



Global Beef Market Monthly Review

March 2022

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Highlights:

- Lockdowns have had a significant negative impact on Chinese beef demand. Through the first three months of the year Chinese beef imports were down 17% from the previous year. As a result we have revised down our projections for Chinese beef imports this year to just 4% growth. That projection may be revised lower if lockdowns persist, or even spread.
- US beef market has been in turmoil the last few weeks as prices have been counter seasonally lower. Lower disposable income, high inflation, skyrocketing cost of energy and fears of a recession have all been blamed for the weakness. Lean beef prices have performed well in comparison but they have also faced headwinds as cow slaughter continues to run at decade highs for this time of year.
- Shipments from Brazil recovered in March, with China a key destination. However, it remains to be seen if the recovery in exports is sustained in April and May, with product currently stuck outside Chinese ports.
- New Zealand cow slaughter was far below normal levels in March on a combination of good pasture conditions and robust dairy prices. This could result in a higher cull rate later in May and more cows coming to market in June and even July.

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.	2021	2022 Estimate	Y/Y Ch.	Y/Y % ch.	
EXPORTS					4,620,046	4,873,624	253,578	5%	
Australia	11%	Mar 2022	74,348	-9,090	-11%	887,678	988,551	100,873	11%
Argentina	6%	Feb 2022	54,419	8,843	19%	568,445	539,175	-29,270	-5%
New Zealand	6%	Mar 2022	46,178	-3,960	-8%	501,706	471,604	-30,102	-6%
Brazil	20%	Mar 2022	169,406	35,585	27%	1,560,203	1,802,034	241,831	16%
USA	14%	Feb 2022	81,370	1,885	2%	1,102,015	1,072,260	-29,754	-3%
IMPORTS					4,707,748	4,816,612	108,864	2%	
USA	15%	Feb 2022	89,456	26,074	41%	1,055,495	1,081,883	26,387	2%
China	30%	Mar 2022	202,486	-16,193	-7%	2,331,667	2,429,597	97,930	4%
Hong Kong	4%	Feb 2022	10,730	-6,324	-37%	262,288	249,174	-13,114	-5%
Japan	8%	Feb 2022	37,770	439	1%	584,784	591,915	7,132	1%
S. Korea	6%	Feb 2022	31,783	196	1%	473,514	464,044	-9,470	-2%

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

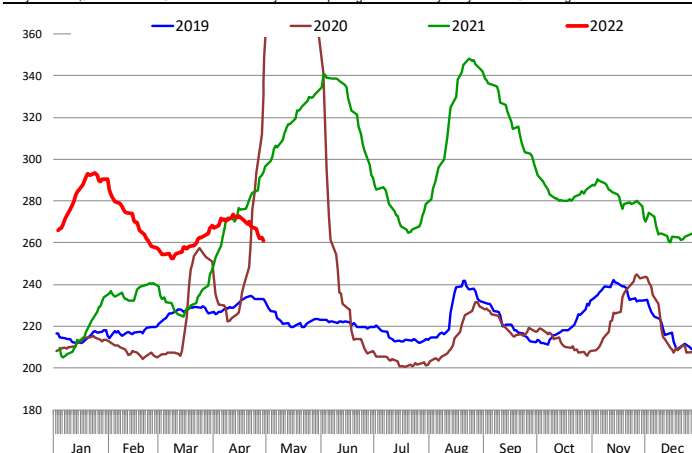
North America Market Update

United States: Wholesale beef prices were sharply higher last spring and market participants were gearing up for another runup in prices going into Memorial Day. The argument for the higher prices hinged on the improvement in seasonal demand and pent up demand due to the Pandemic. However, the situation this year is far different than it was a year ago. While the supply of cattle on feed is just as large as it was last year, demand appears to be sputtering. Faced with runaway inflation at the gas pump and growing uncertainty about interest and the economy, the consumer is in a very different psychological place as last year. Last year the government was sending a check to anyone breathing and families with children were getting additional support. Many workers were also getting paid for just sitting home. With few other places to go spend money, people did not see a problem splurging on steaks and grilling in their back yards. Disposable income growth in the last few months has turned negative. People are looking to catch up on all the vacations and travel they did not do in the past two years and paying double and sometimes triple the normal price. Priorities have changed. No wonder, therefore, that the choice beef cutout has turned lower in the last two weeks.

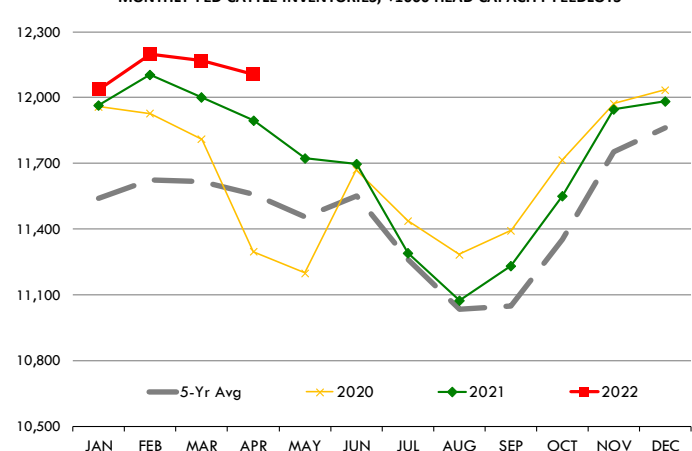
The total inventory of cattle on feed as of April 1 was estimated at 12.105 million head, 63k head less than the previous month but still as much as 208k head or 1.7% higher than the previous year. Analysts polled ahead of the report expected the inventory to be just 0.3% higher than a year ago. The inventory of cattle that have been on feed for more than 120 days is estimated at 4.538 million head, only 0.8% lower than a year ago and 211k head or 4.9% higher than the five year average. The inventory of cattle with +150 days on feed is calculated at 2.628 million head, 3.8% lower than the very high levels of last year but 218k head or 9.1% higher than the five year average. The large supply of market ready cattle is evident in the weight of cattle on feed, which is at record levels for this time of year. One may wonder why feedlots continue to feed cattle at such heavy weights despite the spike in feed costs. We think feedlots are insulated in the near term by the feed hedges they put in previous months. However, the high replacement cost will make feedlots more reluctant to hold cattle on feed and could negatively impact their negotiating position through the summer months. Drought conditions remain critical and they may pressure feeder cattle values as some produc-

CHOICE BEEF CUTOUT VALUE

Daily Prices, \$/cwt. Source: USDA-AMS Mandatory Price Reporting Service. Analysis by Steiner Consulting



MONTHLY FED CATTLE INVENTORIES, +1000 HEAD CAPACITY FEEDLOTS



ers are forced to push feeders into feedlots if grass supplies continue to fall short.

