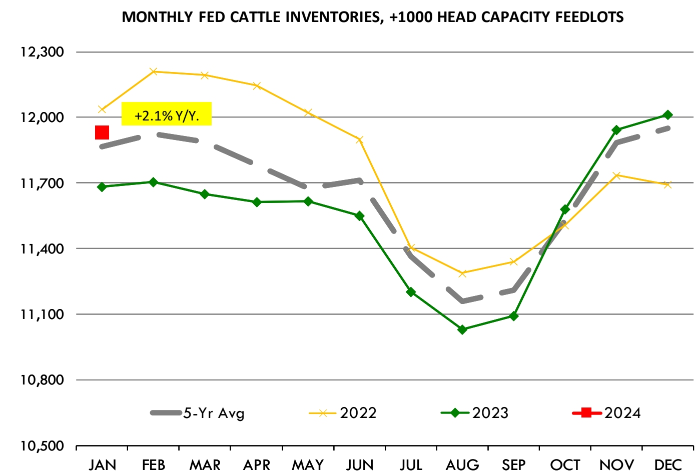


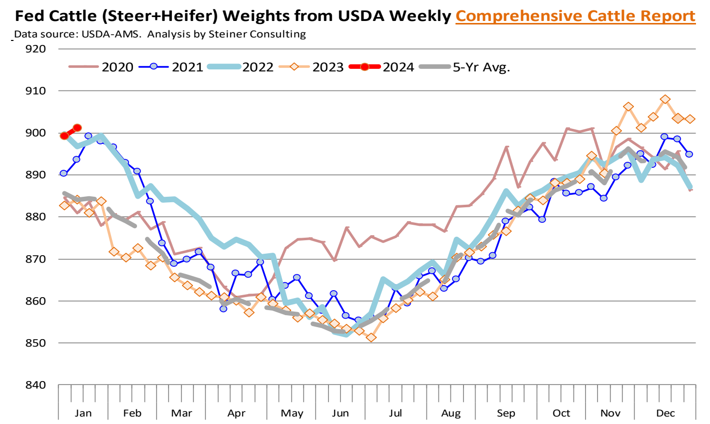
Y/Y Change in the Volume of Beef Imported in 4 weeks ending Jan 13
Source: USDA-AMS. Product wt. basis.



Domestic Fresh 90CL Boneless Beef Price History. $/cwt
Weekly Prices. USDA Wt. Avg. Analysis by Steiner Consulting







Cattle on Feed in +1000 Head Capacity Feedlots

General Overview:

- We view the report as neutral as all numbers align closely with pre-report estimates.
- More cattle on feed vs. previous year may impact cash prices in the near term.
- No bearish surprises in the report, unlike the fall report.

Inventory:

- Total cattle on feed as of January 1: 11.930 million head.
- Inventory 81k head less than the previous month but 248k head higher than a year ago.
- Analysts expected a 2.2% increase compared to last year vs. 2.1% from USDA.
- We will need to wait for semi annual report for any disparities between large lots and farmer feeders.

Fed Cattle Supplies:

- Fed cattle supplies front-loaded in the near term.
- Winter storms could impact growth rate; more cattle to be processed in Feb-Apr.
- Cattle on feed for more than 120 days estimated up 3.6% vs. year ago.
- Cattle on feed for more than 150 days estimated up 12.5% vs. a year ago.

Steer and Heifer Inventory:

- Steer inventory on January 1: 7.195 million head (+2.3% YoY).
- Heifer inventory on January 1: 4.735 million head (+1.8% YoY).
- Feedlot inventories maintained due to continued movement of heifers into feedlots during summer and fall.

Placements:

- Analysts expected placements to be down 4.2%, vs, USDA survey showing a 4.5% decrease (1.704 million head).
- Decline in placements across all categories, with the biggest decline in the 700-799 head range (-8.4%).

