



US Imported Beef Market

A Weekly Update

Prepared Exclusively for [Meat & Livestock Australia - Sydney](#)

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Market Highlights for the Week:

- With domestic 90CL prices climbing over \$300/cwt buyers are more confident bidding on imported product, pushing prices higher both FOB and CIF.
- Imported cuts steady in the near term as seasonality for end cuts comes into play. Domestic cuts may remain supported as packers are expected to limit slaughter given current margin pressures.
- Brazil still on track to fill quota by end of the month. But as lean beef prices trend up, it makes it more likely for out of quota product to continue to flow in.
- Australian beef shipments to the US expected to be lower than in January but still 57% higher than year ago. Shipments to Japan appear to be on the mend, expected to be higher than US in February.
- Cow bull slaughter last week projected at 137k head, the highest this year and just 2% behind last year's levels. Spot supply remains tight in the near term. USDA revisions show cow slaughter in January 20k head less than initially reported.

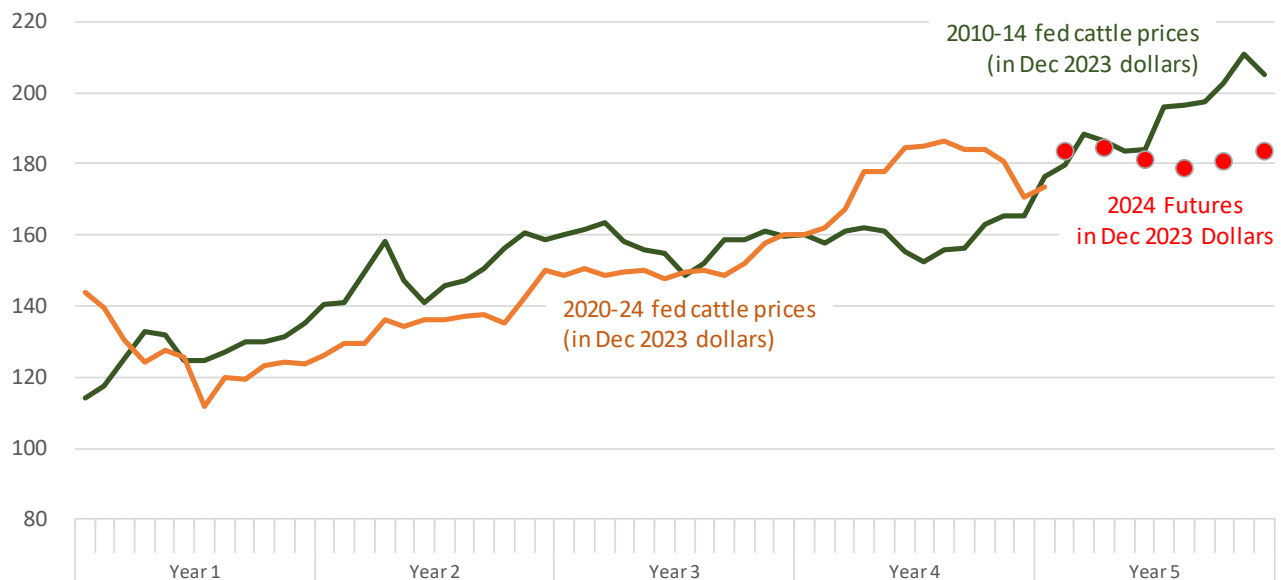
Imported Market Activity for the Week

Mark Twain is quoted as saying: "History never repeats itself, but it does often rhyme." I thought of that when putting together the chart below. It shows a comparison of fed cattle prices during the last cycle vs. the current one. Because inflation tends to skew such historical comparisons (even more so after the COVID helicopter money drop) I deflated prices using the most current PCE index level. I could have used the CPI but went

with PCE as the US FED tends to be partial to that. The results of that comparison are shown below. What stands out is that the runup in fed cattle prices last summer clearly was overdone (hindsight is great). The chart shows the potential for fed cattle prices to be even higher in the second half of the year (keep in mind futures are also deflated using an estimate for inflation in 2024). Takeaway from this: Current high cattle prices are not unprecedented, they could be even higher and those hoping for lower prices may have to wait a while.