Canada: The expectation at the start of this year was for Canadian cow slaughter to decline from the previous year. The forecast largely reflects the decline in beef cow numbers, which on January 1 were pegged at 3.5 million head, down from 5% compared to three years ago. But four months into the year, cow slaughter numbers have been far higher than expected. Drought and high cost of supplemental feed were a major concern for producers last year and that remains the case. In the four weeks ending April 16 Canadian cow slaughter averaged 9,093 head/week, 20% higher than the same four week period a year ago. These numbers are skewed a bit by the fact that Easter was a bit earlier last year. Since the start of the year, Canadian cow slaughter has been a total of

North America (continued)

142,346 head, 9,450 head or 7.1% higher than a year ago. The cow slaughter trajectory may change in the summer and fall, especially if feed conditions improve and we see continued strength in feeder cattle prices. For now, however, it appears that the 6% decline in cow slaughter that USDA was forecasting may be too optimistic.

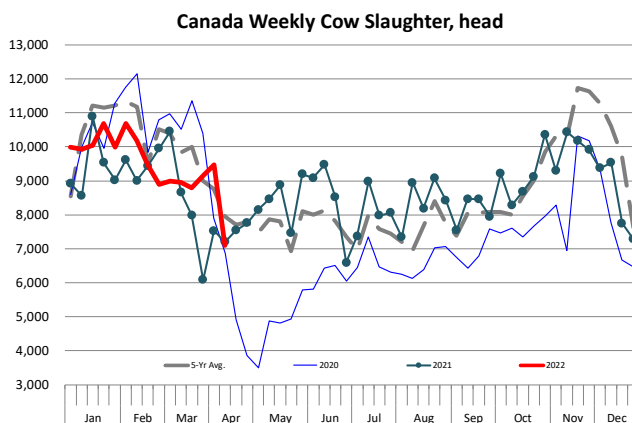
Canadian beef imports through the end of April were 13.8% lower than the previous year. US imports account for 62% of all beef imports into Canada. Through April imports from the US were down 7.6%, imports from New Zealand were down 51%, imports from Uruguay were down 49% while imports from Mexico were up 66%.

Mexico: Mexican production and trade data continues to be embargoed by the Mexican government. The latest beef production data available is for the month of February, now an almost two month lag with no prospects of when it will be updated. The export data to the right is only available through November, again with no new data made available.

USDA is currently forecasting Mexican beef production for 2022 at 2.190 million MT (carcass wt. equivalent), a 3.8% increase from the previous year and the fastest increase in several years. Strong demand in both the domestic and export market is expected to drive slaughter this spring and summer. Already we have seen a significant increase in both US and Canadian imports of Mexican beef. USDA is also forecasting domestic consumption in Mexico to increase 1.5% in 2022 following a 4.8% increase in 2021.

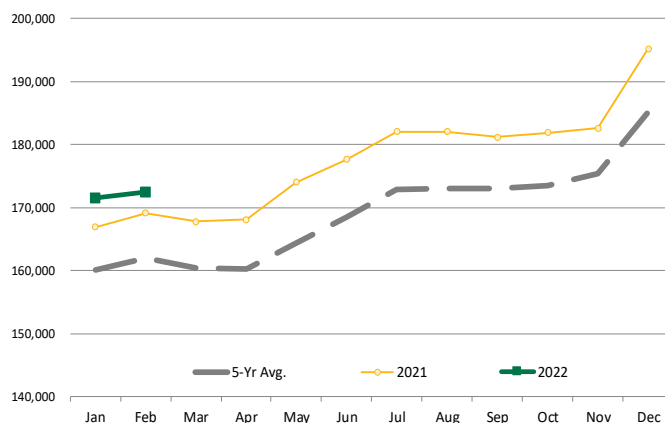
US imports of Mexican beef are up sharply in the last four months. Data through April 23 shows total imports from Mexico were 103,282 MT (product wt. basis), 36% higher than the same period a year ago. The bulk of Mexican beef coming to the US tend to be cuts that trade at a significant discount to domestic choice/select product. For the week ending April 23, for instance, USDA-AMS reports that total imports of Mexican beef were 5,406 MT. Out of this, 3,485 MT or 64% were cuts and only 320 MT or 6% were boneless trimmings. And additional 919 MT were classified as non-intact cuts/trim, likely boneless beef that will go to US grinders.

Imports from Central American suppliers are also



Mexico Beef Production

Source: SAGARPA

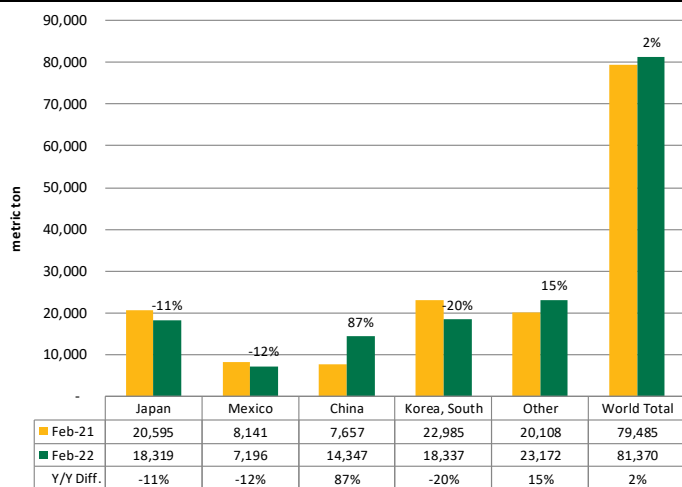


up compared to a year ago. Nicaragua is the top market and imports through April 23 were a little over 24,000 MT, 28% higher than a year ago. Imports from Honduras and Costa Rica remain minimal.