Marketings:

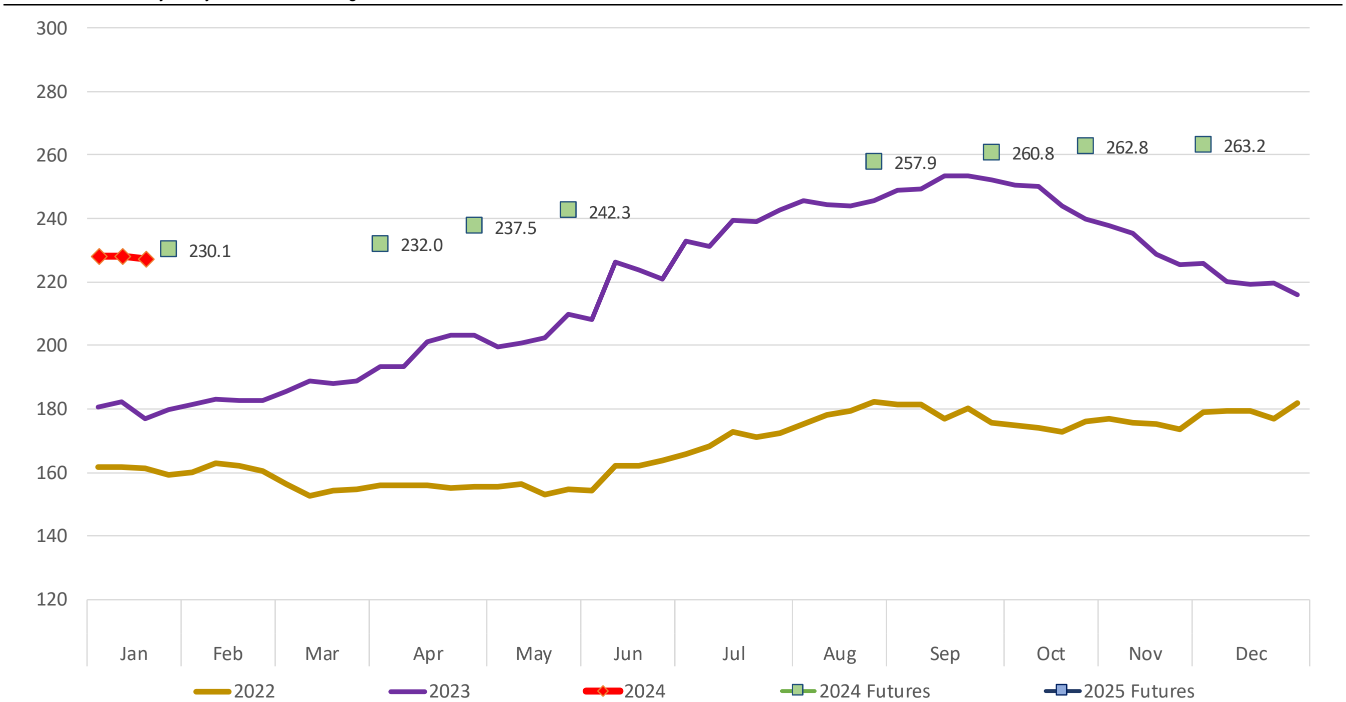
- December marketings: 1.725 million head, 0.9% lower than a year ago.
- Fed cattle slaughter down 0.7% in December.
- Marketing rate for December at 29.2%, lower than the five-year average of 31.1%.
- Expected to be even lighter in January.

CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	18-Jan-24	11-Jan-24		19-Jan-23	
CME FEEDER CATTLE INDEX	227.26	228.00	-0.3%	177.03	28.4%
	19-Jan-24	12-Jan-24		20-Jan-23	
FED STEER (5-MKT AVG)	172.84	173.75	-0.5%	155.74	11.0%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	169.00	165.00	2.4%	138.50	22.0%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	181.50	181.50	0.0%	146.50	23.9%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	179.00	181.00	-1.1%	151.50	18.2%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	216.41	211.30	2.4%	195.94	10.4%