Fed Cattle Prices: 2010-2014 vs. 2020 - 2024. Adjusted for Inflation Using Dec. 2023 PCE Index

Data source: USDA & CME. Analysis and calculations by Steiner Consulting



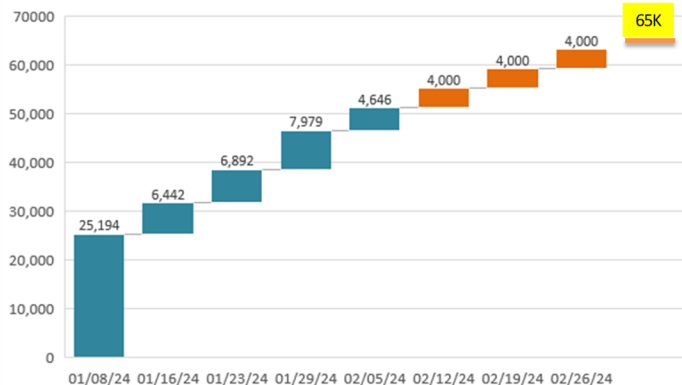
Market notes

Imported lean beef moves higher... With the price of domestic fresh now over \$300/cwt, buyers of imported beef appear to be more confident in bidding for product delivering in late March and April. It's a fairly common occurrence at this time of year, with traders understanding odds/demand in April and May and comfortable extending their positions as well. While projections for +\$300/cwt for 90CL beef were put forward back in 2023, it's a lot easier to make the buy when you see that price in early February and recognize that seasonally cow slaughter tends to move lower from here on.

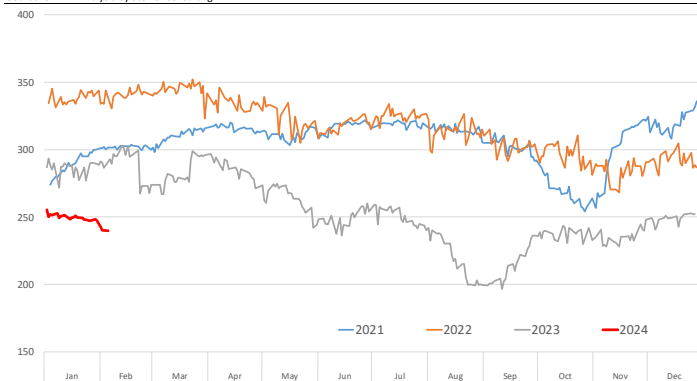
Imported cuts sideways... End cuts are holding up better than most expected but there is not a lot of conviction that domestic fed beef rounds have upside in the near term. This is keeping imported market in check for now. Market for imported middle meats from Australia and New Zealand is much more opaque. Anecdotally some market participants note that moving product is still hit or miss even as domestic product remains very high priced. Our guess is that the reason for the firm market for domestic fed beef middles is demand from large chains that don't have imported product in the spec. Those willing to trade down to imported are far more price sensitive, hence a potentially wide range of prices.

Brazil quota getting filled up quick... Customs entry data was a bit lower than the previous week but it does not change our target for the quota to be filled by the end of February. Chart to the right illustrates this. Assuming about 4k MT/week gets cleared in the next three weeks Brazil will run out of quota in early March. Will that close the door to Brazilian beef for the remainder of 2024? Not necessarily. Much will depend on what happens with Chinese demand for Brazilian beef. China was a big buyer of Brazilian pork in 2020-21 but as that demand declined, Brazil has been forced to open new markets, often with steep discounts. If Chinese buyers pull back from the Brazilian beef market, we could see sellers there continue to sell to the US and absorb the duty. Cattle prices in Brazil (see chart) continue to trend lower, in our view reflecting a slowdown in demand.