North America Trade Statistics

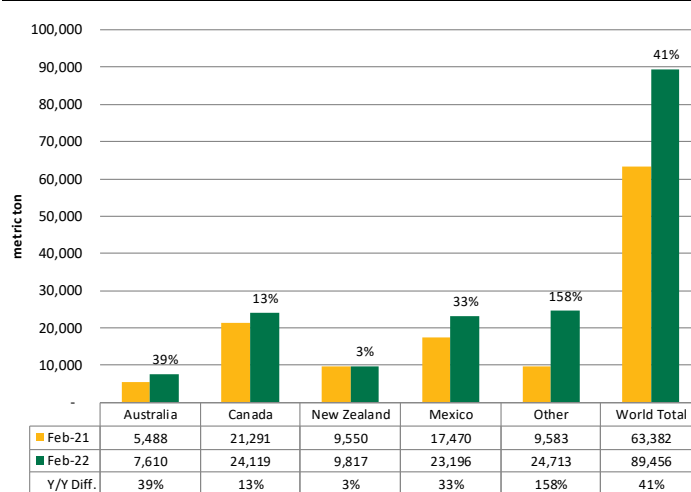
USA Fresh/Frozen Beef Exports

Latest Data for February Units: Metric Tons



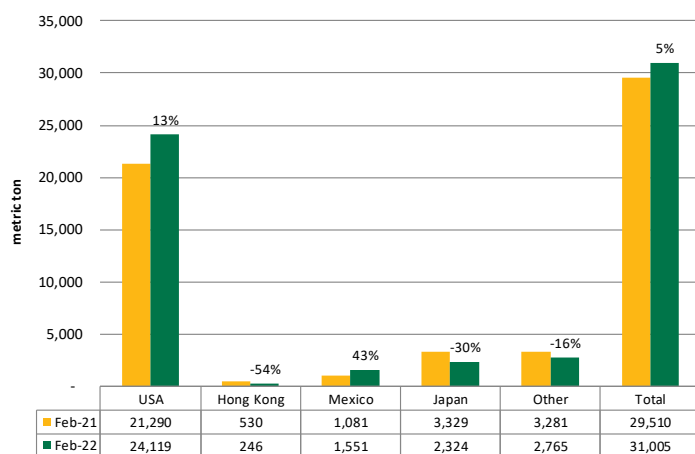
USA Fresh/Frozen Beef Imports

Latest Data for February Units: Metric Tons



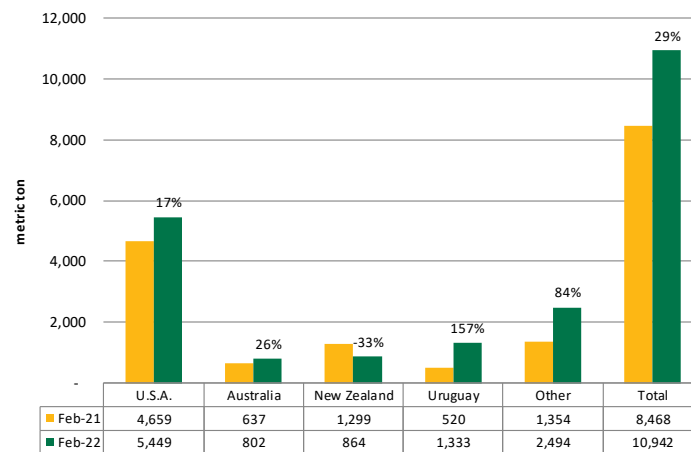
Canada Fresh/Frozen Beef Exports

Latest Data for February Units: Metric Tons



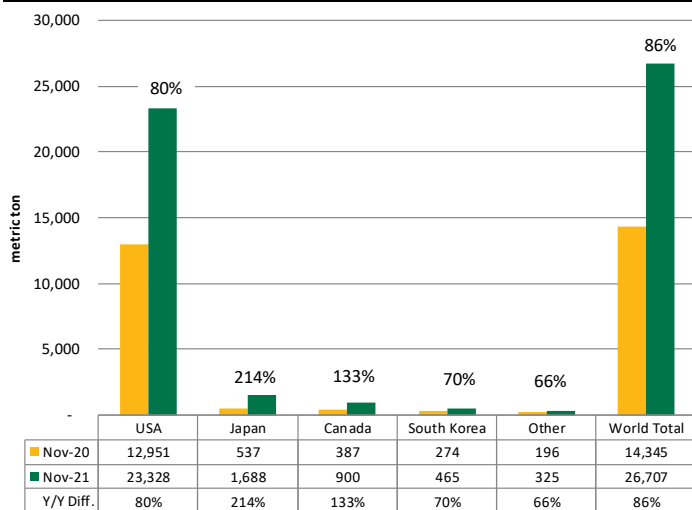
Canada Fresh/Frozen Beef Imports

Latest Data for February Units: Metric Tons



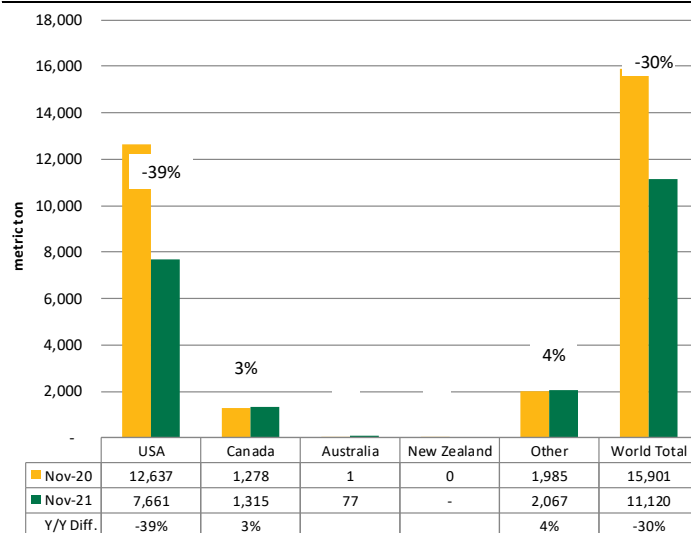
Mexico Fresh/Frozen Beef Exports

Latest Data for November Units: Metric Tons



Mexico Fresh/Frozen Beef Imports

Latest Data for November Units: Metric Tons



South America Market Update

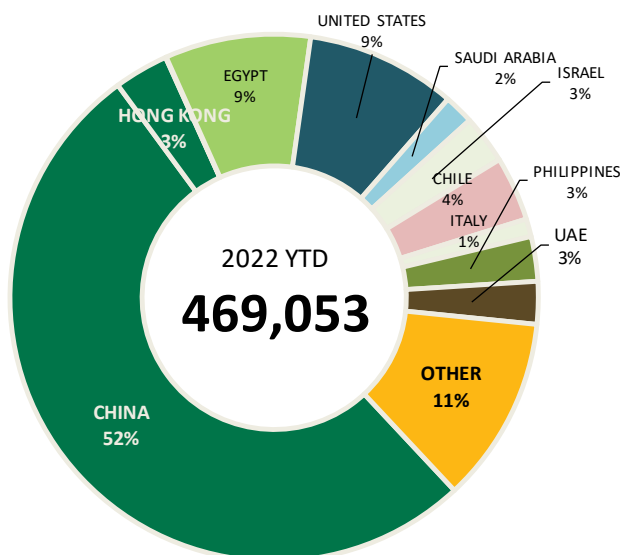
Brazil: Exports to China accelerated in the first three months of the year but the trajectory may slow down in April and May as some product has been stranded at Chinese ports. Market participants note that the primary issue is not unloading product but getting trucks to transport it out of port facilities. It is unknown how quickly current Chinese lockdown policies will end. A report in the Wall Street Journal quoted Nomura securities that “45 cities with 373 million people, representing 40% of China’s gross domestic product, were under partial or full lockdown ...More cities and counties are under “static management,” a euphemism for quasi-lockdown.” In March, total Brazilian beef exports were 169,406 MT, 27% higher than the previous year. In the first three months of the year, total shipments were 469,053 MT, 36.6% higher than a year ago. Higher exports to China but also a big jump in shipments to the US contributed to Q1 export gains. Exports to the US in Q1 were 43,205 MT, a seven fold increase. March shipments were 11,564 MT. Exports to China were 243,286 MT during Jan-Mar, 30% higher than last year and accounting for 61% of all exports. Hong Kong no longer is a major destination, with shipments there down 55%. Exports to Egypt have also recovered as the country emerges from COVID. March shipments to Egypt were almost 11,000 MT, a three fold increase from last year.

