



US Imported Beef Market

A Weekly Update

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

Volume 25, Issue 16

April 12, 2024

Prepared by: Steiner Consulting Group | [SteinerConsulting.com](#) | 800-526-4612 | [service@steinerconsulting.com](#)

Market Highlights for the Week:

- Fed cattle and hog futures were sharply lower on Friday as traders took risk off the table with war brewing in the Middle East.
- US cattle futures have been trending down for three weeks, however, reflecting increasing concern about beef demand in Q2 and a backlog of long fed cattle. Talk of HPAI in cattle continues to percolate but with no basis in fact or discernible impact.
- Imported beef prices continued to march higher last week given the wide spread between domestic and imported product and talk of even higher prices this summer due to very short lean beef supplies.
- US cow slaughter in March was down almost 15%, with dairy cow slaughter down 13% and beef cow slaughter down almost 16%. Dairy cow slaughter seasonally declines in April and May while beef cow slaughter shows no sign of recovery.
- Brazilian beef exports to the US have slowed down now that the quota has been filled. March shipments were under 6k MT and 14% lower than a year ago. Exports to China have recovered and more beef is flowing to a number of smaller markets.
- We think feedlots placed 11% fewer cattle on feed in March, marketings were down 13% and April 1 inventory up 2% y/y.

Imported Market Activity for the Week

Imported beef market was slow to develop at the start of the week, but eventually buyers looking to cover needs for May and June threw in the towel and paid up. Lean values gained more than a nickel. What's interesting is the buyers paid up for imported product expected to deliver in late spring and early summer even as domestic fed cattle futures continued to lose altitude, down by more than 5% in the last three weeks. The dispar-

ity between futures and physical markets reflects the different factors impacting decisions. Short-fall in domestic lean beef supplies has caused end users to re-evaluate their exposure. Owning imported product for delivery in the summer at \$300/cwt is a far cheaper alternative than OTC hedges. So the push is to get more imported beef on the books. The slowdown in Australian and New Zealand slaughter due to short holiday weeks has also limited offers in the near term, with overseas

Fed Steer Prices + Shift in Fed Cattle Futures Since March 21

Data source: USDA-AMS and CME. Analysis by Steiner Consulting



suppliers well sold in the near term and willing/able to hold out in their offers. This dynamic is keeping imported prices up, yet still trading about 50 cents back of domestic.

US fed cattle futures, on the other hand, have been spooked by the lower prices for high value cuts. Maybe this is only a short term issue coming out of Easter. But it could also mean more fundamental problems with foodservice demand (see discussion below). The disappointing trend in the value of the wholesale beef cutout was compounded last week by higher than expected US inflation data. The expectation in the market as recently as March was that the US Federal Reserve would cut rates in June. Now the talk has shifted if there will even be an interest rate cut this year. Futures lost more ground on Friday as traders sought take risk off the table on news that Iran is poised to attack Israel. This would risk pulling the US into another conflict. Crude oil prices at the end of the week were over \$85/barrel, which could add to the inflationary pressures and impact consumer disposable incomes and overall demand.

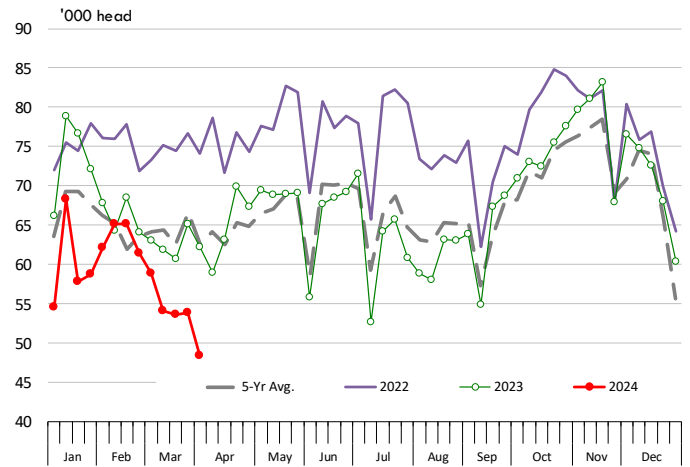
Other market notes:

Cow slaughter shows no sign of recovery. Beef cow slaughter for the week ending March 30 was 48,447 head, 22% lower than a year ago. In March weekly beef cow slaughter averaged 16% below year ago levels. When monthly statistics come out we suspect the y/y decline will be even bigger since there were two fewer marketing days than a year ago. Dairy cow slaughter during the last week of March was 56,669 head, 15% lower than a year ago and the four week average was 13% lower y/y. The shortfall has continued into April. Last week combined cow/bull slaughter was estimated at 120k head, 10% lower than last year.