Implied Weekly Volume of Beef Imports Using MFN Quota. Metric ton
Data source: US Customs. Analysis by Steiner Consulting

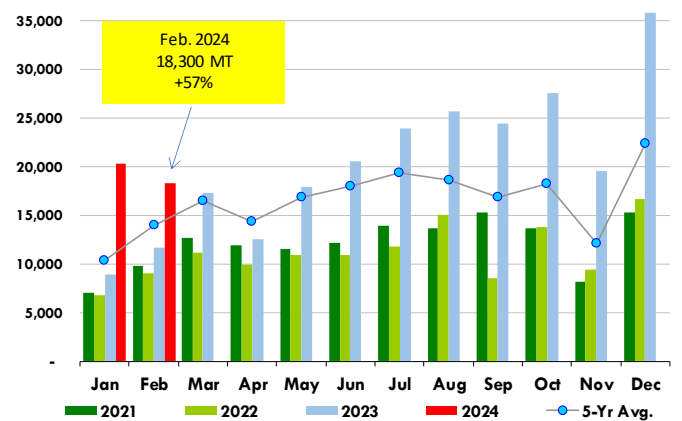


PRICES FOR FINISHED CATTLE IN BRAZIL. PRICE IN BRAZILIAN REAL PER ARROBO (15KG)
Source: CEPEA. Analysis by Steiner Consulting



AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

Metric Ton. Source: DAWE. Analysis by Steiner Consulting

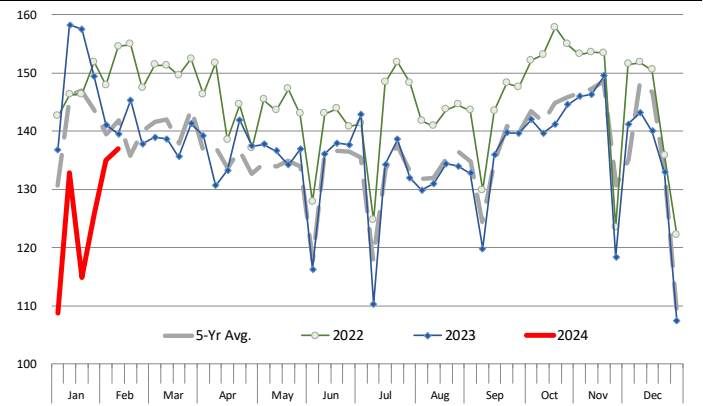


Australian shipments slow down...a bit. February has fewer ship days but usually exports are higher than January which is affected by holidays. Current projection is for Australian beef exports to the US to be a little over 18k MT compared to 20k MT shipped in January. This would still be 57% higher than the previous year. Australian cattle slaughter has pulled back somewhat but the main reason we think is due to better demand from Japan, with shipments there in February projected at 24k MT, 44% higher than a year ago.

Domestic cow/bull slaughter moves up... for now. USDA estimates for cow/bull slaughter last week are not yet available but we think they will put slaughter at 137k head, the highest weekly slaughter so far this year and just 2% lower than a year ago. Slaughter in the last four weeks has been 13% lower than a year ago, resulting in a notable shortfall of lean beef supplies. Lean beef prices have increased at a faster rate than expected, as a result. After the early estimate, USDA provides a revision with a two week lag as inspector reports from plants are tabulated. Since the start of the year, the revised cow/bull slaughter numbers have been about 21k head (-4%) lower than initially reported. Non fed cattle slaughter is currently near year ago levels but it is expected to slow down in the next two weeks. Packers have been caught a bit short and forced to pay up, especially as feedlots are now much more current than in December. Margin pressure will result in minimal Saturday slaughter. Fed beef supplies will pull back as a result.

