

Global Beef Market Monthly Review

September 2021

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Highlights:

- Argentina announced that it would lift its current restrictions on beef exports starting in October, earlier than earlier thought. While this may bolster exports to China in the near term, overall supply availability is limited as producers look to rebuild their herd.
- US cattle supplies remain adequate in the near term as the supply of market ready cattle is still as much as 5.6% above last year and 11% higher than the five year average. US wholesale beef prices are trending lower but remain far above year ago levels due to strong retail, foodservice and export demand.
- China beef imports were slightly higher in August following lower y/y imports in June and July. The biggest increase in Chinese beef imports in August was from the US. Imports from Brazil and Argentina, however, were down some 20% compared to a year ago.
- Uruguay cattle slaughter continues to run far ahead of year ago levels as strong demand in the world market and devaluation of the currency encourages producers to send more cattle to market. Year to date exports of Uruguayan beef are up 39% compared to a year ago.
- Cattle prices in Brazil have declined 7% in the last month due to export disruptions caused by the finding of two atypical BSE cases and temporary suspension of exports to China.

Trade Update for Key Global Players

Main Global Meat Trading Countries, Both Export and Import, MT

Countries	% of global export	% of global imports	Most Recent Trade Data		Y/Y Ch.	Y/Y % ch.	2020	2021 Estimate	Y/Y Ch.	Y/Y % ch.
EXPORTS							4,794,050	4,764,796	-29,255	-1%
Australia	19%	0%	Aug 2021	77,150	-871	-1%	1,039,410	867,907	-171,503	-17%
Argentina	2%	0%	Aug 2021	45,787	-7,571	-14%	617,584	586,705	-30,879	-5%
New Zealand	7%	0%	Aug 2021	35,327	6,226	21%	472,804	489,352	16,548	3%
Brazil	18%	1%	Aug 2021	181,605	18,384	11%	1,725,214	1,759,718	34,504	2%
USA	11%		Jul 2021	95,215	15,357	19%	939,038	1,061,112	122,075	13%
IMPORTS							4,407,793	4,403,910	-3,883	0%
USA		20%	Jul 2021	95,792	-25,102	-21%	1,069,777	984,195	-85,582	-8%
China	0%	9%	Aug 2021	192,960	4,265	2%	2,117,895	2,266,148	148,253	7%
Hong Kong			Aug 2021	24,911	-7,928	-24%	363,847	331,100	-32,746	-9%
Japan	0%	9%	Aug 2021	53,784	6,581	14%	600,404	579,390	-21,014	-4%
Russia	0%	8%	Jul 2021	17,091	686	4%	255,870	243,077	-12,794	-5%

*** Product wt. basis. Projections for 2019 made by Steiner Consulting.

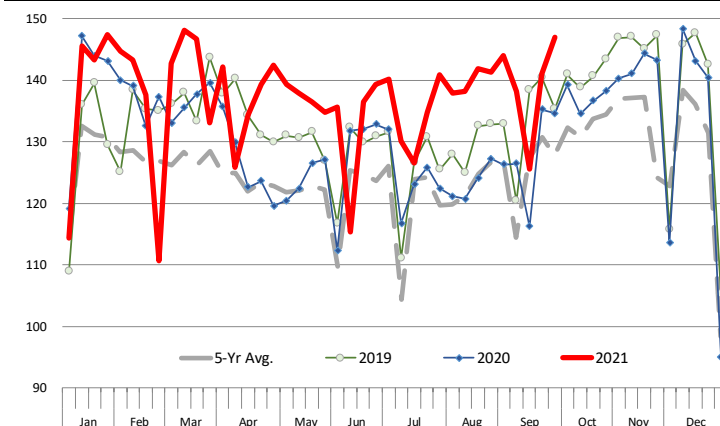
North America Market Update

United States: The total US inventory of cattle on feed as of September 1 was estimated at 11.234 million head, 160k head higher than the previous month but 160k head or 1.4% lower than the previous year. The inventory of cattle that have been on feed for more than 120 days was estimated at 4.048 million head, 5.6% higher than a year ago and 427k head or 11.8% higher than the five year average. When we look at the structure of placements, feedlots placed more heavy cattle on feed during August, which will tend to become market ready this fall. This will add to the already large number of market ready cattle that we currently have on feed, and which will need to be processed in the next 30-60 days. This helps explain why fed cattle continue to trade steady to modestly lower even as the choice beef cutout remains significantly above year ago levels.

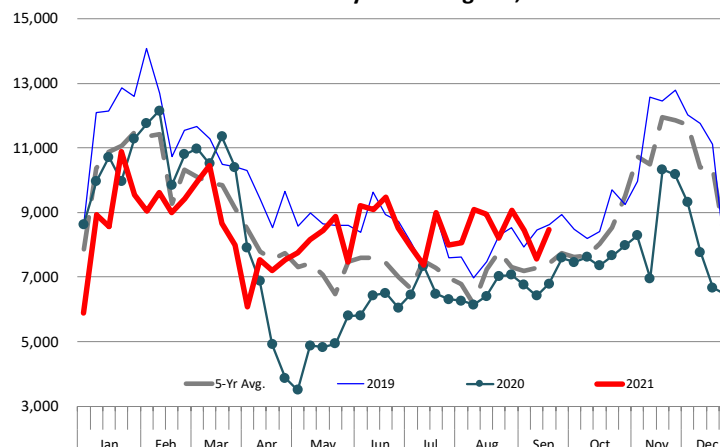
The total supply of beef in cold storage at the end of August was estimated at 414.9 million pounds, 7.7% lower than a year ago and 12.6% lower than the five year average. Normally we see beef inventories start to increase in June but high prices over the summer have prevented market participants from building inventories. In August beef inventories increased 3.5% from the previous month compared to an average 4.5% increase in the last five years. The inventory of beef cuts in cold storage was 30.7 million pounds, 2.2% lower than the extremely tight inventory last year and 17.9% under the five year average. Boneless beef inventory at the end of August was 384.2 million pounds, down 8.1% from a year ago. The chart to the right shows the y/y change in boneless beef inventories by the USDA defined cold storage region. The biggest decline has been in the Mid-Atlantic region. The inventory in this region is down 13.7% or 22.2 million pounds (the equivalent of 656 full truckloads). Total US boneless beef inventory in cold storage at the end of August was down the equivalent of 1,168 full truckloads. Some of the reduction is a function of lower imports. But we also think that strong demand and high prices have caused end users, especially processors/traders on the East Coast, to deplete inventories. So far the market has not provided an opportunity to rebuild stocks. As more buyers are in the spot market looking for product, this has contributed to the price inflation we have seen in the last three months. Fat beef trim prices remain particularly firm due to more limited boning/trimming at the packer level as well as strong ground beef demand.

WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS. Analysis by Steiner Consulting



Canada Weekly Cow Slaughter, head



Canada: Canadian cattle prices have been trending largely sideways, following the trend in the US market. The supply of cattle on feed in Alberta and Saskatchewan feedlots on September 1 was estimated at 917.6k head, 19% higher than the previous year. Feedlots placed 62% more cattle on feed in August as drought in the Canadian Prairies forced producers to move calves into feedlots rather than let them gain weight on pastures. Placements of steers and heifers under 600 pounds in August were 10,154 head compared to just 1,528 head a year ago. But the increase in placements was not simply confined to light calves. Placements of cattle over 800 pounds made up the bulk of placements at 136.8k head out of 175.4k total placements. Last year, placements of feeder cattle over 800 pounds were 91.9k head. The increase in early placed cattle will tend to keep fed cattle values in check through the end of the year but it will

North America (continued)

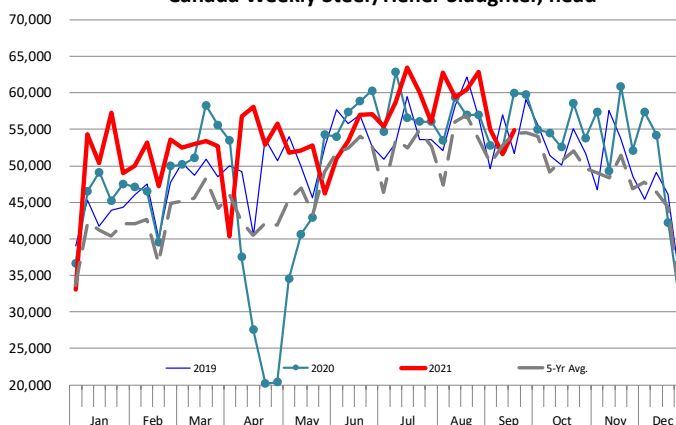
tend to limit supply availability next spring.

Canadian beef imports continue to run well below year ago levels, in part due to the increase in domestic slaughter/production. The weekly data that Canadian authorities issue no longer breaks out Australian imports due to the relatively low volume. They are now included in the “other” category, down 36% compared to a year ago. Imports from most other markets were down. Mexico is an exception, largely because it offers a significant price discount vs. US fed, non-frozen beef. Imports of fresh/chilled Mexican beef at 5,449 MT are up 21% for the year while imports of frozen beef at 1.134 MT are down 31%.

Mexico: Mexican beef production in August was flat compared to the previous month but continues to track above year ago and five year average numbers. It is not unusual for beef production to increase in the spring but then plateau during the summer months. According to official statistics, August production was 182,063 MT (cwe), slightly higher than in July and 2% higher than in 2020. USDA is currently projecting beef production for all of 2021 to be 2.270 million MT, up 2% compared to 2020. So far production remains on track to hit that forecast. For next year, USDA is forecasting beef production to increase 3%, a somewhat aggressive forecast given the calf crop in 2020 and estimates for the calf crop in 2021. USDA pegged the total inventory of all cattle in Mexico on January 1, 2021 at 17 million head, about 100k head or 0.6% higher than the previous year. The calf crop for 2021 is currently projected at 8.150 million head, 150k head or 1.9% higher than a year ago. Beef production pace may surpass the calf crop if we see a higher rate of cow liquidation. However, that has not been the case so far. The beef cow herd has been trending higher and in January of this year it was estimated at 7.950 million head, 50k head larger than the previous year. The beef cow herd is expected to increase by another 50k head in 2022 and the dairy herd is expected to add another 50k head.

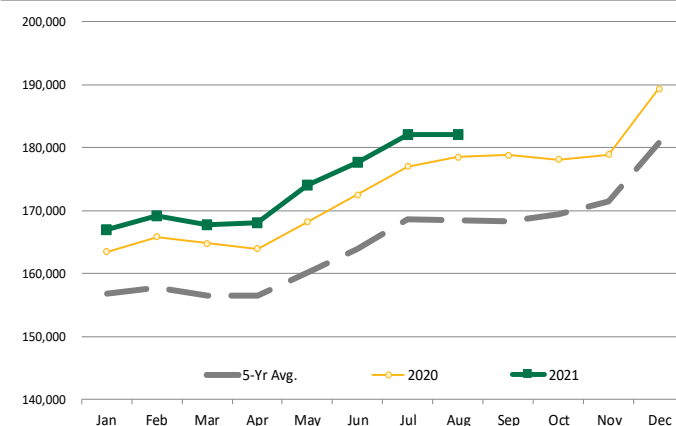
Most Mexican beef exports continue to flow to the US market. Total Mexican beef exports in July were 26,016 MT, 1% higher than the previous year. Exports to the US were 21,858 MT, 4% lower than a year ago while exports to Japan, the second largest market, were 2,173 MT, 79% higher than a year ago. South Korea, Hong Kong

Canada Weekly Steer/Heifer Slaughter, head



Mexico Beef Production

Source: SAGARPA



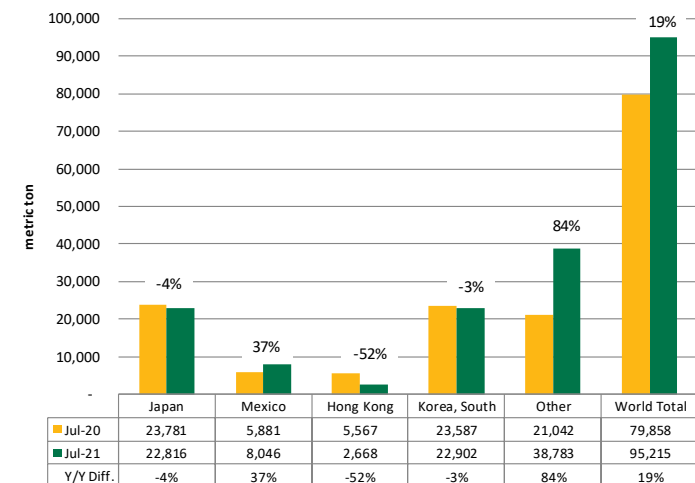
and Canada are other (smaller) markets for Mexican beef exports.

