



US Imported Beef Market

A Weekly Update

Prepared Exclusively for Meat & Livestock Australia - Sydney

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Market Highlights for the Week:

- Australian shipments to the US in April were more than double last year's levels. Early indications are that May shipments will surpass 32k MT, the highest level in four years.
- The increase in Australian shipments comes at a time when both New Zealand supplies are reaching seasonal highs and Brazilian suppliers are looking to sell more into the US despite the 26.4% tariff.
- US lean grinding beef values have stopped climbing, but they also have not declined. This is consistent with the seasonal trend.
- US fed beef production in April was higher than a year ago and this trend has continued in the first two months of May. Our estimate is for US fed beef production in the last two weeks up 40 million pounds (+5%) vs. a year ago.
- Heavy fed cattle weights, a slowdown in sales and expensive inventories have negatively impacted the value of 50CL trim, which has traded as much as 65% below year ago levels.
- Non fed cattle slaughter continues to trend under last year, down 13% in the last two weeks. Non fed beef production is also down although a 3-3.5% increase in cow carcass weights has help offset some of the decline.

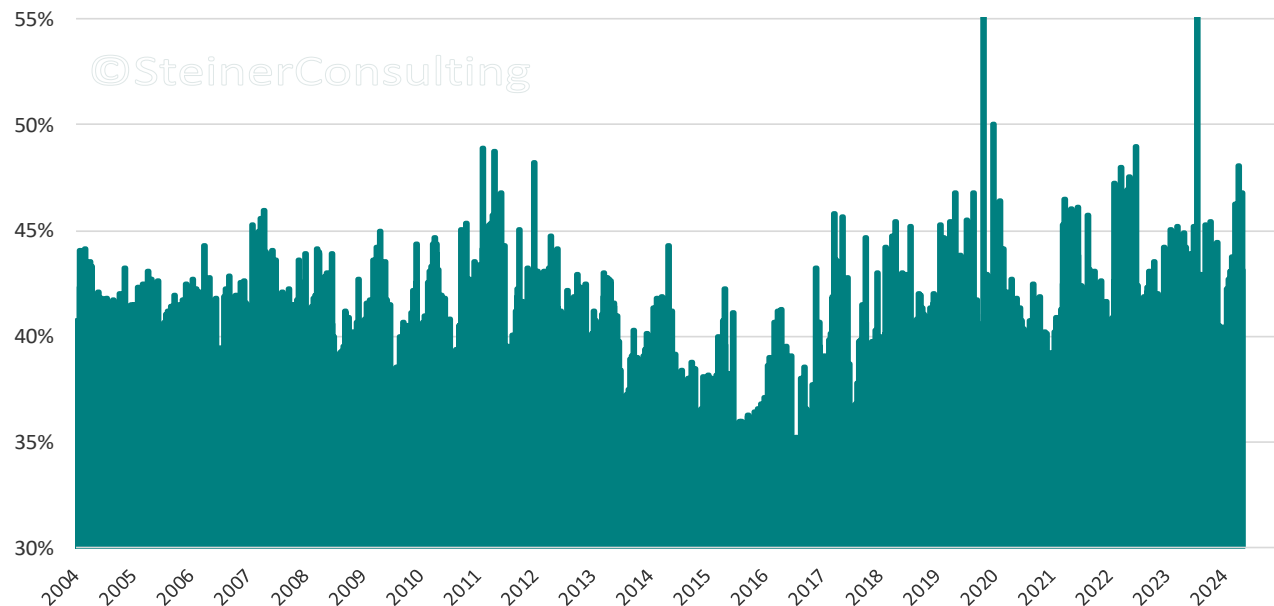
Imported Market Activity for the Week

The imported beef prices remain under pressure as overseas suppliers look to push more beef into the US market but finding a different posture from end users than two months ago. Two factors are at play, in our opinion. First, there continues to be a sizable supply of lean beef from Oceania but also South America looking to enter the US market in the next six months. Expecta-

tions on the part of Australian suppliers are for slaughter to be above year ago levels and demand in Asian market is simply insufficient to absorb the increase, at least at the price levels offered in the US. South American suppliers also have more meat to sell, be this due to the strong US dollar or the lack of purchasing power domestically. The second factor is seasonal demand in the US. In February and March, the combination of lower overall beef production (both fed and non-fed) and