CME Feeder Cattle Index. Actual + Futures for 2024 and 2025

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
	19-Jan-24		12-Jan-24			20-Jan-23		
US East Coast Australian/NZ Lean, CIF								
95 CL Bull, E. Coast	254.0	255.0	252.0	254.0	1.0	240.0	245.0	10.0
90 CL Blended Cow	231.0	232.0	230.0	232.0	0.0	225.0	230.0	2.0
90 CL Shank	225.0	230.0	225.0	230.0	0.0		220.0	10.0
85 CL Fores	219.0	220.0	218.0	219.0	1.0	210.0	215.0	5.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	253.0	254.0	252.0	253.0	1.0	240.0	245.0	9.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
US East Coast, Trimmings, CIF								
85 CL Trimmings	218.0	219.0	217.0	218.0	1.0	210.0	212.0	7.0
80 CL Trimmings	195.0	196.0	195.0	196.0	0.0	200.0	205.0	-9.0
75 CL Trimmings		UNQ		UNQ	N/A		190.0	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
US East Coast Australian Cuts, CIF								
Cap Off Steer Insides	325.0	330.0	320.0	325.0	5.0		300.0	30.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	295.0	300.0	295.0	300.0	0.0		UNQ	N/A
Steer Knuckles	295.0	300.0	295.0	300.0	0.0	275.0	280.0	20.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	19-Jan-24		12-Jan-24			20-Jan-23		
US East Coast Australian/NZ Lean, FOB US Port								
95 CL Bull, E. Coast	262.0	264.0	261.0	262.0	2.0	250.0	253.0	11.0
90 CL Blended Cow	242.0	244.0	240.0	243.0	1.0	235.0	237.0	7.0
90 CL Shank	235.0	240.0		240.0	0.0		230.0	10.0
85 CL Fores	226.0	227.0	225.0	227.0	0.0	220.0	225.0	2.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	261.0	262.0	260.0	261.0	1.0	250.0	255.0	7.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
US East Coast, Trimmings, FOB US Port								
85 CL Trimmings	225.0	226.0		225.0	1.0	218.0	222.0	4.0
80 CL Trimmings		208.0	207.0	208.0	0.0	210.0	215.0	-7.0
75 CL Trimmings	176.0	177.0	175.0	176.0	1.0	199.0	200.0	-23.0
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
US East Coast Australian Cuts, FOB US Port								
Cap Off Steer Insides	335.0	340.0	335.0	340.0	0.0	310.0	315.0	25.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	300.0	305.0	300.0	305.0	0.0		UNQ	N/A
Steer Knuckles	300.0	305.0	300.0	305.0	0.0		290.0	15.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	19-Jan-24			12-Jan-24				20-Jan-23			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
Domestic Cutouts											
Choice Cutout	295.50			289.26			6.2	271.72			23.8
Select Cutout	283.05			271.85			11.2	256.43			26.6
Domestic Lean Grinding Beef											
90 CL Boneless	253.0	294.3	268.1	249.0	289.0	261.5	6.6	245.5	257.5	247.8	20.3
85 CL Beef Trimmings	232.5	305.0	248.9	209.5	283.0	237.9	10.9	217.0	234.5	224.3	24.5
50 CL Beef Trim	70.0	105.0	88.8	50.0	99.3	70.4	18.4	100.0	128.0	115.0	-26.2
Domestic Pork Trim											
42 CL Pork Trim	41.0	67.0	45.4	38.0	67.0	44.9	0.5	48.1	80.0	58.5	-13.1
72 CL Pork Trim	77.0	102.8	86.9	73.0	95.8	81.3	5.6	76.0	105.8	85.1	1.9
Point of Lean Values											
90 CL Domestic	297.9			290.6			7.3	275.3			22.6
50 CL Beef Trimming	177.7			140.8			36.8	230.0			-52.3
42 CL Pork Trim	108.0			106.8			1.2	139.2			-31.1
72 CL Pork Trim	120.8			112.9			7.8	118.1			2.6
National Direct Fed Steer (5-day accum. wt. avg. price)	172.84			173.75			-0.9	155.74			17.1

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last Week	Last Year	Change From Last Year
	19-Jan-24	12-Jan-24		20-Jan-23	
Live Cattle Futures					
February '24	174.375	171.375	↑ 3.00	156.625	↑ 17.75
April '24	177.375	174.175	↑ 3.20	159.925	↑ 17.45
June '24	174.325	171.625	↑ 2.70	156.575	↑ 17.75
August '24	174.775	172.075	↑ 2.70	156.750	↑ 18.03
Feeder Cattle Futures					
January '24	230.100	226.575	↑ 3.53	177.925	↑ 52.18
March '24	231.950	227.700	↑ 4.25	180.975	↑ 50.98
April '24	237.475	233.000	↑ 4.47	185.775	↑ 51.70
May '24	242.300	237.825	↑ 4.48	190.350	↑ 51.95
Corn Futures					
March '24	445.500	447.000	↓ -1.50	676.250	↓ -230.75
May '24	456.000	459.000	↓ -3.00	674.500	↓ -218.50
July '24	464.250	468.250	↓ -4.00	663.500	↓ -199.25
September '24	468.750	474.250	↓ -5.50	610.500	↓ -141.75
Ch Wheat Futures					
March '24	593 1/4	596	↓ -2.75	741 1/2	↓ -148.25
May '24	603 1/2	610	↓ -6.50	749	↓ -145.50
July '24	609 3/4	618 1/2	↓ -8.75	751 1/2	↓ -141.75
September '24	621	629 3/4	↓ -8.75	760	↓ -139.00