North America Trade Statistics

USA Fresh/Frozen Beef Exports

Latest Data for July

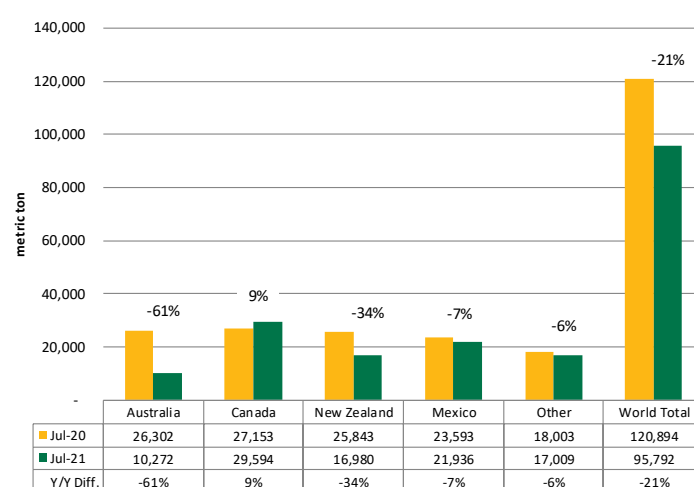
Units: Metric Tons



USA Fresh/Frozen Beef Imports

Latest Data for July

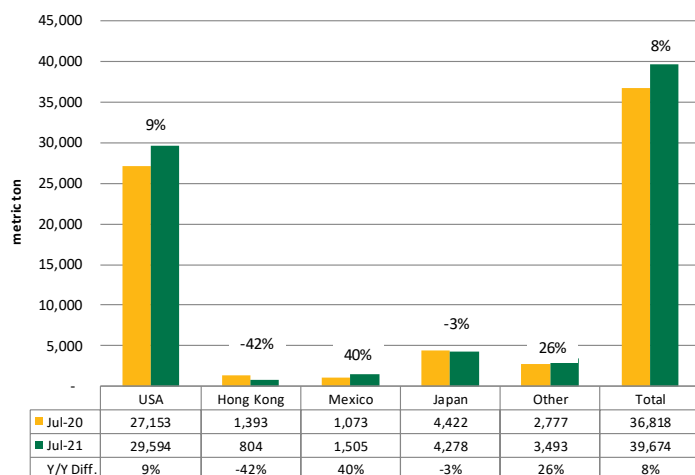
Units: Metric Tons



Canada Fresh/Frozen Beef Exports

Latest Data for July

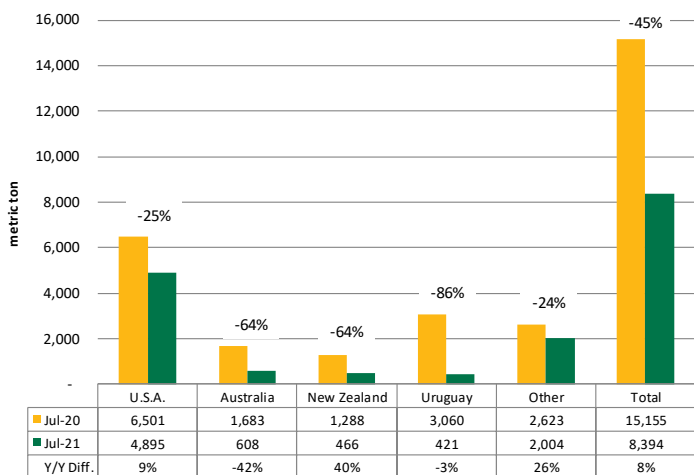
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Canada Fresh/Frozen Beef Imports

Latest Data for July

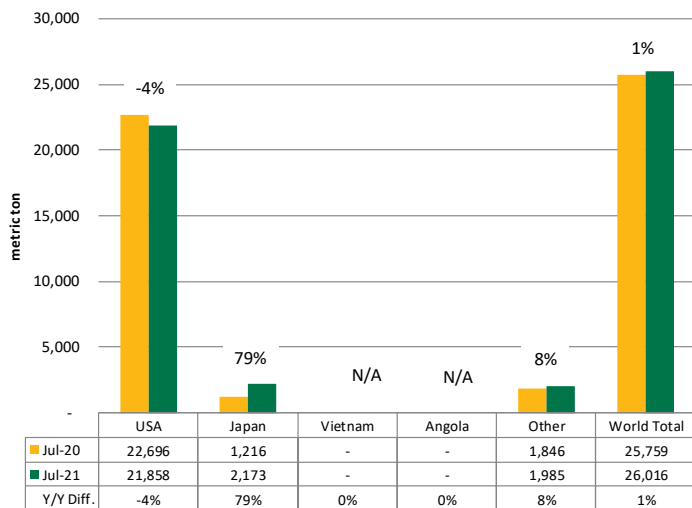
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Mexico Fresh/Frozen Beef Exports

Latest Data for July

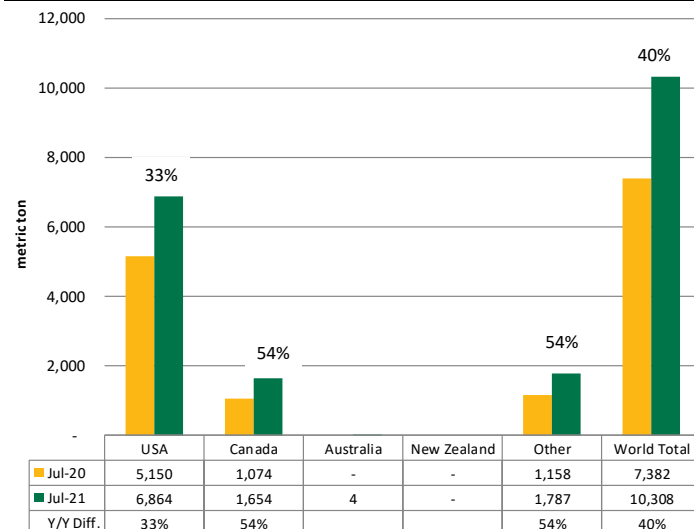
Units: Metric Tons



Mexico Fresh/Frozen Beef Imports

Latest Data for July

Units: Metric Tons



South America Market Update

Brazil: Brazilian cattle prices have come under pressure in the last few weeks, in part due to an increase in the number of cattle/beef coming to market but also the impact from China suspension following BSE announcement. Cattle prices in the last week of September were 7% lower than the previous month in Brazilian Real terms and 11% lower in US dollar terms. Prices are still as much as 15% above year ago levels. When Brazil announced that it had found two cases of atypical BSE and suspended beef exports to China, the expectation was that the issue would be resolved very quickly. However, recent reports from Brazil suggest that the suspension lasted far longer than many expected and this pressured cattle prices.

