US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

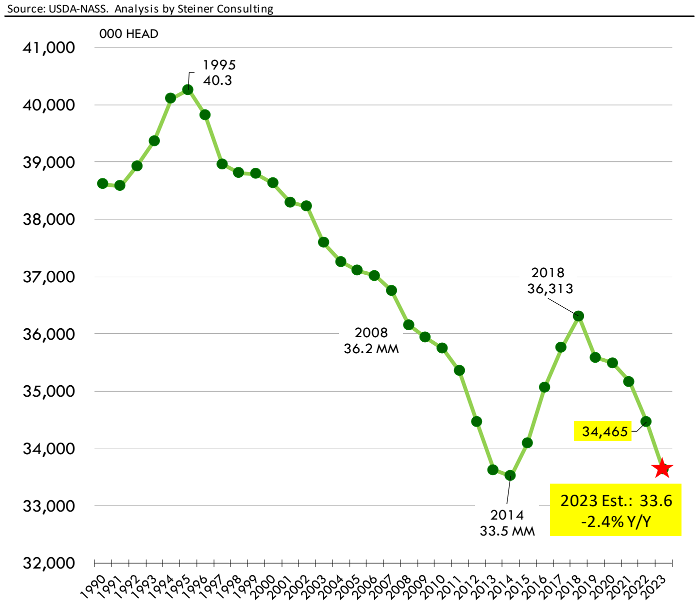
- Pre-report estimates indicate total cattle inventory as of January 1 down 1.8% vs. previous year, with beef cow herd expected to be down 2.5% and calf crop for all of 2023 projected down 2.4%.
- US cow meat supply expected to be down double digits in 2024 as cow herd hits the lowest level in decades and culling rate returns to normal.
- In the last four weeks US cow/bull slaughter estimated down 17% from a year ago, significantly limiting lean beef supply and forcing end users to use round and chuck cuts from the fed beef supply to cover needs.
- Beef imports have been heavy to start the year. Weekly imports from Australia, NZ and Brazil have averaged over 17,000 MT/week, about 85% more than the weekly average in Q4.
- US fed cattle carcass weights for the week ending January 20 were down by almost 10 pounds, underscoring the negative impact of winter storms on cattle performance.

Imported Market Activity for the Week

Imported beef values were higher last week following the runup in domestic beef values and higher prices for fed cattle futures in the spring and summer. While many thought the low prices in Nov/Dec were likely not sustainable, the rapid increase in prices for domestic lean beef and the dramatic increase in the price of some end cuts got people's attention. Part of the surprise comes from the fact that feedlot supplies are higher than a year ago, offering some hope that in the near term (next 3-4 months) beef supplies will remain adequate. But, the shortfall created by holidays and winter storms has for now cleaned up the spot supply. We also think that a larger share of buyers opted to limit forward buys, in part because of higher forward premiums and in part because of uncertainty about sales. Now buyers are forced to cover needs in a spot market that's very thin. Lack of lean grinding beef and robust sales of ground

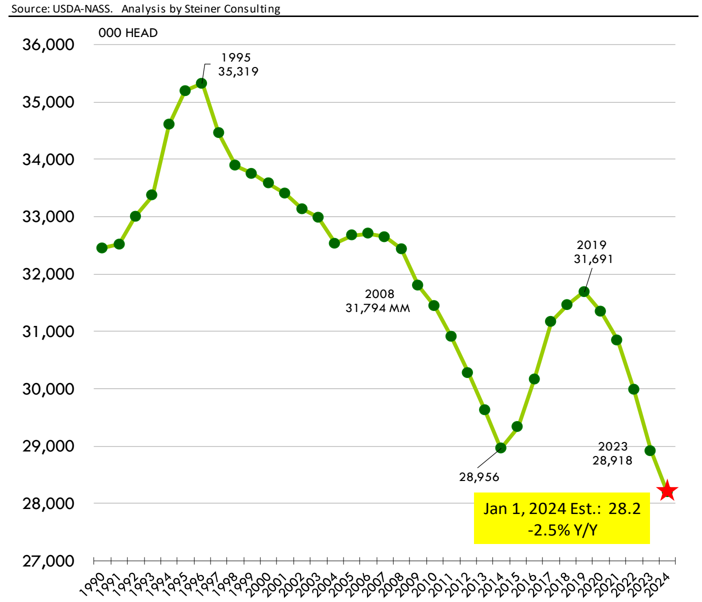
USA ANNUAL CALF CROP

Source: USDA-NASS. Analysis by Steiner Consulting



USA JANUARY 1 BEEF COW INVENTORY

Source: USDA-NASS. Analysis by Steiner Consulting



beef at retail have also forced buyers to chase end cuts (see discussion last week), with prices for chucks but also some round cuts, up sharply from a year ago.