Brazilian shipments to the US hit a wall. Lack of quota remains a major impediment for Brazilian beef exports to the US. The hope/speculation was that higher lean beef prices in the US would offset the out of quota tariff and result in higher exports. However, March data shows Brazil shipped just 5,551 MT of fresh/frozen beef to the US, 14% less than a year ago. Different from a year ago when restrictions following the discovery of a BSE case disrupted trade, March exports to China were a little over 81k MT, 26k MT (+48%) higher than a

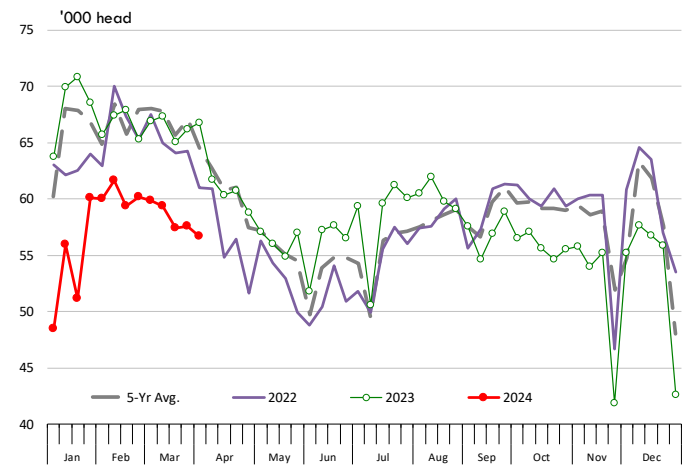
Weekly Beef Cow Slaughter. 000 Head

Data source: USDA-NASS. Analysis by Steiner Consulting



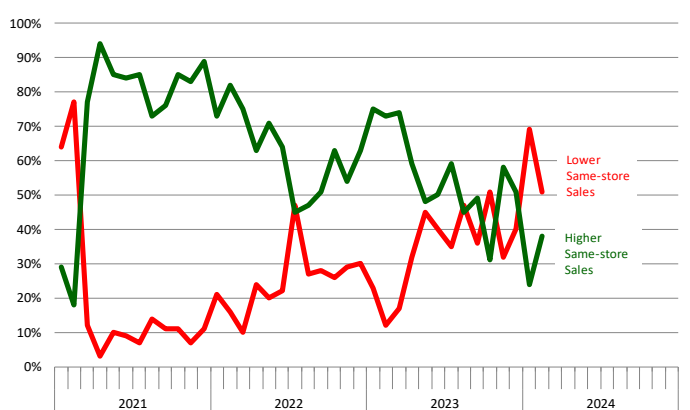
Weekly Dairy Cow Slaughter. 000 Head

Data source: USDA-NASS. Analysis by Steiner Consulting



Restaurant Operators' Reporting of Same-Store Sales vs. Same Month in Previous Year

Data source: National Restaurant Association Survey



year ago. But the recovery in exports to China was only part of the story. Indeed, exports to China accounted for less than 50% of Brazilian exports in March. Exports to smaller markets jumped 44% from a year ago, with the UAE emerging as a major destination. Shipments to this market in Q1 were 37,485 MT, almost 30k MT more than last

year and surpassing exports to the US. Brazil has also shipped almost 7k MT of beef to Mexico in the first three months of the year compared to zero a year ago.

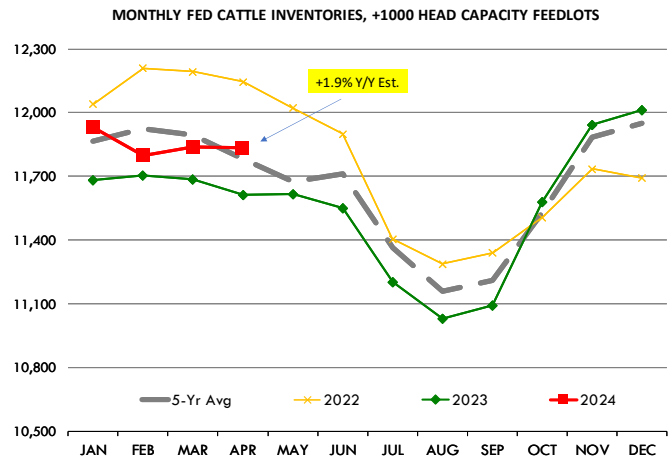
Concerns about foodservice demand persist even as buyers continue to add to their lean beef positions. The restaurant performance index in February was under 100 (contraction) for the third consecutive month. The index tracks assessments of both current conditions and expectations. In this latest update both were in contraction territory, but assessments of current conditions continue to lead on the way down. More than half of the restaurant operators in the survey indicated that sales are now lower than a year ago. Last February, only 12% said same store sales were lower. The trend in such responses (see chart on page 2) is not encouraging.