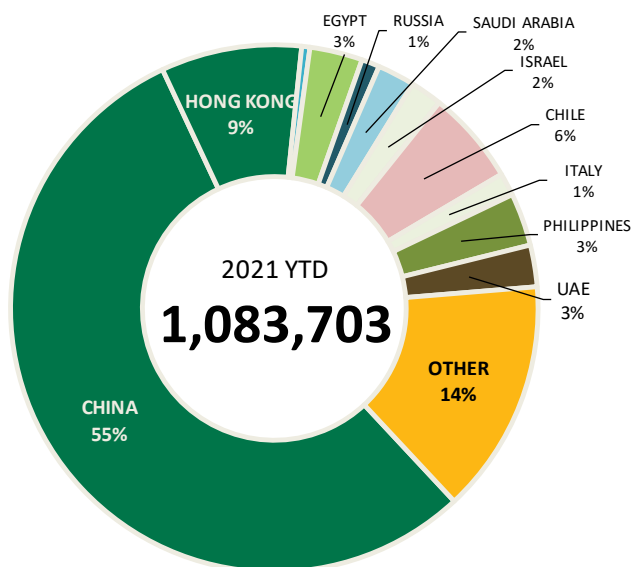
Before the BSE cases came to light, Brazil saw strong growth in shipments to China. This was in part due to beef export restrictions in Argentina. Exports of fresh/frozen Brazilian beef in August were 181,384 MT, 18,384 MT or 11% higher than a year ago. Exports to China were 105,856 MT, up 27,603 MT or 35% compared to last year. When we also add Hong Kong to the mix, shipments of Brazilian beef to the China market accounted for 64% of all exports. This is consistent with the market share so far this year. Exports to the US have also seen robust growth. August shipments to the US were 6,651 MT, 3,776 MT or 131% more than a year ago. Through August, Brazilian beef exports to the US were 31,471 MT, an almost 200% increase but still well under the MFN quota available in the US. We think that for all of 2021 exports to the US will be around 53,000 MT.

Argentina: Restrictions continued to impact Argentine beef exports in August. But curiously Argentine exporters managed to keep the volume going to China only slightly under last year while reducing the amount of beef going to other markets. Total shipments in August were 45,787 MT, down 7,571 MT or 14% from a year ago. Exports to China were 32,808 MT, just 2% under last year and accounting for 72% of all Argentine beef exports last month.

It was expected that export restrictions would remain in place through October but it was recently announced that they will be lifted about a month early on October 4. This should help bolster overall exports compared to June and July and August. However, Argentine cattle slaughter continues to run well below year ago lev-

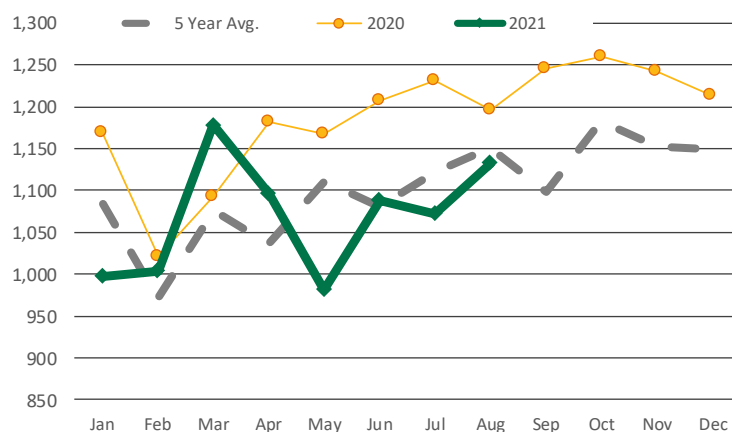
Brazil Beef Fr/Frz Beef Exports. Metric Ton

Source: COMEX. Jan - Aug 2021



Monthly Argentina Cattle Slaughter, Total Slaughter. '000 Head

Source: SENASA



els and this will limit how much beef Argentina will have to sell in the world market. The alternative is for even less beef available in the domestic market. Cattle slaughter for August was estimated at 1.133 million head, down 5.2% compared to the previous year and down 7.7 year to date. USDA is projecting Argentine beef slaughter for all of 2021 to be 5.4% lower than the previous year, a forecast that may be revised lower. For 2022, USDA is currently projecting slaughter to be down 1.1%. The reduction in slaughter combined with a modest increase in the calf crop should cause inventories to once again start increasing.

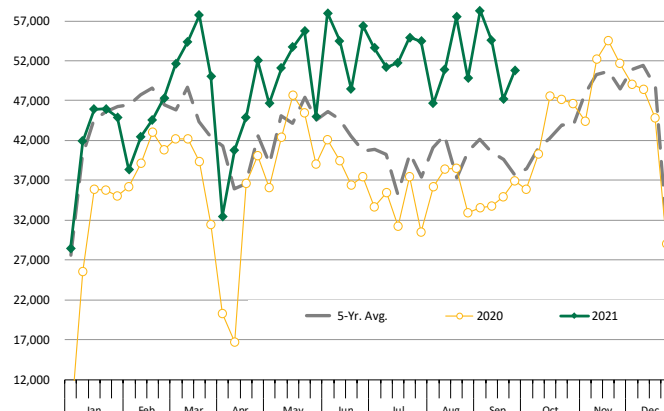
South America (continued)

Uruguay: Cattle slaughter continues to run well above year ago levels. Strong demand in outside markets, and high cattle prices, have encouraged producers to ramp up marketings. In the four weeks ending September 25, cattle slaughter in Uruguay averaged 52,694 head/week, 51.5% higher than the same period a year ago and 29% higher than the five year average. Steer slaughter during this period was 26,803 head/week, 74% higher than a year ago and 36% higher than the five year average while cow slaughter at 18,349 head per week was 29% higher than last year and 1% higher than the five year average.