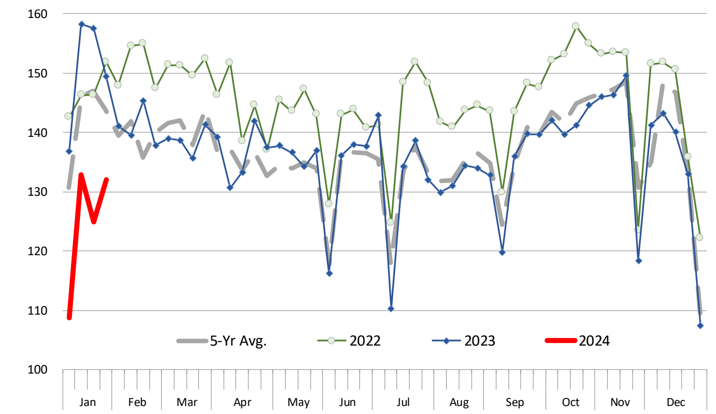
Market notes

Double digit decline in cow/bull slaughter… USDA publishes cow slaughter data with a two week lag and the latest numbers are for week ending January 13, showing cow/bull slaughter for the week at 133k head, 16% lower than the previous year. In the following two weeks slaughter did not get much better and now for the four weeks ending January 27 slaughter is estimated down by more than 100k head (-17%). The shortfall in supply has caught by surprise even those that like us that expect cow slaughter to be down by double digits in 2024. Winter storms have created significant disruptions but it's still surprising that dairy cow slaughter has been low despite weak dairy margins. Maybe this will change in Feb/Mar and help ease some of the shortfall. But it's a reminder that the ever shrinking cow herd does not bode well for lean beef supplies/prices in the next 2-3 years.

January cattle inventory down 2% expected… USDA will issue on Wednesday, January 31 (US time) the results of its semi-annual survey of cattle operations across the US. The January survey is more comprehensive than the July one, covering a larger number of operations. A few analysts polled ahead of the survey think that the January inventory of all cattle and calves will be down somewhere between 1.7 to 2.1% vs. the previous year, which is consistent with our forecasts presented at the MICA conference. The charts on page 1 illustrate the expectations for the calf crop in 2023 and the beef cow herd as of January 1. Both point to lower cattle supplies in 2024 and beyond. The calf crop for 2023 is forecast down 2.4% from the previous year. About 2/3 of those calves were born in the spring of 2023 and will likely be available for marketing in the second half of 2024 (about 15-18 months after birth). US fed cattle slaughter was down almost 4% in 2023, a function of the smaller calf crops in the previous years. Slaughter would have been down even more had producers held back a larger share of heifers. That may happen in 2024 and 2025, which could further reduce supply availability.