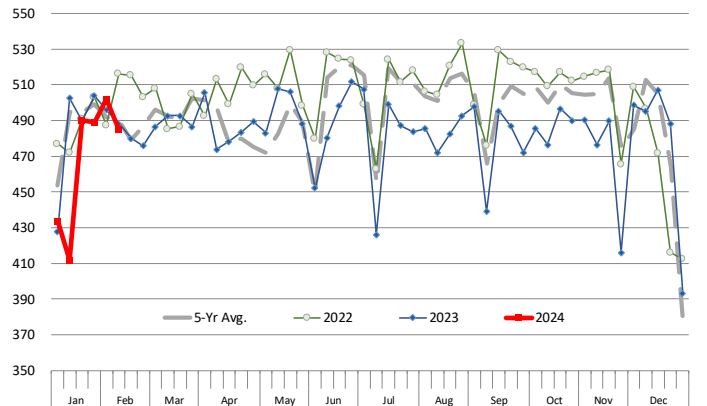
WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS



WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA

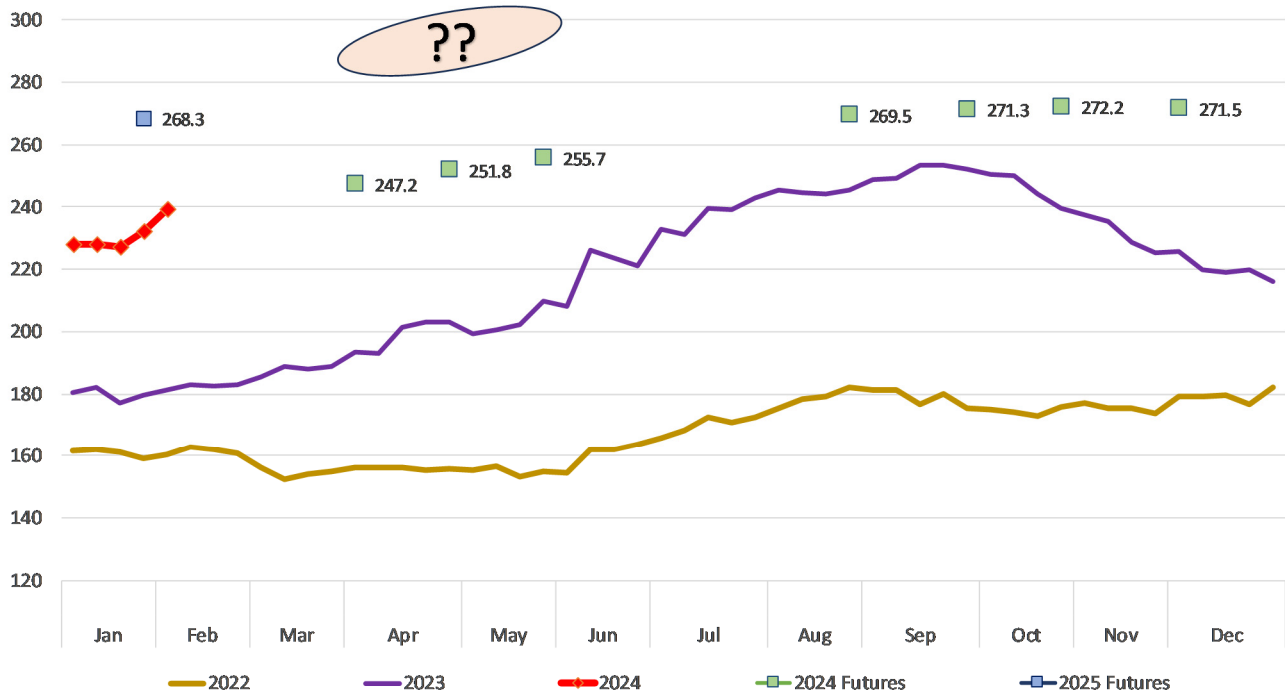


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	8-Feb-24	1-Feb-24		9-Feb-23	
CME FEEDER CATTLE INDEX	242.95	239.17	1.6%	183.09	32.7%
	9-Feb-24	2-Feb-24		10-Feb-23	
FED STEER (5-MKT AVG)	177.98	177.42	0.3%	158.71	12.1%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	171.50	171.50	0.0%	143.00	19.9%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	180.00	180.00	0.0%	151.00	19.2%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	193.00	193.00	0.0%	155.00	24.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	233.89	229.76	1.8%	201.80	15.9%