Cattle on feed estimates

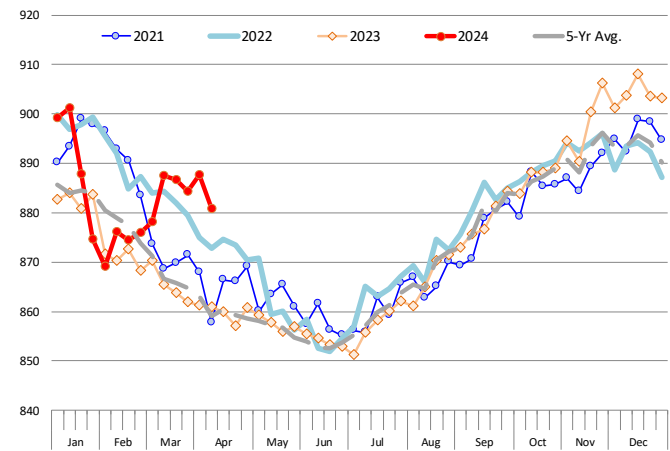
The results of the USDA feedlot survey will be released next Friday. We expect placements to be down by double digits but that reduction will have little impact on the overall inventory, which is expected to be near the same level it was March 1 and almost 2% higher than a year ago. There were two fewer marketing days in March, which resulted in a sharp decline in slaughter. But even when adjusting for the fewer days March slaughter was almost 5% lower than last year. Packers have been struggling with poor margins and significantly slowed down the processing pace. In turn this has resulted in heavier fed cattle weights and an increasing backlog of long fed cattle.

Our estimates:

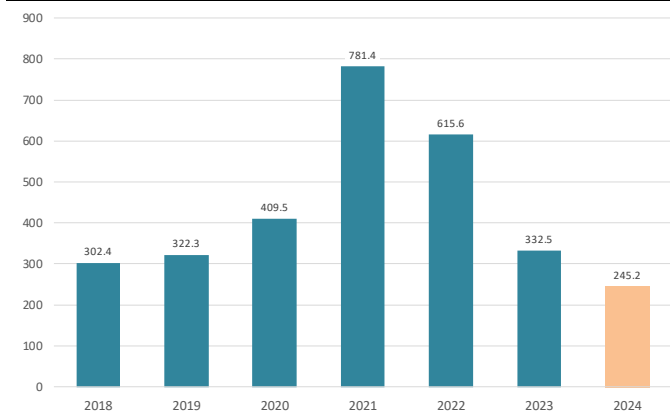
Placed on feed in March:	89.3
Marketed in March:	87.1
Total on Feed April 1:	101.9



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



Beef Packer Gross Margin, \$/head. Week 15 Estimate
Analysis by Steiner Consulting