WEEKLY COW & BULL SLAUGHTER. '000 HEAD

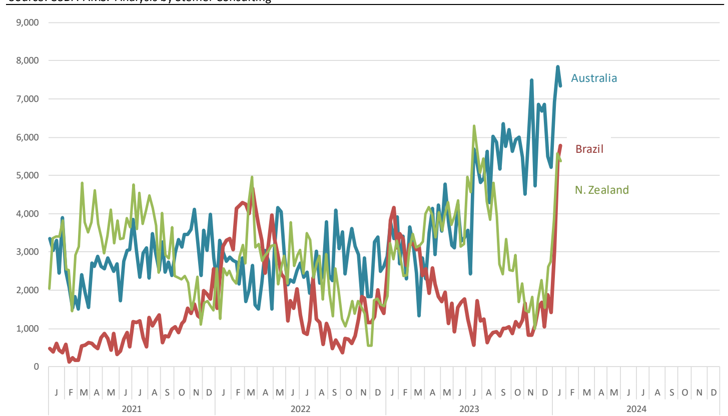
Source: USDA-AMS



	2024	2023	ch.	% ch.	2022	ch.	% ch.
		'000 head					
6-Jan-24	109	137	(28.0)	-20.5%	143	(33.8)	-31.1%
13-Jan-24	133	158	(25.3)	-16.0%	146	(13.4)	-10.1%
20-Jan-24	125	158	(32.5)	-20.7%	146	(21.3)	-17.1%
27-Jan-24	132	149	(17.4)	-11.6%	152	(19.9)	-15.0%
4-wk	499	602	(103)	-17.2%	587	(88)	-17.7%

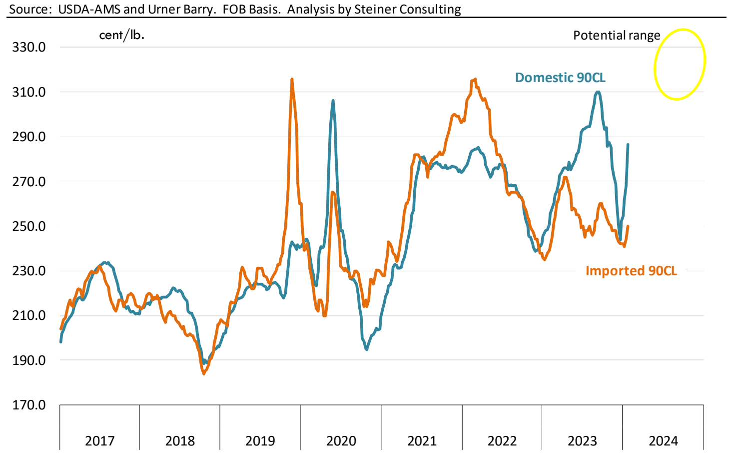
US Weekly Imports of Fresh/Frozen Beef from Brazil, New Zealand and Australia

Source: USDA-AMS. Analysis by Steiner Consulting



Weekly Price of US Domestic Lean 90CL Beef and Imported Frozen 90CL Boneless Beef

Source: USDA-AMS and Urner Barry. FOB Basis. Analysis by Steiner Consulting



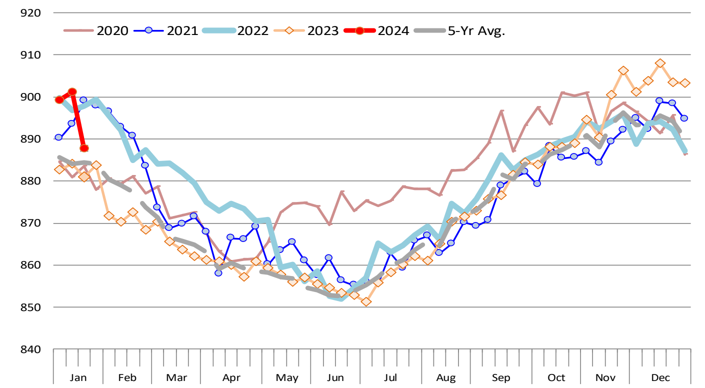
The beef cow herd is forecast down 2.5% y/y, all but guaranteeing that the calf crop in 2024 will be even smaller than in 2023, thus limiting beef supplies well into 2026. Analysts think that heifers held back for herd rebuilding are expected to be slightly lower than the previous year. And the feeder supply as of January 1, at least based on what the analysts are saying, could be down by more than 4% y/y, setting the stage for smaller placements on feed in the next few months and lower beef supplies in the second half of the year.

Imported beef supplies march higher… Imports of Australian beef in the first three weeks of the year averaged near 7,400 MT/week compared to an average 5,900 MT/week during Q4 of 2023. Shipments from New Zealand accelerate in November and early December and product is now entering US commerce. During the last three weeks imports from New Zealand have averaged near 5,000 MT/week compared to 2,000 MT/week in Q4 and imports from Brazil, which now has access to 2024 quota, have averaged 4,800 MT/week compared to 1,331 MT/week in Q4.