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
	9-Feb-24		2-Feb-24			10-Feb-23		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	265.0	247.0	260.0	262.0	3.0	250.0	255.0	10.0
90 CL Blended Cow	245.0	247.0	242.0	245.0	2.0	230.0	234.0	13.0
90 CL Shank	245.0		240.0	245.0	0.0		UNQ	N/A
85 CL Fores	235.0	238.0	227.0	228.0	10.0	215.0	218.0	20.0
85 CL Chucks	UNQ			UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	265.0		260.0	261.0	4.0	250.0	252.0	13.0
Uruguay CFH 90CL, E. Coast	UNQ			UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	235.0	236.0	225.0	226.0	10.0	215.0	216.0	20.0
80 CL Trimmings	200.0			200.0	0.0	205.0	210.0	-10.0
75 CL Trimmings	UNQ			UNQ	N/A	195.0	200.0	N/A
65 CL Trimmings	UNQ			UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	330.0	335.0	330.0	335.0	0.0	310.0	320.0	15.0
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	295.0	300.0	295.0	300.0	0.0		290.0	10.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	9-Feb-24	2-Feb-24				10-Feb-23		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	275.0	278.0	270.0	273.0	5.0	263.0	265.0	13.0
90 CL Blended Cow	260.0	262.0	256.0	260.0	2.0	241.0	245.0	17.0
90 CL Shank	255.0	260.0	250.0	255.0	5.0		UNQ	N/A
85 CL Fores	245.0	256.0	237.0	238.0	18.0	227.0	228.0	28.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	275.0	277.0	270.0	271.0	6.0	260.0	263.0	14.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	243.0	245.0	235.0	236.0	9.0	226.0	227.0	18.0
80 CL Trimmings	211.0	212.0	210.0	212.0	0.0	215.0	217.0	-5.0
75 CL Trimmings		UNQ		UNQ	N/A	205.0	206.0	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	340.0	350.0	340.0	350.0	0.0	325.0	330.0	20.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	315.0	320.0	315.0	320.0	0.0		UNQ	N/A
Steer Knuckles		305.0		305.0	0.0	290.0	300.0	5.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year		
	9-Feb-24	2-Feb-24	10-Feb-23	Low	High	Wt.Avg	Low	High	Wt.Avg	Low	High	Wt.Avg	
<u>Domestic Cutouts</u>													
Choice Cutout	294.04	293.08	269.66				1.0					24.4	
Select Cutout	285.08	283.47	254.29				1.6					30.8	
<u>Domestic Lean Grinding Beef</u>													
90 CL Boneless	284.0 320.0 300.2	281.0 317.0 294.9	245.5 260.0 255.7	284.0	320.0	300.2	281.0	317.0	294.9	245.5	260.0	255.7	44.5
85 CL Beef Trimmings	263.0 296.0 277.7	261.0 288.0 270.0	220.3 240.0 230.4	263.0	296.0	277.7	261.0	288.0	270.0	220.3	240.0	230.4	47.4
50 CL Beef Trim	64.0 123.0 87.0	87.0 120.0 99.9	107.0 132.0 114.9	64.0	123.0	87.0	87.0	120.0	99.9	107.0	132.0	114.9	-27.8
<u>Domestic Pork Trim</u>													
42 CL Pork Trim	32.6 69.0 37.7	37.0 68.0 43.1	60.1 85.0 64.7	32.6	69.0	37.7	37.0	68.0	43.1	60.1	85.0	64.7	-27.0
72 CL Pork Trim	72.5 130.5 83.0	77.5 110.6 85.5	77.1 104.9 88.6	72.5	130.5	83.0	77.5	110.6	85.5	77.1	104.9	88.6	-5.6
<u>Point of Lean Values</u>													
90 CL Domestic	333.5	327.7	284.1				5.9						49.5
50 CL Beef Trimming	174.1	199.8	229.7				-25.7						-55.7
42 CL Pork Trim	89.7	102.7	154.0				-12.9						-64.3
72 CL Pork Trim	115.2	118.7	123.0				-3.5						-7.8
<u>National Direct Fed Steer (5-day accum. wt. avg. price)</u>	177.98	177.42	158.71				0.6						19.3