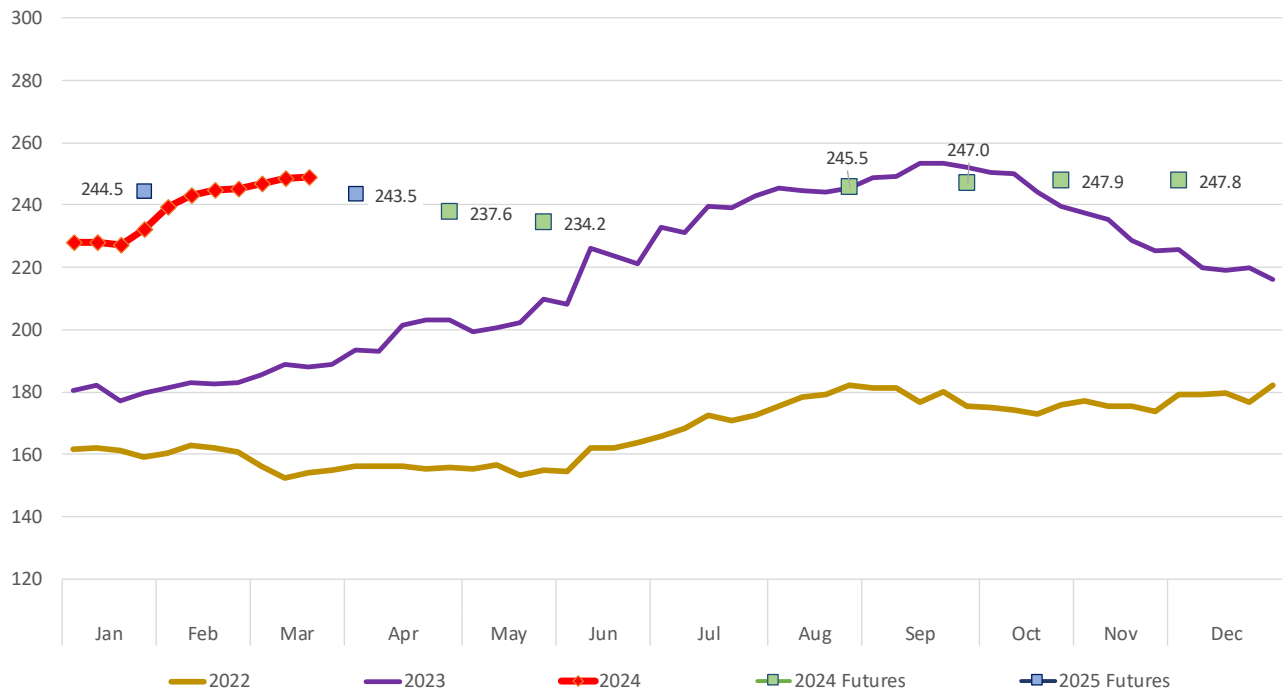


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	11-Apr-24	4-Apr-24		13-Apr-23	
CME FEEDER CATTLE INDEX	244.57	248.97	-1.8%	201.31	21.5%
	12-Apr-24	5-Apr-24		14-Apr-23	
FED STEER (5-MKT AVG)	184.33	188.13	-2.0%	180.08	2.4%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	223.50	224.50	-0.4%	169.00	32.2%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	225.50	225.50	0.0%	169.50	33.0%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	216.50	219.00	-1.1%	177.00	22.3%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	269.57	267.39	0.8%	217.04	24.2%

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
	12-Apr-24		5-Apr-24			14-Apr-23		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	290.0	293.0	287.0	288.0	5.0	277.0	278.0	15.0
90 CL Blended Cow	280.0	285.0	277.0	280.0	5.0	260.0	261.0	24.0
90 CL Shank		280.0	270.0	275.0	5.0		UNQ	N/A
85 CL Fores	274.0	275.0		270.0	5.0	248.0	250.0	25.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	290.0	292.0	286.0	287.0	5.0	275.0	277.0	15.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings	270.0	274.0	267.0	268.0	6.0	247.0	248.0	26.0
80 CL Trimmings		230.0		230.0	0.0	212.0	215.0	15.0
75 CL Trimmings		200.0	205.0	206.0	-6.0	204.0	205.0	-5.0
65 CL Trimmings		135.0		135.0	0.0		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	335.0	340.0		350.0	-10.0	320.0	325.0	15.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		310.0		320.0	-10.0		UNQ	N/A
Steer Knuckles	300.0	305.0		310.0	-5.0	305.0	310.0	-5.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	12-Apr-24	5-Apr-24				14-Apr-23		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	308.0	309.0	298.0	302.0	7.0	289.0	290.0	19.0
90 CL Blended Cow	295.0	297.0	289.0	290.0	7.0	270.0	272.0	25.0
90 CL Shank		290.0		285.0	5.0	260.0	261.0	29.0
85 CL Fores	287.0	290.0	282.0	284.0	6.0	257.0	258.0	32.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	307.0	308.0	297.0	300.0	8.0	288.0	289.0	19.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings	285.0	288.0		282.0	6.0	255.0	257.0	31.0
80 CL Trimmings	244.0	245.0	245.0	246.0	-1.0	225.0	227.0	18.0
75 CL Trimmings	210.0	215.0	215.0	218.0	-3.0	215.0	216.0	-1.0
65 CL Trimmings		145.0	145.0	150.0	-5.0		UNQ	N/A
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	350.0	360.0	360.0	365.0	-5.0	335.0	340.0	20.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	325.0	330.0	325.0	330.0	0.0		UNQ	N/A
Steer Knuckles		320.0		320.0	0.0	320.0	325.0	-5.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	12-Apr-24	5-Apr-24		14-Apr-23							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	300.57			297.17			3.4	302.62			-2.1
Select Cutout	295.54			294.70			0.8	283.87			11.7
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	336.0	357.0	346.9	334.5	373.0	344.8	2.1	271.5	284.5	275.9	71.0
85 CL Beef Trimmings	317.0	341.0	326.4	317.0	341.0	326.4	0.0	250.0	269.5	256.4	70.0
50 CL Beef Trim	84.0	109.0	94.1	80.0	122.0	98.0	-4.0	145.0	175.0	160.5	-66.4
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	63.4	99.0	74.8	56.0	86.0	65.9	8.9	48.3	87.0	57.3	17.5
72 CL Pork Trim	95.0	128.0	103.3	89.0	113.8	98.1	5.2	70.0	132.0	81.1	22.2
<u>Point of Lean Values</u>											
90 CL Domestic	385.4			383.1			2.3	306.6			78.8
50 CL Beef Trimming	188.1			196.1			-8.0	320.9			-132.8
42 CL Pork Trim	178.2			157.0			21.2	136.5			41.7
72 CL Pork Trim	143.5			136.2			7.2	112.6			30.9
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	184.33			188.13			-3.8	180.08			4.3