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last Week	7 Days Ending	Change From Last Year
	20-Jan-24	13-Jan-24		21-Jan-23	
Total Cattle Slaughter	617,000	546,000	↑ 71,000	647,262	↓ -30,262
	6-Jan-24	30-Dec-23		7-Jan-23	
Total Cow Slaughter	103,102	103,005	↑ 97	130,000	↓ -26,898
Dairy Cow Slaughter	48,498	42,638	↑ 5,860	63,731	↓ -15,233
Beef Cow Slaughter	54,604	60,367	↓ -5,763	66,269	↓ -11,665

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

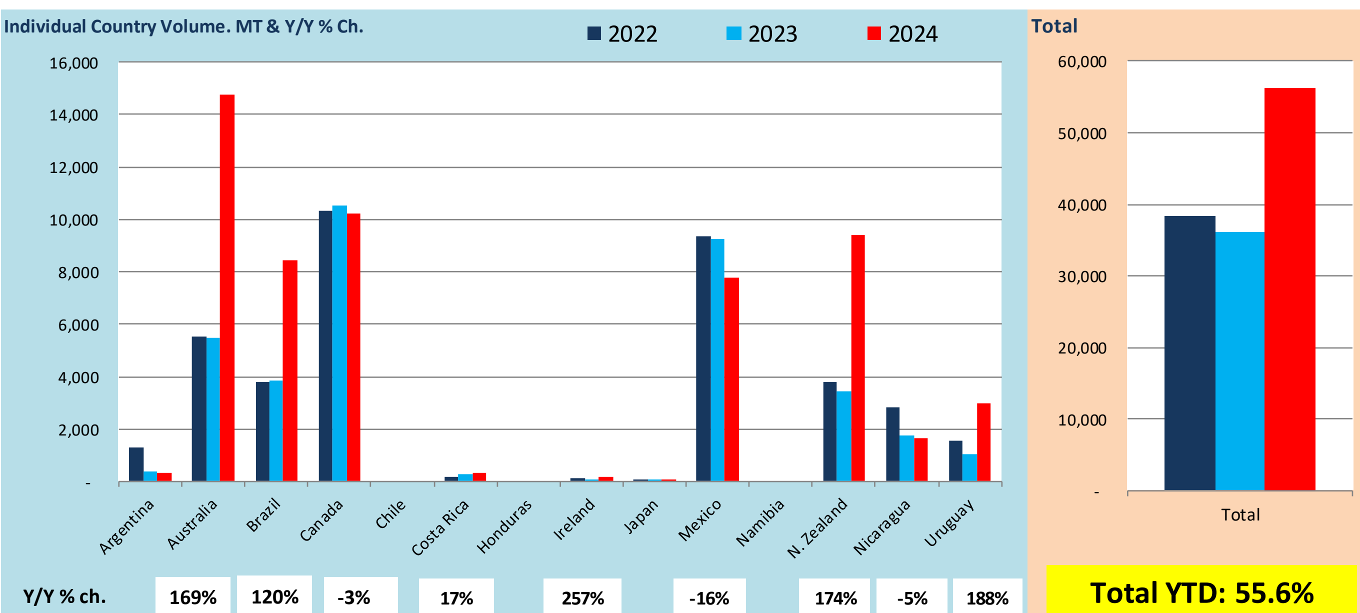
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 2	1/7/2023	1/13/2024		
Argentina	394	352	(42)	-10.7%
Australia	5,495	14,768	9,273	168.8%
Brazil	3,847	8,461	4,614	119.9%
Canada	10,541	10,201	(340)	-3.2%
Chile	-	-	-	
Costa Rica	293	343	50	17.1%
France	-	-	-	
Honduras	-	-	-	
Ireland	49	175	126	257.1%
Japan	12	37	25	208.3%
Mexico	9,240	7,749	(1,491)	-16.1%
Namibia		-	-	
Netherlands	-	-	-	
New Zealand	3,444	9,424	5,980	173.6%
Nicaragua	1,758	1,678	(80)	-4.6%
Spain	-	-	-	
Uruguay	1,040	2,998	1,958	188.3%
Total	36,114	56,188	**20,074**	**55.6%**