Argentina: Argentine slaughter numbers increase in March as cattle go to market in the fall. The trend should be for higher slaughter the remainder of the year although much will depend on global demand, especially demand in China. Last year government export restrictions negatively impacted sales to China while currently ongoing lockdowns have made it more difficult to ship product to that market. March slaughter was estimated at 1.135 million head, up from 974k head in January but still 3.7% lower than a year ago.

February exports rebounded, with exports to China up 24% compared to the previous year. China accounted for 75% of Argentine beef exports last year and in the first two months of this year shipments to that market have accounted for 76% of exports. Shipments to the US market continue at a steady pace, enough to fill the 20k MT quota but not much more than that. In February shipments to the US were 1,619 MT and in the first

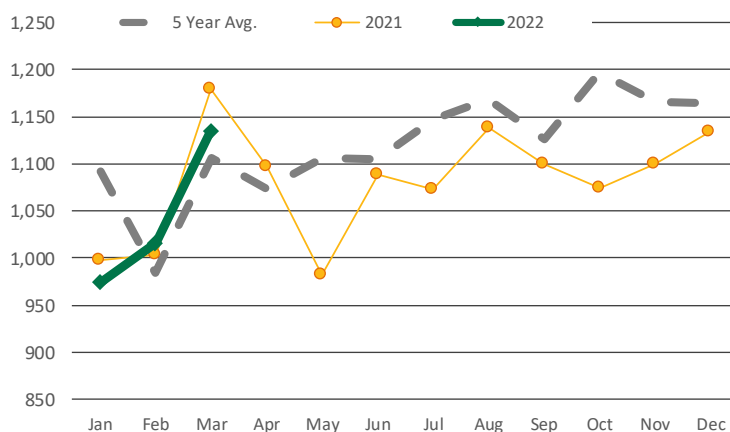
Brazil Beef Fr/Frz Beef Exports. Metric Ton

Source: COMEX. Feb 2022



Monthly Argentina Cattle Slaughter, Total Slaughter. '000 Head

Source: SENASA



two months total shipments were 3,128 MT compared to 1,893 MT during the same time last year.

Uruguay: In the four weeks ending April 23, Uruguayan cattle slaughter has averaged 48,672 head/week, 14.3% higher than a year ago and 21% higher than the five year average. Because this includes both Easter last year and this year, the four week average numbers are comparable. Slaughter has been robust for much of this year as producers respond to strong prices in the world market and weather impact on feed supplies and prices. USDA pegged the total cattle inventory on January 1 at 11.646

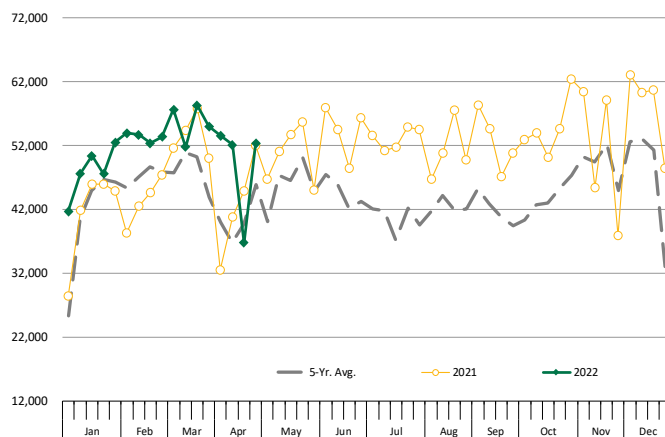
South America (continued)

million head, 2.7% lower than a year ago. Given current rate of slaughter, expectations are for the inventory on January 1, 2023 to be down another 2%.

The increase in slaughter during March had a limited impact on export volume. In part this is due to the slowdown in shipments to China as a result of lockdowns and supply chain disruptions. Total shipments in March were 38,910 MT, about the same as a year ago. China remains the top market but shipments there were 20,916 MT, down 17% compared to a year ago. Exports to the EU were 2,242 MT, down 45% compared to a year ago. So far beef exports to the US remain on pace with last year. In March shipments to the US were 3,623 MT, 2% lower than last year but in all of Q1 shipments to the US were about 133 MT or 2% higher than last year. Steiner current forecast is for Uruguayan beef exports to increase 5.5% from a year ago.