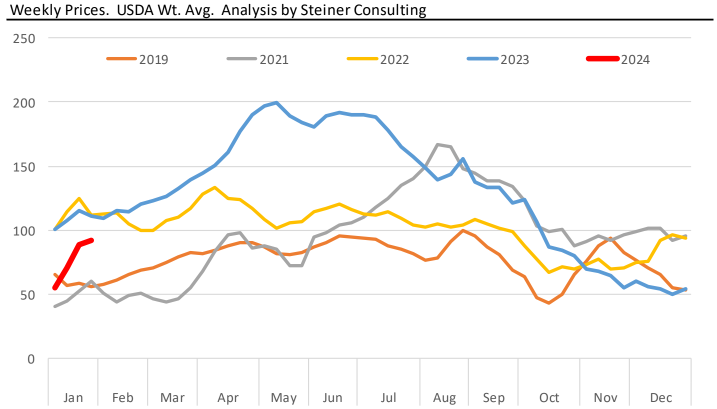
Brazil quota to run out in March...About 60% of the quota available to Brazil is already filled and we could see it filled by early March, much earlier than previously thought.

Fat trim on the move...The shortfall in fed cattle slaughter has been compounded by a sharp decline in fed cattle weights. Official statistics on fed cattle weights are reported with a lag but preliminary figures show weights down almost 10 pounds. Seasonally weights decline in the spring and that will happen again this year. We think packers will continue to limit fed cattle slaughter and combined with higher on feed numbers this should keep weights above year ago. In the near term, however, winter weather has taken a toll on livestock, shifting the trajectory and directly impacting the fat trim market.

Fed Cattle (Steer+Heifer) Weights from USDA Weekly Comprehensive Cattle Report
Data source: USDA-AMS. Analysis by Steiner Consulting



Domestic Fresh 50CL Beef Trim, Price History. $/cwt
Weekly Prices. USDA Wt. Avg. Analysis by Steiner Consulting