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
	12-Apr-24	5-Apr-24			14-Apr-23		
<u>Live Cattle Futures</u>							
April '24	178.900	178.250	↑	0.65	174.750	↑	4.15
June '24	171.475	172.050	↓	-0.58	163.725	↑	7.75
August '24	168.750	169.975	↓	-1.22	162.700	↑	6.05
October '24	171.775	173.350	↓	-1.57	166.600	↑	5.18
<u>Feeder Cattle Futures</u>							
April '24	237.600	237.700	↓	-0.10	203.400	↑	34.20
May '24	234.200	238.175	↓	-3.97	207.900	↑	26.30
August '24	245.500	248.625	↓	-3.13	223.950	↑	21.55
September '24	246.950	250.525	↓	-3.57	227.600	↑	19.35
<u>Corn Futures</u>							
May '24	435.500	434.250	↑	1.25	666.250	↓	-230.75
July '24	447.250	446.750	↑	0.50	635.750	↓	-188.50
September '24	456.750	457.000	↓	-0.25	567.750	↓	-111.00
December '24	472.000	472.500	↓	-0.50	560.000	↓	-88.00
<u>Ch Wheat Futures</u>							
May '24	556	567 1/4	↓	-11.25	682 1/2	↓	-126.50
July '24	570 3/4	581 3/4	↓	-11.00	692 1/2	↓	-121.75
September '24	586 1/2	598 1/2	↓	-12.00	702	↓	-115.50
December '24	609 3/4	621 3/4	↓	-12.00	717 3/4	↓	-108.00

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From	
			Week	Week		Last Year	Last Year
	13-Apr-24	6-Apr-24			15-Apr-23		
<u>Total Cattle Slaughter</u>	603,000	609,000	↓	-6,000	611,491	↓	-8,491
	30-Mar-24	23-Mar-24			1-Apr-23		
<u>Total Cow Slaughter</u>	105,116	111,494	↓	-6,378	129,004	↓	-23,888
<u>Dairy Cow Slaughter</u>	56,669	57,612	↓	-943	66,783	↓	-10,114
<u>Beef Cow Slaughter</u>	48,447	53,882	↓	-5,435	62,221	↓	-13,774

TABLE 7 - US BEEF IMPORTS

(Source: USDA/AMS)