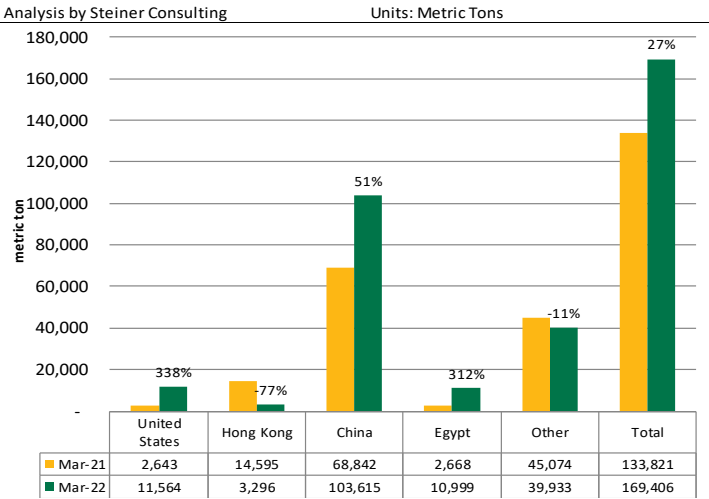
Uruguay Cattle Slaughter, Total

Weekly Slaughter in Head. Source: World Beef Report

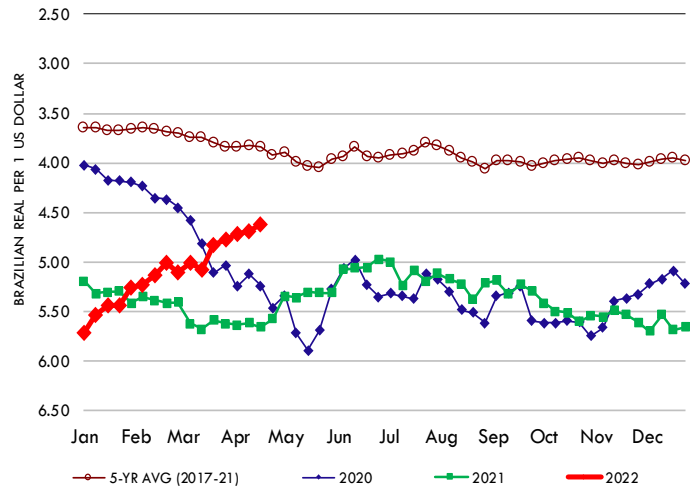


South America Trade Statistics

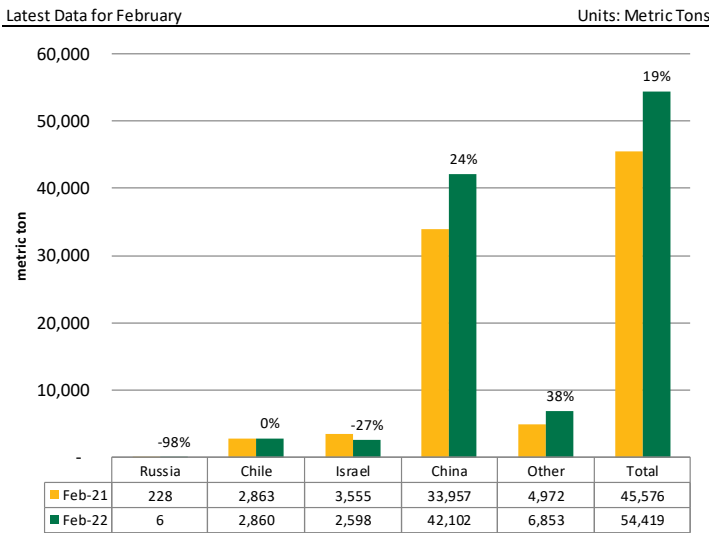
Brazil Fresh/Frozen Beef Exports in March 2022 vs. March 2021