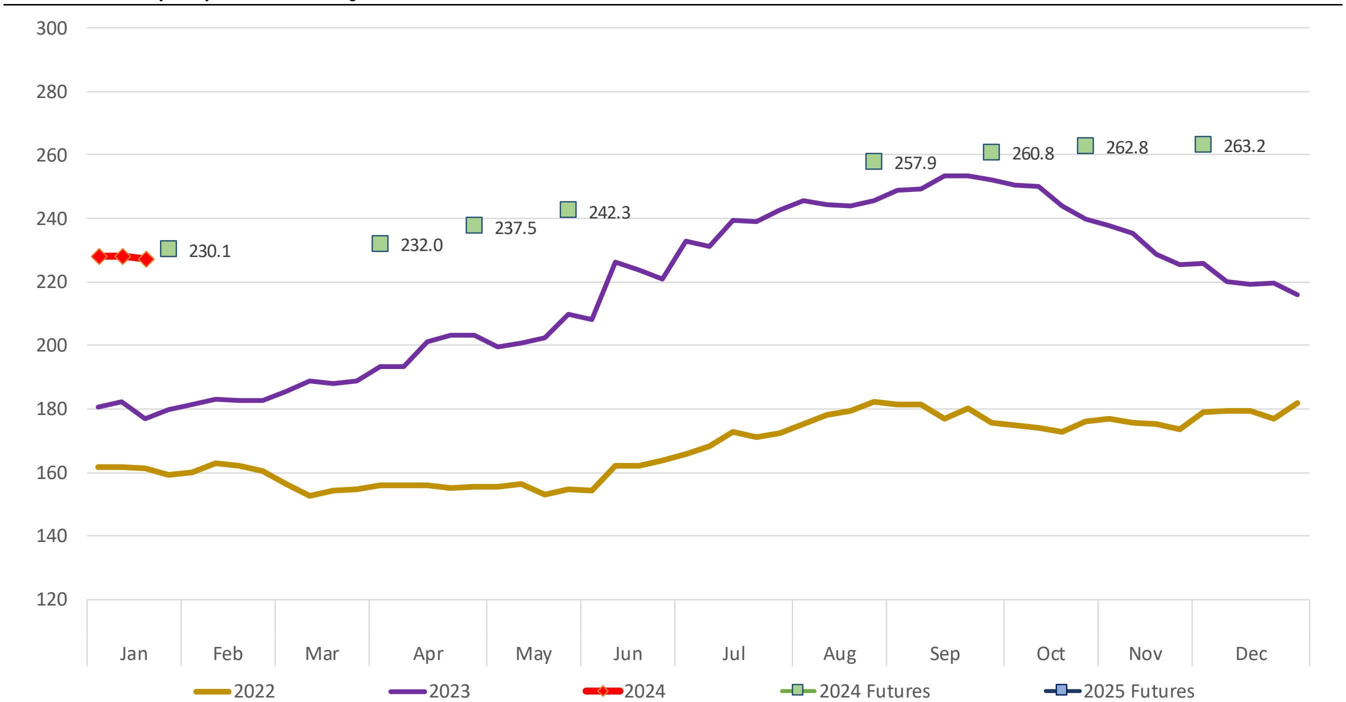


CME Cattle Feeder Index and US Cattle Markets

	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
	26-Jan-24			19-Jan-24				27-Jan-23			
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
Domestic Cutouts											
Choice Cutout	300.53			295.50			5.0	267.76			32.8
Select Cutout	289.13			283.05			6.1	250.54			38.6
Domestic Lean Grinding Beef											
90 CL Boneless	266.0	321.0	286.4	253.0	294.3	268.1	18.3	245.5	257.5	248.5	37.9
85 CL Beef Trimmings	246.0	303.0	266.8	232.5	305.0	248.9	17.9	216.0	236.0	224.3	42.5
50 CL Beef Trim	73.0	115.0	92.3	70.0	105.0	88.8	3.4	104.3	130.0	111.0	-18.7
Domestic Pork Trim											
42 CL Pork Trim	41.0	71.0	45.9	41.0	67.0	45.4	0.5	51.8	83.0	61.4	-15.5
72 CL Pork Trim	77.0	107.6	88.8	77.0	102.8	86.9	1.9	75.8	100.8	84.9	3.9
Point of Lean Values											
90 CL Domestic	318.2			297.9			20.4	276.1			42.1
50 CL Beef Trimming	184.5			177.7			6.9	222.0			-37.5
42 CL Pork Trim	109.2			108.0			1.1	146.2			-37.0
72 CL Pork Trim	123.3			120.8			2.6	117.9			5.4
National Direct Fed Steer (5-day accum. wt. avg. price)	175.11			172.84			2.3	154.88			20.2

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	*Current Week*	*Prior Week*	*Change From Last Week*	*Last Year*	*Change From Last Year*
	26-Jan-24	**19-Jan-24**		**27-Jan-23**	
Live Cattle Futures					
February '24	178.450	174.375	↑ 4.08	156.725	↑ 21.73
April '24	181.675	177.375	↑ 4.30	160.825	↑ 20.85
June '24	178.850	174.325	↑ 4.53	157.775	↑ 21.08
August '24	178.625	174.775	↑ 3.85	157.750	↑ 20.88
Feeder Cattle Futures					
January '24	232.060	230.100	↑ 1.96	179.570	↑ 52.49
March '24	239.700	231.950	↑ 7.75	183.475	↑ 56.23
April '24	245.600	237.475	↑ 8.13	187.550	↑ 58.05
May '24	251.175	242.300	↑ 8.88	191.850	↑ 59.33
Corn Futures					
March '24	446.250	445.500	↑ 0.75	683.000	↓ -236.75
May '24	455.750	456.000	↓ -0.25	680.000	↓ -224.25
July '24	463.500	464.250	↓ -0.75	665.750	↓ -202.25
September '24	468.500	468.750	↓ -0.25	603.500	↓ -135.00
Ch Wheat Futures					
March '24	600 1/4	593 1/4	↑ 7.00	750	↓ -149.75
May '24	610 3/4	603 1/2	↑ 7.25	758 3/4	↓ -148.00
July '24	616 1/4	609 3/4	↑ 6.50	760	↓ -143.75
September '24	626 1/4	621	↑ 5.25	766 3/4	↓ -140.50