Share of Heifers in Weekly Feeder Cattle Sales

Data source: USDA-AMS. Analysis by Steiner Consulting



upcoming spring demand had both patty manufacturers and retail operators competing to get needs covered. That spring demand is now behind us. Imported beef sales at the moment are for the mid June through August, a time of year when retail demand tends to slow down. To be sure, domestic lean grinding beef availability is expected to remain limited. But as the chart below shows, the runup in price due to seasonal demand may have run its course. Unless/until there is evidence that either the supply shortfall is bigger than expected or domestic consumers are willing to pay up for ground beef, end users and traders will be less aggressive in their bids. The slowdown in foodservice sales only adds to the downward pressure on frozen imported product. Currently it is suppliers that are competing to book sales, a shift from three months ago when it was foodservice buyers looking to get needs covered.

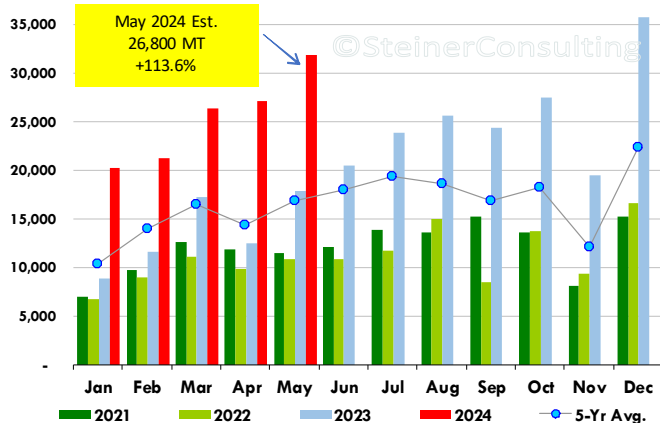
Other market notes:

Australian May shipments. The initial data on Australian May shipments to the US is relatively thin but our initial estimate is that shipments are currently on track to hit 32k MT, a 78% increase from a year ago. Total shipments for the month are currently projected at 105k MT, about the same as in April and 15% higher than last year. US share of Australian shipments has steadily increased in recent months and we expect that trend to continue in May, June, July. Following a holiday shortened week, slaughter in Australian Eastern States for the week ending May 3 was a little over 134k head, 26% higher than a year ago and the highest weekly slaughter since April 2020.

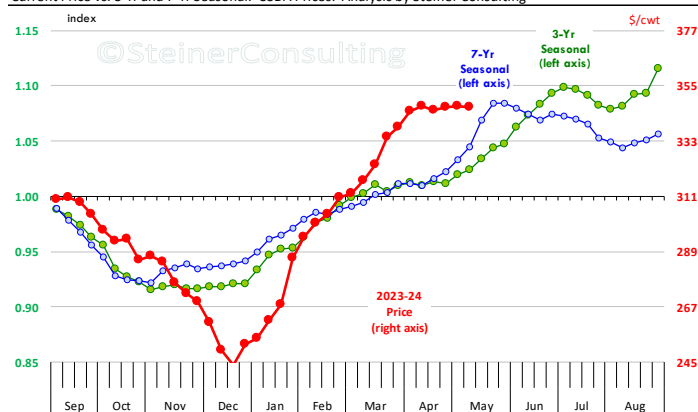
Fed and non-fed beef production. US fed beef production has been running above year ago levels in recent weeks, a trend that we highlighted a couple of weeks and but which continues to remain in place. The latest official fed cattle slaughter statistics and weights are for the week ending April 27, showing steer/heifer slaughter at 494k head, 1% higher than a year ago. Fed cattle weights for the week were 3% above last year, resulting in a 4% increase in fed beef supplies. Our estimates are for total fed cattle slaughter in the last two weeks over 1 million head, 2.2% higher than last year. Fed cattle weights show no signs of pulling back, which is what normally happens during this time of year. The result is that fed beef production in the last two weeks has been near 900 million pounds, 40 million pounds (+5%) higher than last year. The increase in fed beef supplies had added to the volume of chucks/rounds and

AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES

Metric Ton. Source: DAWE. Analysis by Steiner Consulting

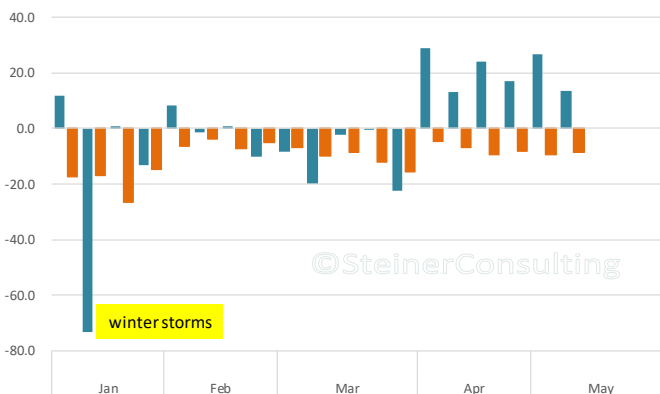


Seasonality of Fresh US Domestic 90CL Beef Trim. Weekly Average USDA Price Current Price vs. 3-Yr and 7-Yr Seasonal. USDA Prices. Analysis by Steiner Consulting



Y/Y Change in Fed and Non Fed Beef Production. Million Head

Data source: USDA-NASS + Steiner Estimates Last Two Weeks



helped ease some of the lean beef supply pressured due to the lower cow slaughter.

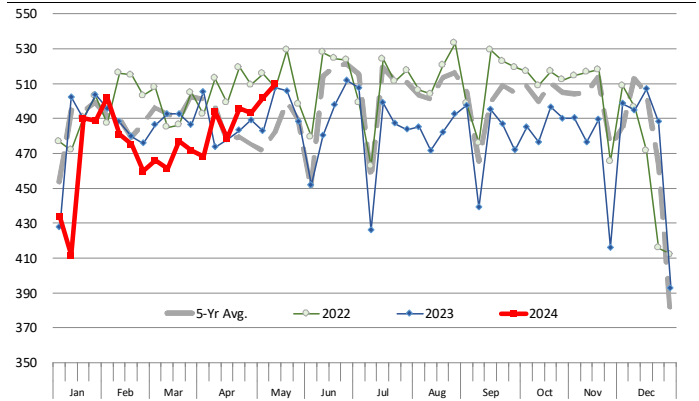
Heavier weights are affecting non fed production as well, helping offset some of the shortfall in slaughter. For the week ending April 27 cow/bull slaughter was a little over 120k head, 12.6% lower than a year ago. Cow slaughter accounts for about 91-92% of non fed beef production. Cow carcass weights for the most current week were 21 pounds (+3.4%) higher than a year ago and our estimate is for weights to be up

+3% in the last two weeks.

Bottom line: Cow meat production remains limited, although higher weights are helping offset some of the reduction. But fed cattle supply has been consistently higher in the last six weeks and likely to remain above year ago levels through June. The latest USDA forecast for beef production in 2024 is now calling for a less than 2% decline for the year. Last year the initial forecast was for beef output in 2024 to be down 9%. This more than anything else helps explain the shift in attitude/expectations for beef prices in the near term.

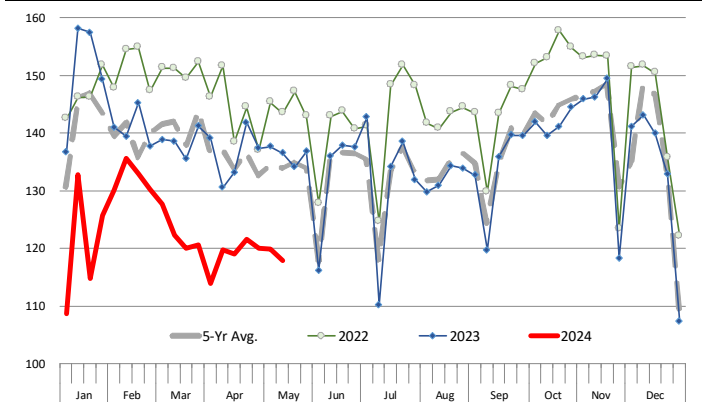
WEEKLY STEER AND HEIFER SLAUGHTER. '000 HEAD