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From	
			Week	Week		Last Year	Last Year
	9-Feb-24	2-Feb-24			10-Feb-23		
<u>Live Cattle Futures</u>							
February '24	184.625	180.550	↑	4.07	161.200	↑	23.43
April '24	186.725	183.750	↑	2.97	163.950	↑	22.78
June '24	183.975	181.775	↑	2.20	159.750	↑	24.23
August '24	182.725	181.675	↑	1.05	158.700	↑	24.03
<u>Feeder Cattle Futures</u>							
March '24	247.150	244.800	↑	2.35	186.400	↑	60.75
April '24	251.775	250.200	↑	1.58	190.675	↑	61.10
May '24	255.675	255.275	↑	0.40	194.550	↑	61.13
August '24	269.450	270.075	↓	-0.63	207.850	↑	61.60
<u>Corn Futures</u>							
March '24	429.000	442.750	↓	-13.75	680.500	↓	-251.50
May '24	441.500	453.500	↓	-12.00	678.250	↓	-236.75
July '24	450.750	462.500	↓	-11.75	666.500	↓	-215.75
September '24	457.750	468.500	↓	-10.75	610.000	↓	-152.25
<u>Ch Wheat Futures</u>							
March '24	596 3/4	599 3/4	↓	-3.00	786	↓	-189.25
May '24	599 1/4	608	↓	-8.75	795 3/4	↓	-196.50
July '24	601	613	↓	-12.00	799	↓	-198.00
September '24	608 3/4	624	↓	-15.25	806 1/4	↓	-197.50

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	10-Feb-24	3-Feb-24			11-Feb-23		
<u>Total Cattle Slaughter</u>	0	637,000	↓	-637,000	627,845	↓	-627,845
	27-Jan-24	20-Jan-24			28-Jan-23		
<u>Total Cow Slaughter</u>	0	108,971	↓	-108,971	140,676	↓	-140,676
<u>Dairy Cow Slaughter</u>	0	51,116	↓	-51,116	68,519	↓	-68,519
<u>Beef Cow Slaughter</u>	0	57,855	↓	-57,855	72,157	↓	-72,157