Slaughter Information	*7 Days Ending*	*7 Days Ending*	*Change From Last Week*	*7 Days Ending*	*Change From Last Year*
	27-Jan-24	**20-Jan-24**		**28-Jan-23**	
Total Cattle Slaughter	618,000	617,000	↑ 1,000	653,208	↓ -35,208
	13-Jan-24	**6-Jan-24**		**14-Jan-23**	
Total Cow Slaughter	124,288	103,102	↑ 21,186	148,796	↓ -24,508
Dairy Cow Slaughter	55,957	48,498	↑ 7,459	69,900	↓ -13,943
Beef Cow Slaughter	68,331	54,604	↑ 13,727	78,896	↓ -10,565

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

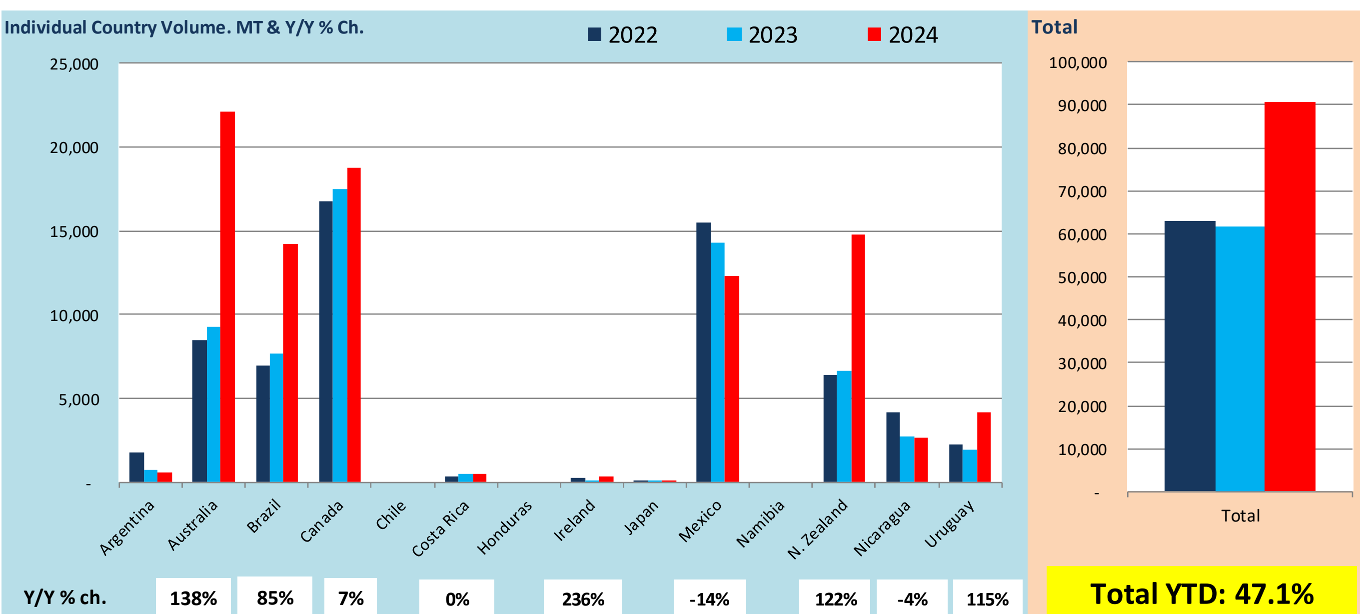
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 3	1/14/2023	1/20/2024		
Argentina	759	630	(129)	-17.0%
Australia	9,293	22,101	12,808	137.8%
Brazil	7,683	14,249	6,566	85.5%
Canada	17,490	18,734	1,244	7.1%
Chile	-	-	-	
Costa Rica	499	500	1	0.2%
France	-	-	-	
Honduras	-	-	-	
Ireland	96	323	227	236.5%
Japan	45	76	31	68.9%
Mexico	14,324	12,290	(2,034)	-14.2%
Namibia		-	-	
Netherlands	-	-	-	
New Zealand	6,663	14,812	8,149	122.3%
Nicaragua	2,758	2,640	(118)	-4.3%
Spain	-	-	-	
Uruguay	1,957	4,201	2,244	114.7%
Total	61,568	90,556	**28,988**	**47.1%**