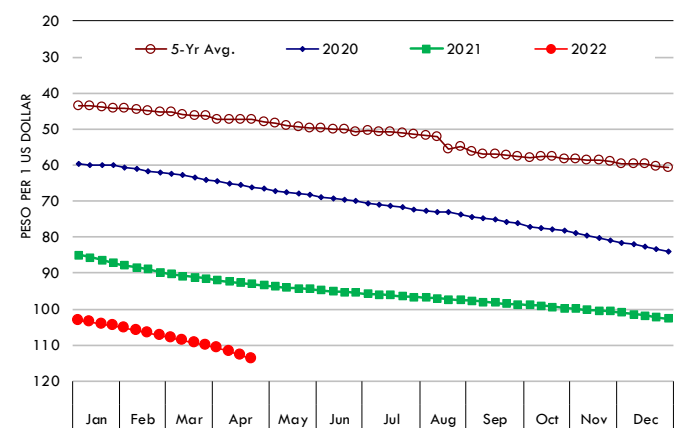
Brazilian Real Per 1 US Dollar



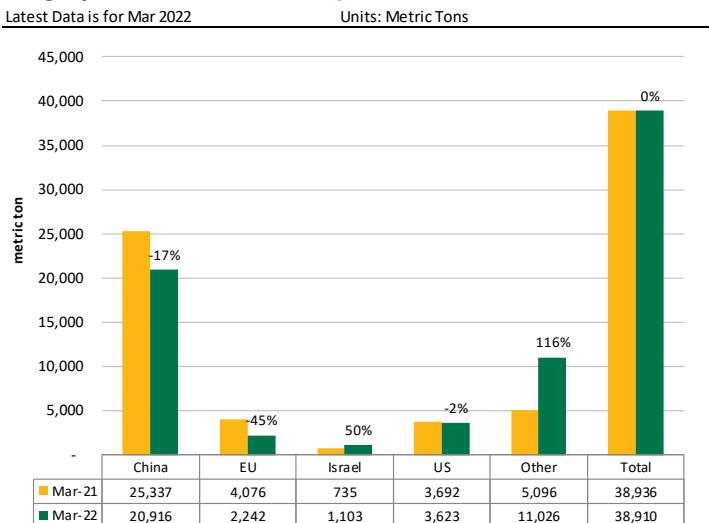
Argentina Fresh/Frozen Beef Exports



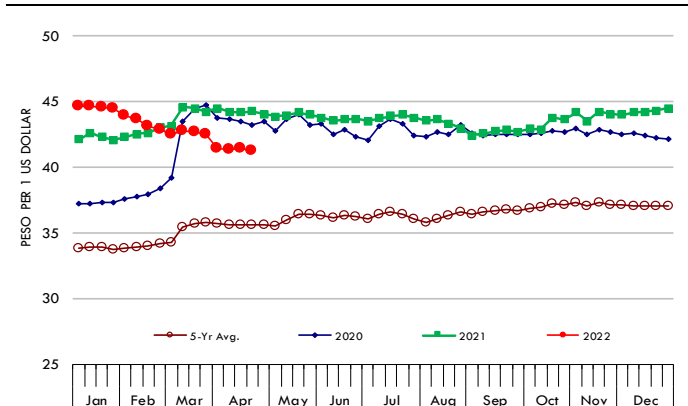
Argentine Peso Per 1 US Dollar



Uruguayan Fresh/Frozen Beef Exports



Uruguay Peso Per 1 US Dollar

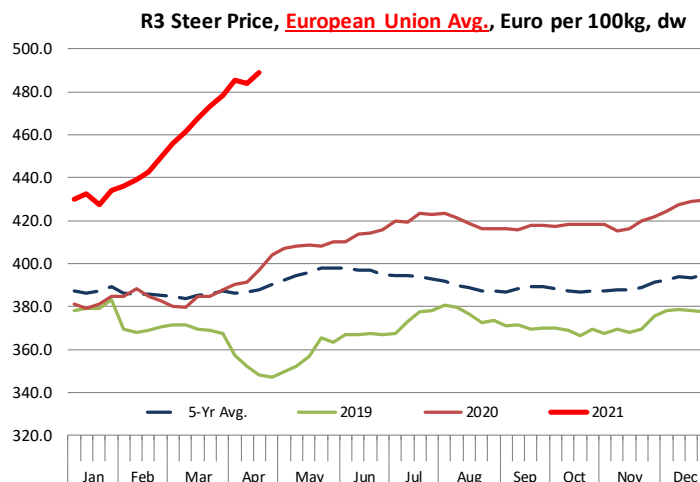


Asia / EU Market Update

European Union: Robust demand in domestic and export markets and high feed costs have been driving cattle slaughter in recent weeks. We think the spike in feed costs is especially important, with some markets that rely on Ukrainian grains running short on feed. Slaughter was sharply higher at the end of March and it has remained at elevated levels ever since. In the four weeks ending April 18 total cattle slaughter in Ireland averaged 37,873/week head, 23% higher than the comparable four week period a year ago. Cow slaughter during this period averaged 8,489 head/week, 22.6% higher than last year. Cow prices in Ireland, as well as across Europe, has been extremely strong. EU analysts in part attribute the increase to excellent demand in North America and higher prices paid there, setting the bar for global trade. We also think that European consumers are doing what US consumers are doing, trading down. European countries have also lifted COVID restrictions, which has bolstered foodservice demand, putting upside pressure on prices. The average O3 cow carcass prices in Ireland for the week ending April 17 was 410 euro/100kg, 27% higher than a year ago. The average EU price was 453 euro, up 53%. Normally prices in Poland track below Irish cow prices but that has not been the case recently. For the most current week, cow carcass prices in Poland were 458 euro/100kg, 69% higher than a year ago.

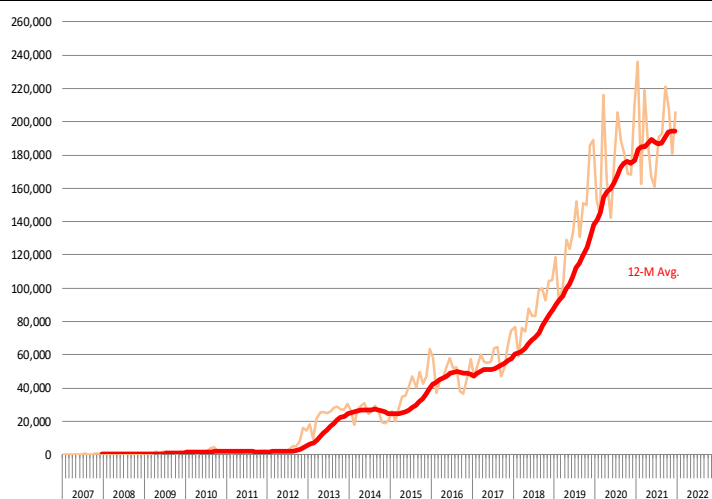
US imports of Irish beef in February were 426 MT but we think imports will be extremely limited for the rest of the year as Ireland no longer has quota available. USDA-AMS data shows that imports of Irish beef averaged 206 MT/week through early April but they have been at 93 MT/week in the last two weeks. While trade volume may not go to zero, it will be quite limited.

China: COVID restrictions and supply chain bottlenecks have had a significant impact on Chinese beef import demand. In March, total Chinese beef imports were 202.5k MT, about 16k MT or 7% less than the previous year. At the start of the year Chinese beef imports were expected to increase by 6% from the previous year but that target appears increasingly difficult to reach. Through the first three months of the year, Chinese beef imports were 510.3k MT, 106k MT or 17% lower than the previous year. Imports from Brazil rebounded in March at 73.4k MT but they were still 8% lower than the previous year. Through March Chinese beef imports from Brazil were 124.5k MT, 48% lower than a year ago. While Brazil has shown a notable improvement



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

Data Source: China Customs Administration. Analysis by Steiner Consulting



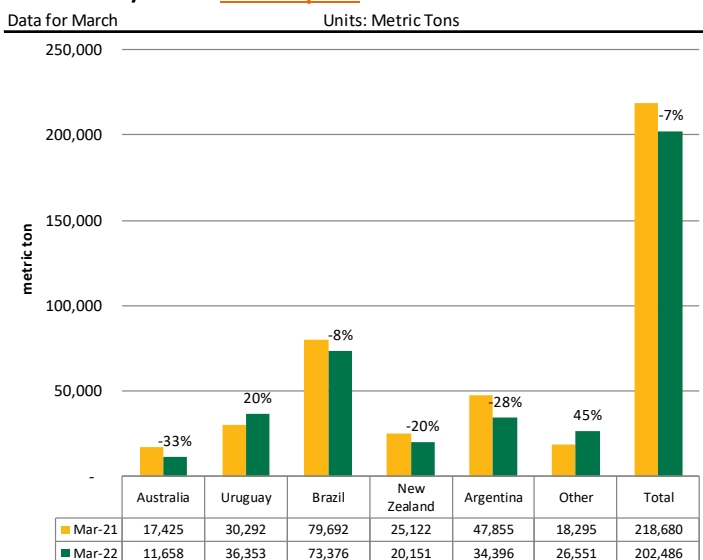
in shipments during the last few weeks, it remains to be seen how quickly product is unloaded at port of entry, and more importantly, when it enters commerce. Trucking and foodservice demand are two key risk factors for Chinese beef demand. Imports from Australia remain limited. In March Chinese imports of Australian beef were 11.6k MT, 33% lower than a year ago. Imports from the US have improved but they are facing headwinds as well. Some major US packers have indicated that recently they have had to reroute loads destined for China because of very long unloading/processing times.