Source: AMS - USDA

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

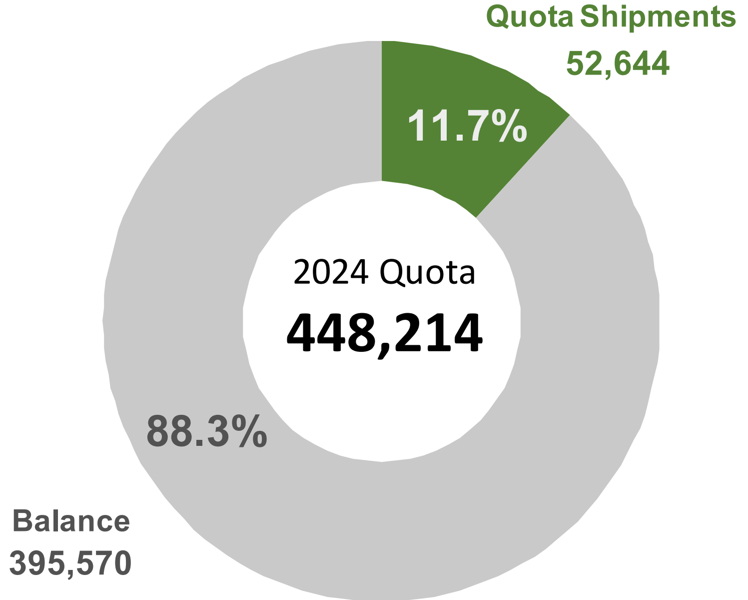
Imports as of January 13, 2024



Australian Beef Quota Position

15-Jan-24

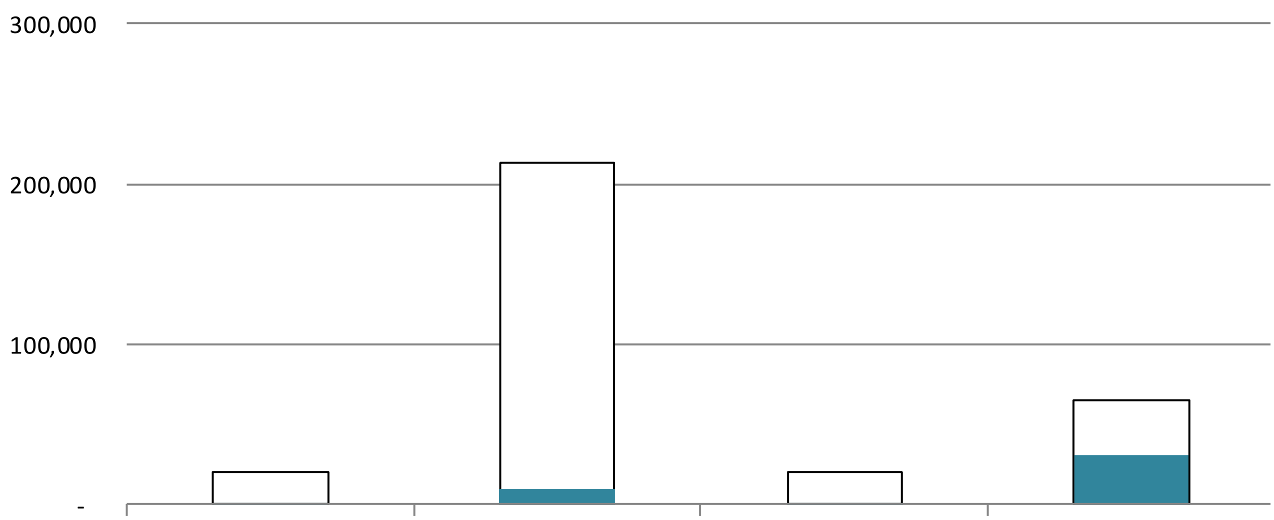
Metric Ton. Australian Department of Agriculture Statistics



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 January 16. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting



	Argentina	New Zealand	Uruguay	Other
2022 YTD	488	5,859	382	24,032
2023 YTD	515	9,982	900	31,636
Y/Y %	6%	70%	136%	32%
Quota	20,000	213,402	20,000	65,005
% cleared	**3%**	**5%**	**5%**	**49%**