Demand for Uruguayan beef out China remains extremely strong, resulting in a sharp jump in shipments in July and August. Lack of Argentine supply has in part contributed to this demand. August shipments to the Chinese market were 25,849 MT, 14,127 MT or 121% higher than a year ago. Through August, total exports to the Chinese market were 172,729 MT, up 71,519 MT or 71% compared to a year ago. Exports to other markets were lower in August. Shipments to the EU were 3,619 MT, 14% lower while shipments to the US at 2,028 MT were 28% lower. Shipments to the US market through August were 26,237 MT, down 23% compared to a year ago. Total Uruguayan beef exports through August were 262,623 MT, up 40% from a year ago, with China accounting for 2/3 of all exports.

Uruguay Cattle Slaughter, Total

Weekly Slaughter in Head. Source: World Beef Report

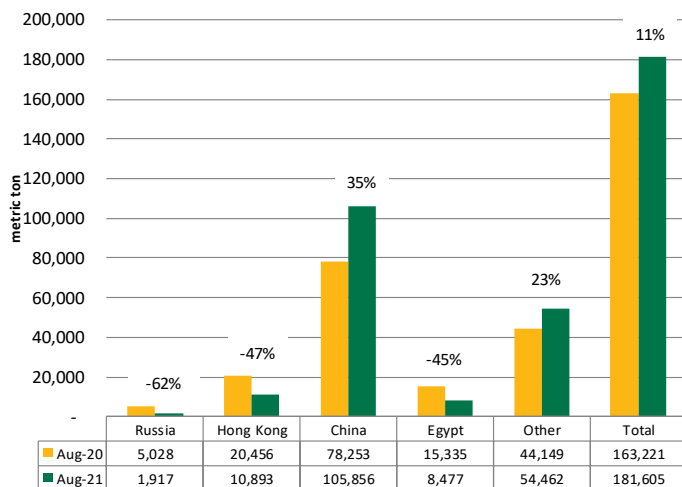


South America Trade Statistics

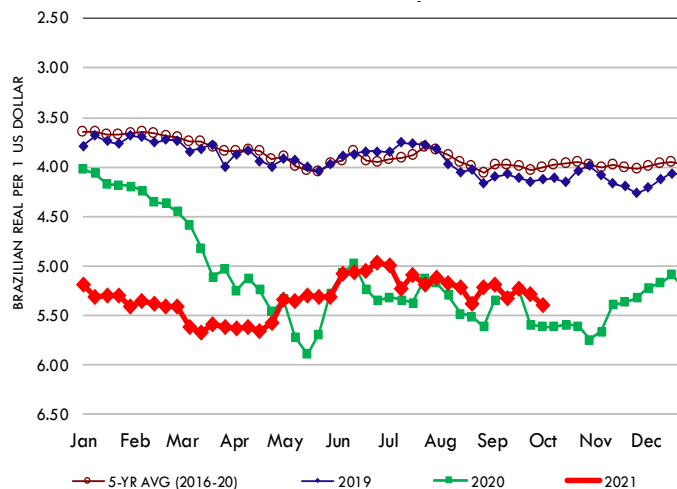
Brazil Fresh/Frozen Beef Exports: Jan - August