Japan: Japanese cattle slaughter in the first two months of the year was 159.5k head, 2.1% higher than the previous year. Slaughter of adult cattle at 158.8k was 2% higher than slaughter of Wagyu breed animals at 68.7k head was also 2% higher than a year ago. Beef imports in the first

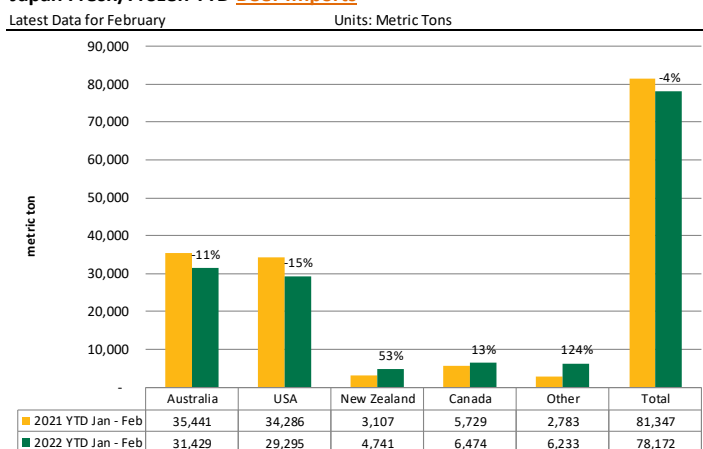
Asia / EU Trade Statistics

two months of the year were 78.1k MT, 4% lower than the previous year. COVID restrictions and a modest increase in domestic supply likely contributed to the weakness in import demand. Imports from Australia in the first two months of the year were 31.4k MT, 11% lower and imports from the US at 29.3k MT were 15% lower. Japanese buyers continue to benefit from the advantages of the revised TPP and the lower tariffs. This has resulted in a shift in purchases, with less beef coming from the US and replaced by higher imports from Canada and New Zealand. Imports from New Zealand were 4,7k MT during Jan/Feb, a 53% increase from a year ago while imports from Canada at 6.5k MT were 13% higher.

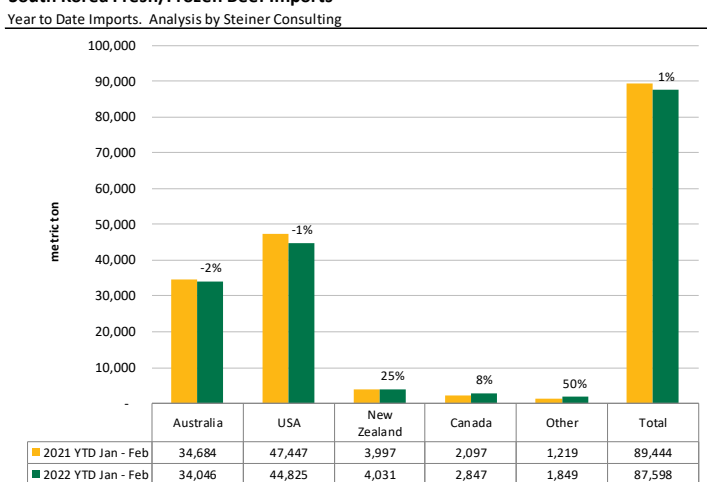
China Fresh/Frozen Beef Imports



Japan Fresh/Frozen YTD Beef Imports



South Korea Fresh/Frozen Beef Imports



Oceania Update

New Zealand: New Zealand slaughter slowed down significantly in late February and early March, limiting the supply of beef coming to market. Omicron outbreak negatively impacted processing for a period but we also think that robust dairy prices and good moisture conditions have contributed to the slowdown. Cow slaughter in the four weeks ending March 5 averaged 56,160 head/week, down 18% from the previous year. In the last two reported weeks, however, slaughter was down by more than 30%. Bull slaughter during this period was down about 11% from a year ago while cow slaughter was down 24%.

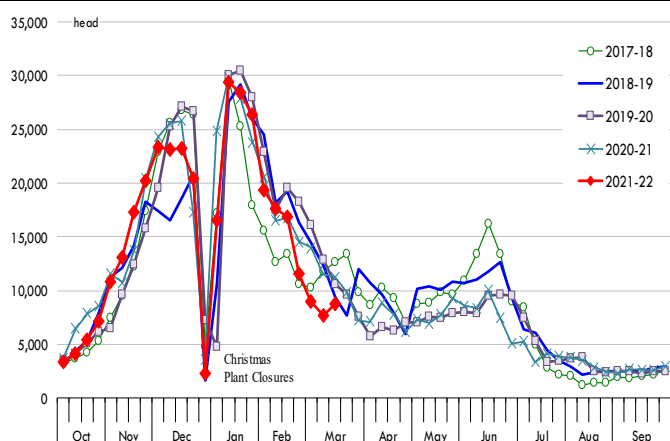
Lower slaughter has limited beef exports, with shipments in February pegged at 44,235 MT, 7% lower than a year ago. Shipments to the US were 15,162 MT, down 1,137 MT or 7% from a year ago. In the first two months shipments to the US were down 8% and we think they were down in March as well. Shipments to China in February were also down 10%.

Australia: The general expectation is that Australian cattle slaughter will increase this year. But much of that growth will likely come in the second half of the year. And supplies will increase from a historically low base. So far this year slaughter is off to a slow start due to good moisture conditions and herd rebuilding. Slaughter in the four weeks ending March 25 averaged 87,477 head/week, 10.6% lower than the previous year. Queensland slaughter during this period was down 12% from the previous year while slaughter in Victoria was down 25% and slaughter in NSW was down 3%. Weekly slaughter in Q1 was 186k head or 16% lower than a year ago.