Source: AMS - USDA

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

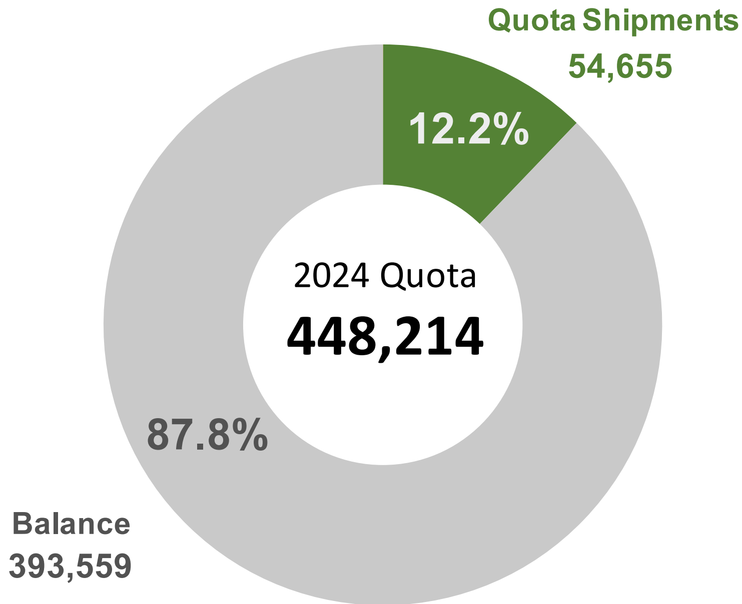
Imports as of January 20, 2024



Australian Beef Quota Position

22-Jan-24

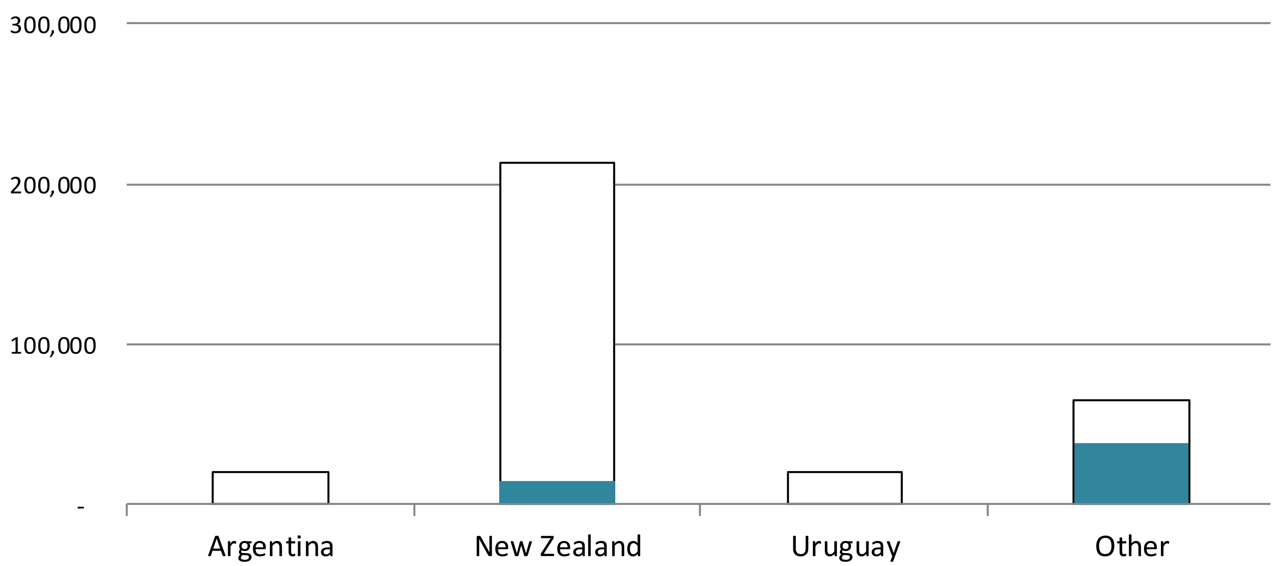
Metric Ton. Australian Department of Agriculture Statistics



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 23. 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	605	15,221	1,266	38,528
Y/Y %	24%	160%	232%	60%
Quota	20,000	213,402	20,000	65,005
% cleared	**3%**	**7%**	**6%**	**59%**