Latest Data for August

Units: Metric Tons



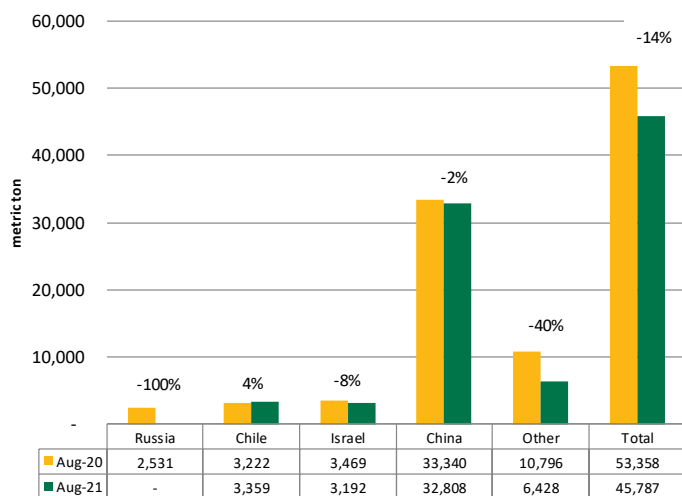
Brazilian Real Per 1 US Dollar



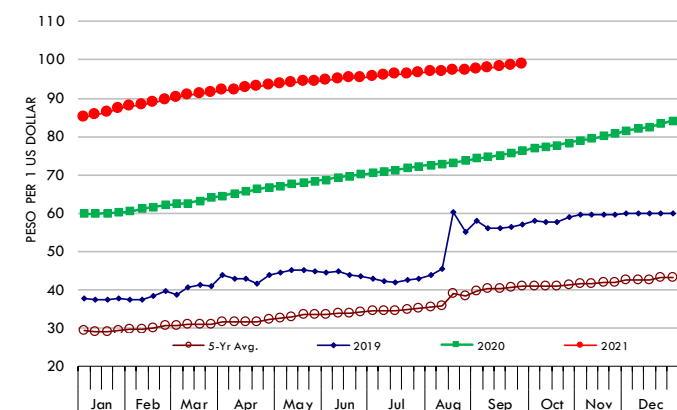
Argentina Fresh/Frozen Beef Exports

Latest Data for August

Units: Metric Tons



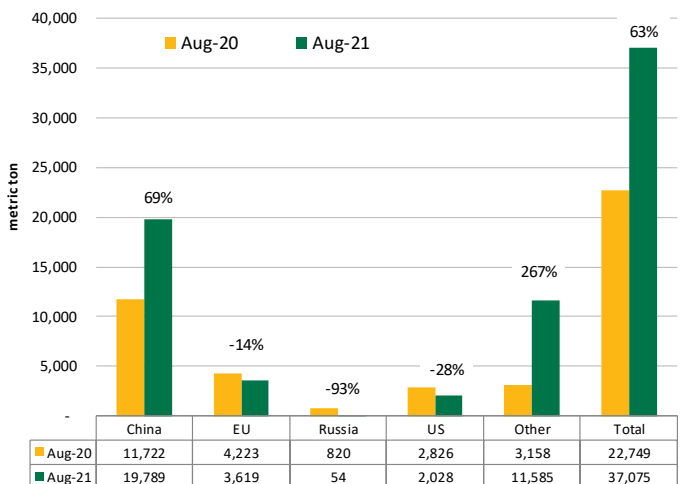
Argentine Peso Per 1 US Dollar



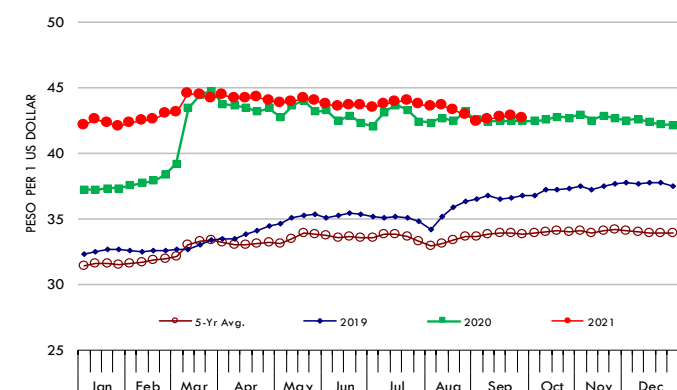
Uruguayan Fresh/Frozen Beef Exports

Latest Data is for Aug 2021

Units: Metric Tons



Uruguay Peso Per 1 US Dollar



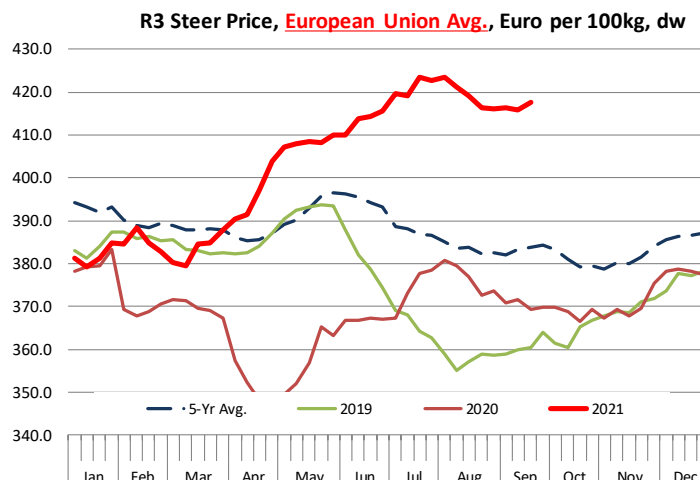
Asia / EU Market Update

European Union: Irish cattle slaughter has been trending higher in the last few weeks, in line with the normal seasonal increase we see during this time of year. As the chart below shows, slaughter will normally peak in late November. Cattle slaughter in Ireland through the end of September was 84k head or 6.34% lower than a year ago. In part this is a function of the supply of market ready cattle. On January 1, 2021, the total cattle inventory in Ireland was 6.529 million head, 0.5% lower than the previous year and 2.2% lower than what it was three years ago. The inventory of cattle 2 years or older was 3.2% lower than the previous year, which helps explain the decline in slaughter. In the four weeks ending September 26 cattle slaughter in Ireland averaged 35,162 head/week, up 1.5% from last year. Cow slaughter during this period averaged 5,945 head/week, 12.5% lower than a year ago while slaughter of young bulls was an average of 1,536 head/week or 21% higher than last year and 20% higher than the same period in 2019.

Limited slaughter and robust demand in EU and world market continues to bolster the value of steer and cow meat. For the week ending September 29, the average price of Irish R3 steers was 4.17 euro per kg, 15% higher than the previous year. This is about the same as the average price of R3 steers in the EU. Cow prices for this week in Ireland were 3.52 euro per kg, 19% higher than last year. Average EU cow prices are usually lower than in Ireland but they are also up about 20% compared to last year.

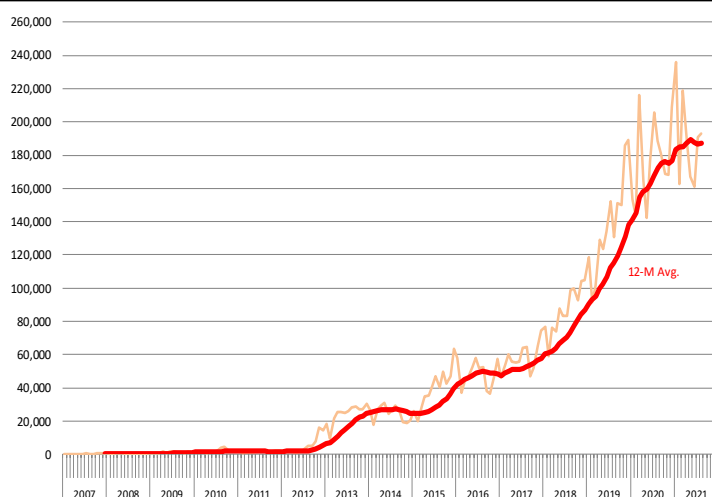
Irish beef exports in July (latest data) were 30,028 MT, down 6.1% from the previous month but still 1.4% higher than the previous year. Exports to the UK were 13,421 MT, down 6.1% from the previous year. Exports to Great Britain remain soft, down 12.8% y/y while exports to Northern Ireland are up 32.8%. Exports to EU markets are mixed. France is the biggest market for Irish beef in the EU and in July exports to France were 3,269 MT, 7.4% higher than the previous year. Exports to the US remain limited at just 475 MT, down 54% vs. 2020.

China/Japan/S. Korea: Chinese beef importers are struggling to fill the gap between domestic demand and supply availability in the world market. They currently account for a large share of beef exports from Argentina, Brazil and Uruguay and it becomes increasingly difficult to further increase that share. It should help that Argentine



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

Data Source: China Customs Administration. Analysis by Steiner Consulting



officials will lift restrictions on beef exports on October 4. Still, Chinese buyers will continue to bump up against supply constraints in these markets, especially as Chinese beef demand is expected to increase in the next few years.