Source: USDA



WEEKLY COW & BULL SLAUGHTER. '000 HEAD

Source: USDA-AMS

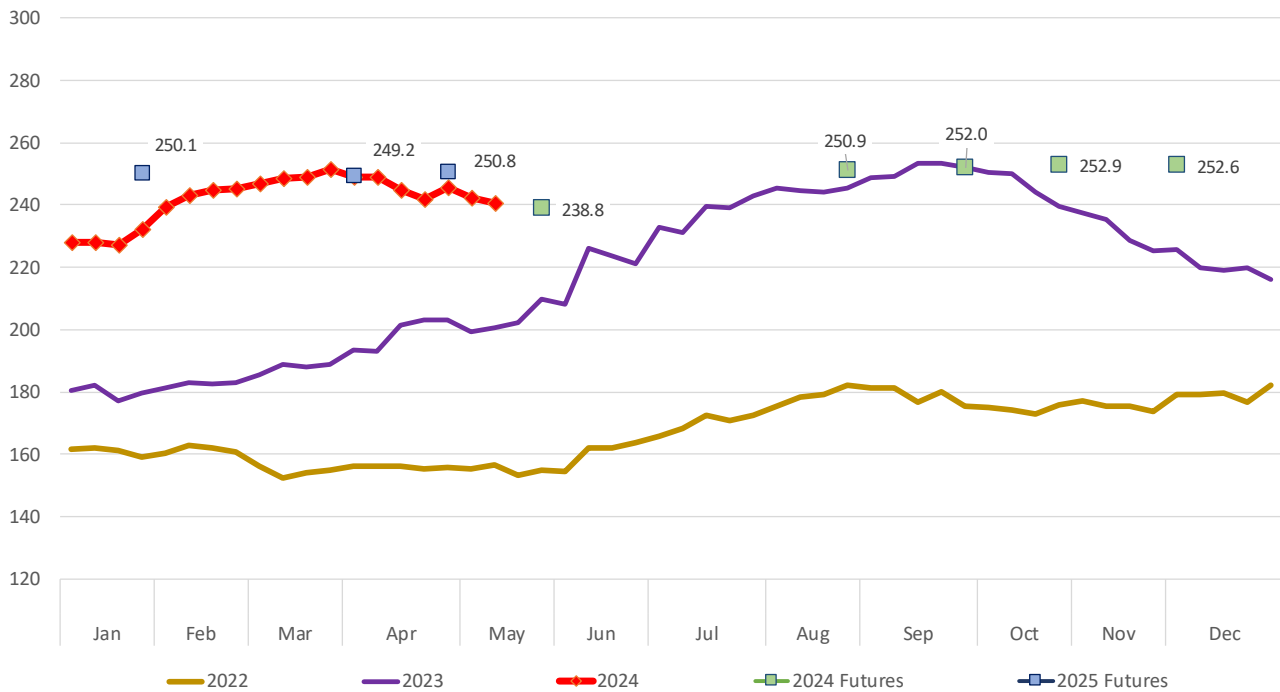


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	9-May-24	2-May-24		11-May-23	
CME FEEDER CATTLE INDEX	240.61	242.39	-0.7%	200.58	20.0%
	10-May-24	3-May-24		12-May-23	
FED STEER (5-MKT AVG)	185.17	186.24	-0.6%	174.64	6.0%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	226.50	221.50	2.3%	170.00	33.2%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	228.50	226.00	1.1%	174.50	30.9%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	230.50	227.50	1.3%	176.50	30.6%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	270.72	269.66	0.4%	220.94	22.5%