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

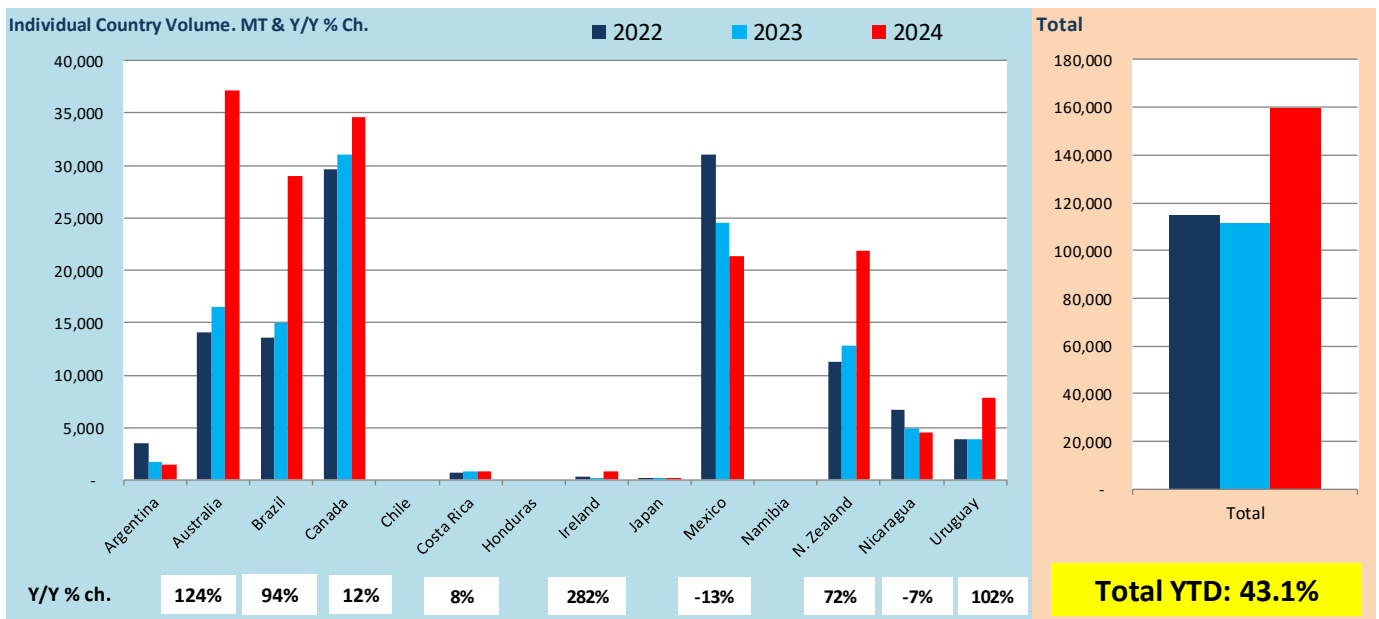
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 5	1/28/2023	2/3/2024		
Argentina	1,739	1,459	(280)	-16.1%
Australia	16,561	37,136	20,575	124.2%
Brazil	14,945	28,974	14,029	93.9%
Canada	30,978	34,570	3,592	11.6%
Chile	-	-	-	
Costa Rica	788	851	63	8.0%
France	-	-	-	
Honduras	-	-	-	
Ireland	210	802	592	281.9%
Japan	248	168	(80)	-32.3%
Mexico	24,532	21,407	(3,125)	-12.7%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	12,770	21,908	9,138	71.6%
Nicaragua	4,918	4,571	(347)	-7.1%
Spain	-	-	-	
Uruguay	3,917	7,895	3,978	101.6%
Total	111,606	159,743	48,137	43.1%

Source: AMS - USDA

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

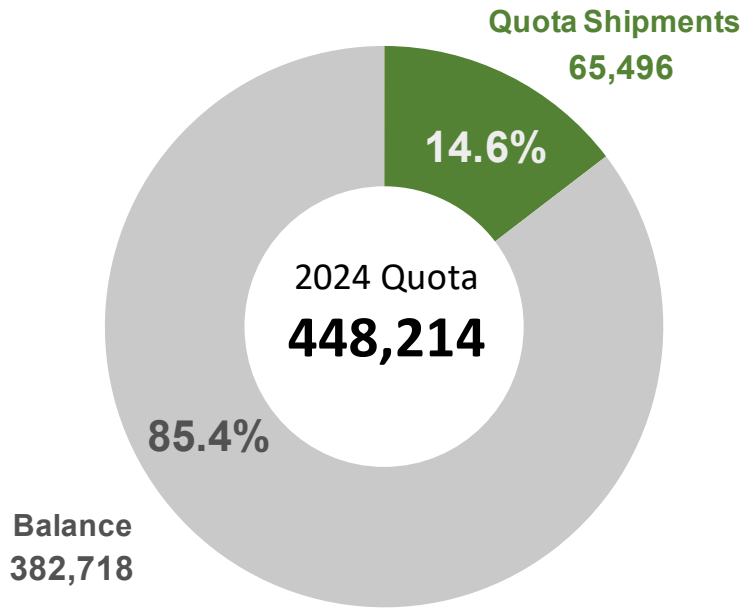
Imports as of February 3, 2024



Australian Beef Quota Position

5-Feb-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 February 5. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