Total Chinese beef imports in August were 192,960 MT, 2% higher than a year ago and the highest import volume since March. It is interesting to note that imports managed to increase despite a reduction in imports from Brazil and Argentina. Imports from these two markets, which are #1 and #2 suppliers to China, were a combined 24,697 MT or 22% lower than a year ago. Imports from Argentina at 30,347 MT were 32% lower than last year. Chinese imports of US beef in August were 15,449 MT, .13,816 MT more than a year ago. This was the largest y/y volume increase of any country in August.

Asia / EU Trade Statistics

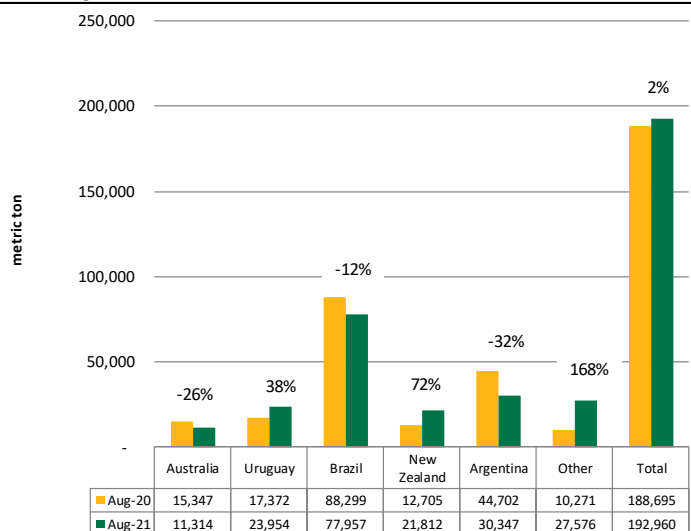
South Korean beef imports in August were 40,926 MT, 4,617 MT or 13% higher than a year ago. Imports from the US market were 24,449 MT, 15% higher than a year ago. Imports from Australia last month were 13,377 MT, 8% higher than a year ago. Through August S. Korean beef imports were 325,819 MT, 8% higher than a year ago with imports from the US accounting for about half of the increase. New Zealand is not a major beef supplier to S. Korea but so far this year imports from New Zealand at 14,612 MT are up 38% from a year ago.

Japanese beef imports rose sharply in August, in part due to higher imports from New Zealand and Canada. Total imports last month were 53,784 MT, 14% higher than a year ago. A third of the increase was due to higher imports from New Zealand. The United States remains the top beef supplier to Japan. Imports from the US in August were 21,628 MT, 6% higher than a year ago. Japanese beef imports through August are down 4%, however, as sharply higher prices have impacted the quantity demanded. The price of frozen imported beef in July was up 19% compared to a year ago while the price of chilled/fresh beef was 14% higher. Frozen loin and rib prices were up as much as 27% compared to last year while clod/round prices were up 9%.

China Fresh/Frozen Beef Imports

Data for August

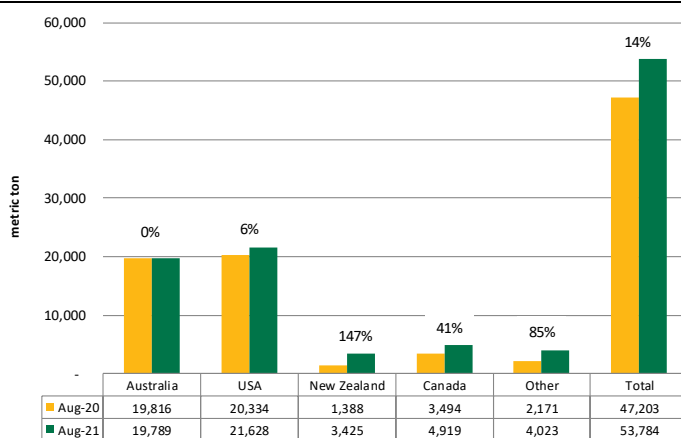
Units: Metric Tons



Japan Fresh/Frozen Beef Imports

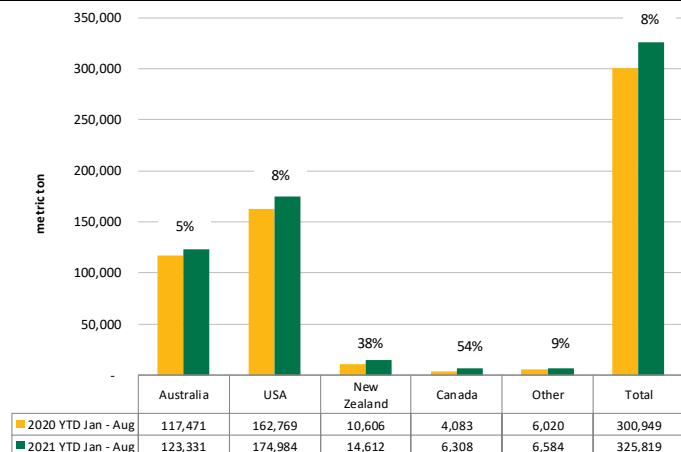
Latest Data for August

Units: Metric Tons



South Korea Fresh/Frozen Beef Imports

Year to Date Imports: Jan - Aug Volume



Oceania Update

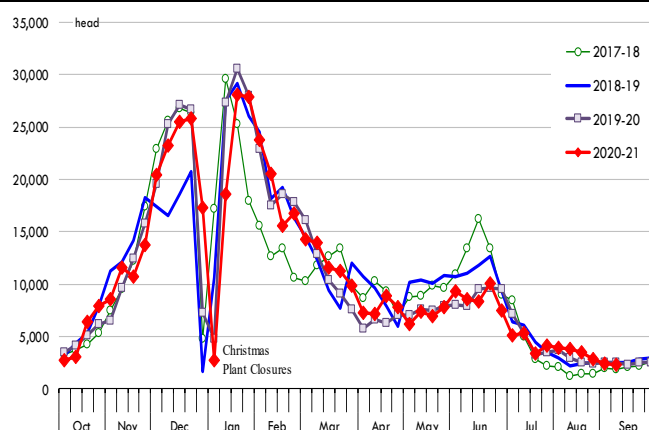
New Zealand: New Zealand slaughter should be near annual lows at this time. The most current slaughter data available publicly is through September 4, showing slaughter for the week at around 29,435 head, 13% higher than the comparable week a year ago but a fraction of the weekly slaughter in late April and May. New Zealand cattle slaughter has been tracking well above estimates this year and USDA has revised up its slaughter projections for all of 2021. USDA now thinks adult cattle slaughter in 2021 will be 10% higher than the previous forecast. According to USDA, the increase in slaughter is due to higher retention of dairy calves 2018 and 2019 has bolstered the number of slaughter cattle this year. Cow slaughter, on the other hand, is projected to be down 4.5% this year and USDA does not expect a material increase in the beef and dairy cow herd for 2022. The increase in slaughter during July and August helped bolster export figures, with total shipments in August up 21% from a year ago. China took the largest share of the increase in exports.