The decline in slaughter continues to limit the supply available for export. Exports in January were down 12.6% from a year ago, they were down 10.9% in February and we currently project they declined by a little over 10% in March. Shipments to the US market remain limited. February shipments were 9,025 MT, down 7.7% from the already limited volume shipped last year. We estimate March exports to the US at 11,150 MT, down 12% from a year ago. Logistics bottlenecks remain a challenge, although they have eased somewhat compared to earlier in the year. US importers continue to struggle with warehouses that are full near ports, delays in getting product cleared and high transportation costs. This makes the US market less attractive even as prices for grinding beef are near record levels. Australian beef

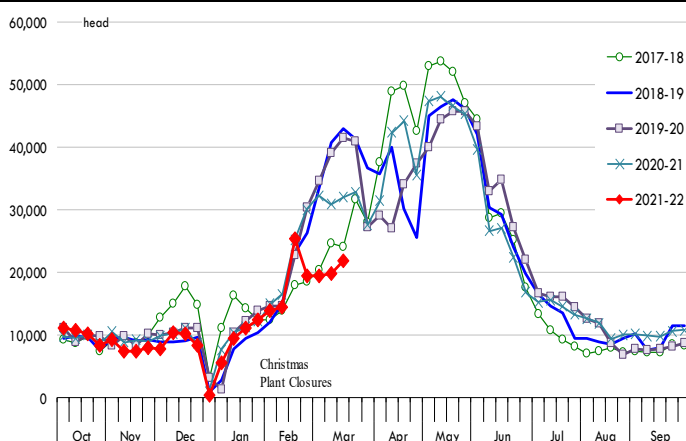
New Zealand Weekly Bull Slaughter

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



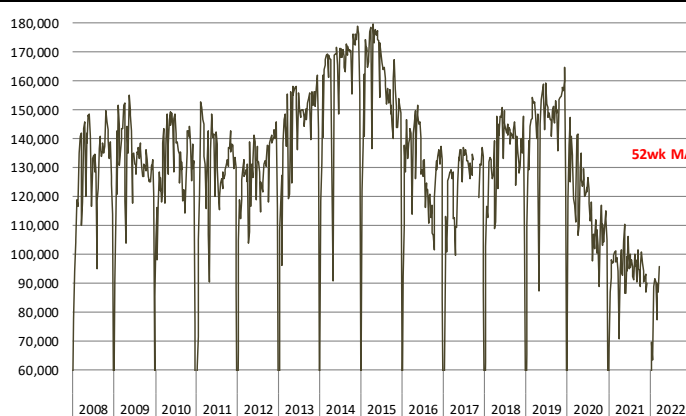
New Zealand Weekly Cow Slaughter

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



Australia Weekly Cattle Slaughter: Source MLA

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



exports to Asian markets are down as well. Shipments to Japan in February were 16,232 MT, down 9.2% from last year. We think March shipments to Japan were around 20,000 MT, about the same as last year. Shipments to S

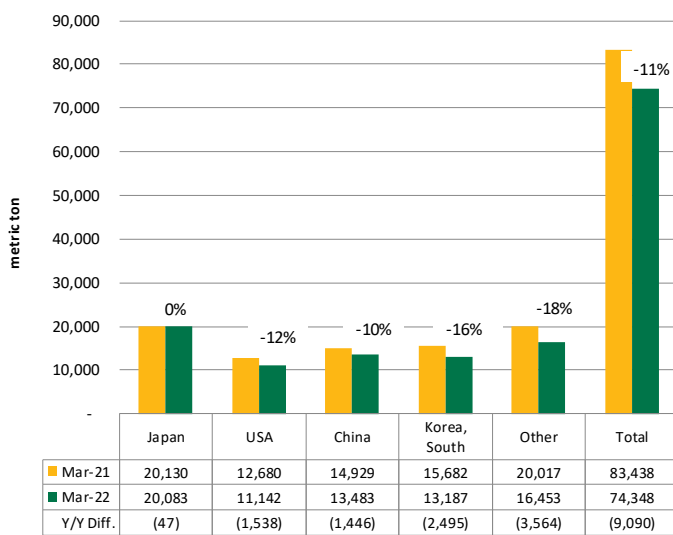
Oceania Statistics

Korea in February at 10,564 MT were 12.8% higher than last year and we think they were down almost 16% in March.

Australia Fresh/Frozen Beef Exports

Latest Data for March

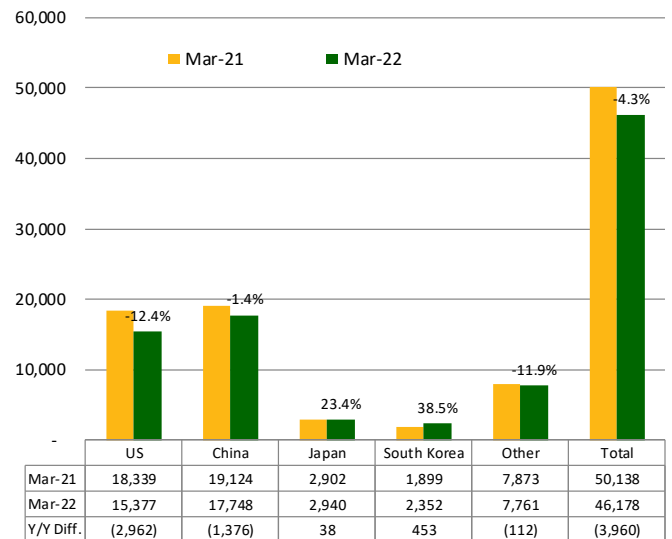
Units: Metric Tons



New Zealand Fresh/Frozen Beef Exports in March

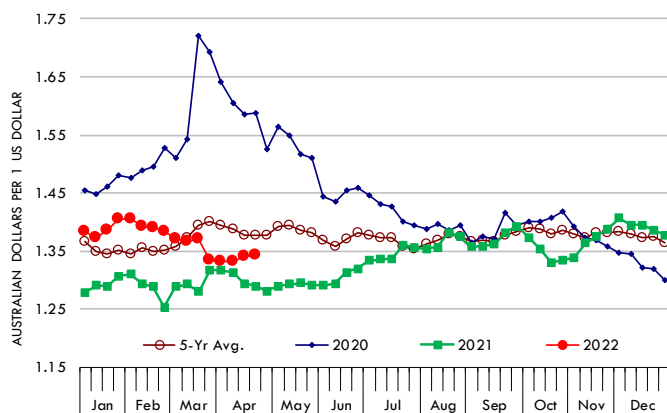
Source: Statistics NZ

Units: Metric Tons



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