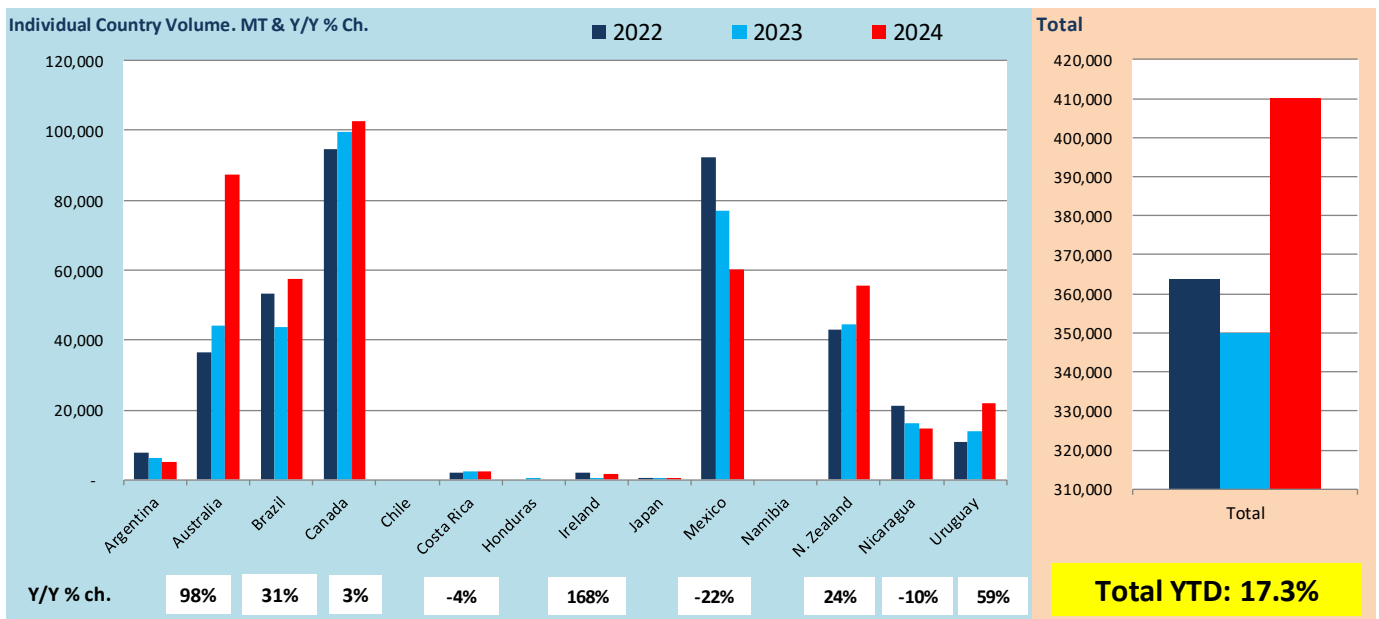
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 14	4/8/2023	4/6/2024		
Argentina	6,172	5,263	(909)	-14.7%
Australia	44,285	87,523	43,238	97.6%
Brazil	43,912	57,610	13,698	31.2%
Canada	99,775	102,824	3,049	3.1%
Chile	-	-	-	
Costa Rica	2,454	2,365	(89)	-3.6%
France	-	-	-	
Honduras	19	-	(19)	-100.0%
Ireland	625	1,676	1,051	168.2%
Japan	598	545	(53)	-8.9%
Mexico	77,046	60,034	(17,012)	-22.1%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	44,691	55,458	10,767	24.1%
Nicaragua	16,191	14,649	(1,542)	-9.5%
Spain	-	-	-	
Uruguay	13,907	22,135	8,228	59.2%
Total	349,696	410,082	60,386	17.3%

Source: AMS - USDA

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

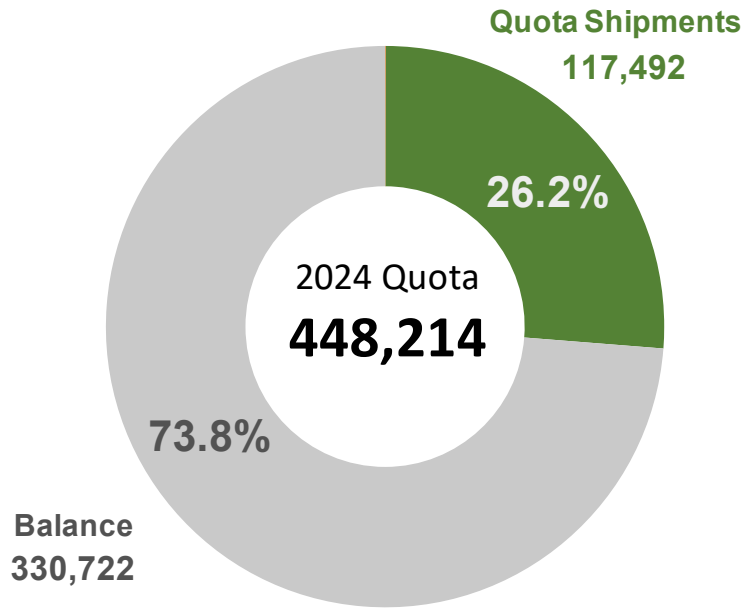
Imports as of April 6, 2024



Australian Beef Quota Position

11-Apr-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 April 8. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