Australia: Australian cattle slaughter is expected to remain in check in the near term as moisture conditions remain positive. For the week ending September 20, a number of key cattle producing regions saw between 10 and 50 mm of rainfall. According to ABARE, water storages in the key Murray-Darling basin are now at the highest level in almost a decade. Robust prices and demand in the world market and positive moisture conditions continue to bolster demand for feeder cattle. The Eastern Young Cattle Indicator (EYCI) is currently above \$10/kg, 34% higher than a year ago and more than double what it was in 2019. Cattle slaughter in the four weeks ending September 24 averaged 96,174 head/week, down 9.7% compared to a year ago. Slaughter in Queensland during this period averaged 52,800 head/week, down 2.2% compared to last year.

Lower slaughter has limited exports so far this year. But even as slaughter in September is down compared to a year ago, exports have improved. Total Australian beef exports in August were 77,150 MT, down 1.1% compared to the previous year. We currently project September shipments to be 79,500 MT, up 9.5% compared to the previous year. Exports to the US in August were 13,641 MT, down 25% compared to a year ago. The pace of exports to the US improved in September and we now think shipments for the month may be close to

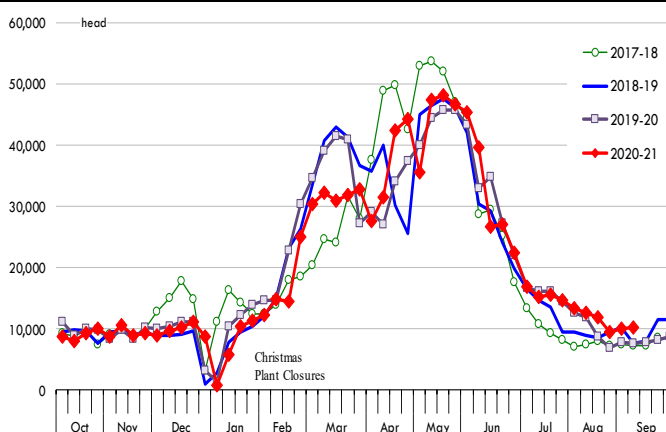
New Zealand Weekly Bull Slaughter

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



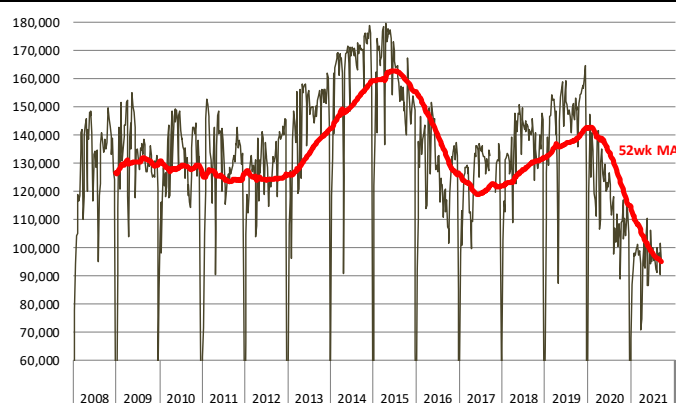
New Zealand Weekly Cow Slaughter

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



15,000 MT, still about 5.5% below year ago. Exports to Japan and S. Korea have performed far better, in part because of the reduction in exports to China. Exports to

Oceania Statistics

Japan in August were 20,466 MT, 4.1% higher than last year and we are projecting September shipments to be 21,300 MT, 4% higher than last year.

Australia Fresh/Frozen Beef Exports

Latest Data for August

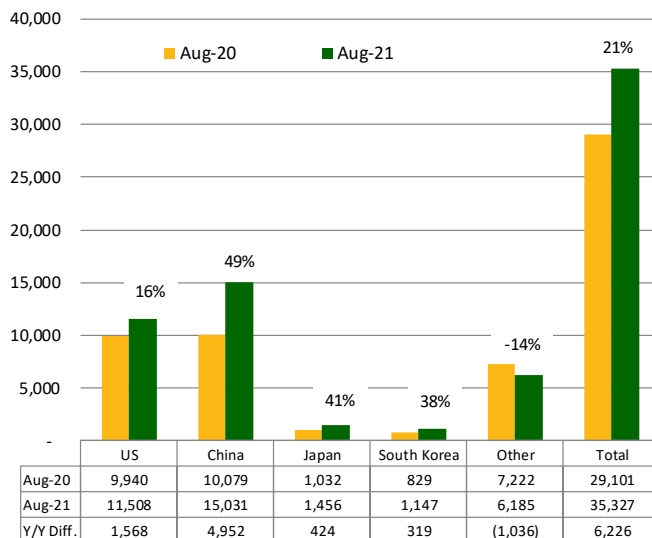
Units: Metric Tons



New Zealand Fresh/Frozen Beef Exports in August

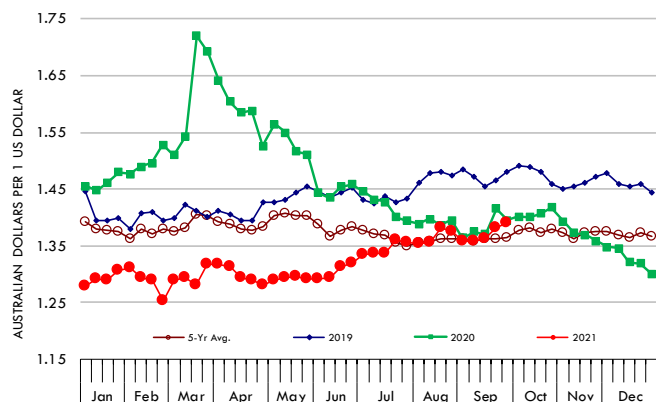
Source: Statistics NZ

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