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
	10-May-24		3-May-24			12-May-23		
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	285.0	288.0		290.0	-2.0	270.0	275.0	13.0
90 CL Blended Cow	275.0	277.0		280.0	-3.0	250.0	251.0	26.0
90 CL Shank		275.0	275.0	277.0	-2.0		245.0	30.0
85 CL Fores	270.0	271.0	270.0	271.0	0.0	242.0	245.0	26.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	285.0	286.0		290.0	-4.0	270.0	272.0	14.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings		270.0		270.0	0.0	242.0	243.0	27.0
80 CL Trimmings	230.0	234.0	230.0	234.0	0.0	210.0	215.0	19.0
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, CIF</u>								
Cap Off Steer Insides		345.0		345.0	0.0	300.0	310.0	35.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	298.0	300.0	298.0	300.0	0.0	275.0	280.0	20.0
Steer Knuckles	290.0	295.0	290.0	295.0	0.0	290.0	300.0	-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
	10-May-24		3-May-24			12-May-23		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	296.0	297.0	297.0	300.0	-3.0	284.0	286.0	11.0
90 CL Blended Cow	284.0	285.0	288.0	290.0	-5.0	257.0	260.0	25.0
90 CL Shank		285.0	285.0	287.0	-2.0	255.0	257.0	28.0
85 CL Fores		282.0	282.0	283.0	-1.0	251.0	252.0	30.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	294.0	295.0	296.0	298.0	-3.0	283.0	284.0	11.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings		280.0	280.0	281.0	-1.0	250.0	251.0	29.0
80 CL Trimmings	240.0	241.0	240.0	241.0	0.0	224.0	225.0	16.0
75 CL Trimmings		UNQ		205.0	N/A	214.0	215.0	N/A
65 CL Trimmings		UNQ	140.0	145.0	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	360.0	365.0	360.0	365.0	0.0	330.0	340.0	25.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	310.0	320.0	320.0	325.0	-5.0	300.0	305.0	15.0
Steer Knuckles	305.0	310.0	310.0	315.0	-5.0	315.0	320.0	-10.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year		
	10-May-24	3-May-24		12-May-23							
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
<u>Domestic Cutouts</u>											
Choice Cutout	294.57			294.20			0.4	304.61			-10.0
Select Cutout	284.17			287.65			-3.5	284.68			-0.5
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	321.5	363.0	346.4	342.5	355.5	346.8	-0.4	268.5	287.1	275.0	71.4
85 CL Beef Trimmings	317.0	341.0	326.4	317.0	341.0	326.4	0.0	245.0	270.0	257.0	69.4
50 CL Beef Trim	62.0	95.0	76.3	65.0	95.0	78.6	-2.3	190.0	210.0	199.4	-123.1
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	59.5	96.5	63.9	64.0	97.0	74.2	-10.3	46.0	79.0	50.7	13.2
72 CL Pork Trim	88.2	117.8	94.7	87.0	124.6	102.6	-7.9	58.0	89.9	64.8	29.9
<u>Point of Lean Values</u>											
90 CL Domestic	384.9			385.3			-0.5	305.6			79.3
50 CL Beef Trimming	152.6			157.2			-4.5	398.9			-246.3
42 CL Pork Trim	152.2			176.8			-24.5	120.8			31.4
72 CL Pork Trim	131.6			142.5			-10.9	90.0			41.5
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	185.17			186.24			-1.1	174.64			10.5

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

<i>Futures Contracts</i>	<i>Current Week</i>	<i>Prior Week</i>	<i>Change From Last Week</i>	<i>Last Year</i>	<i>Change From Last Year</i>
	10-May-24	3-May-24		12-May-23	
<u><i>Live Cattle Futures</i></u>					
<i>June '24</i>	176.150	176.675	↓ -0.53	164.400	↑ 11.75
<i>August '24</i>	174.125	174.575	↓ -0.45	162.450	↑ 11.68
<i>October '24</i>	177.425	178.050	↓ -0.63	166.150	↑ 11.28
<i>December '24</i>	181.525	182.375	↓ -0.85	170.275	↑ 11.25
<u><i>Feeder Cattle Futures</i></u>					
<i>May '24</i>	238.800	243.300	↓ -4.50	205.475	↑ 33.33
<i>August '24</i>	250.900	254.750	↓ -3.85	228.975	↑ 21.93
<i>September '24</i>	251.975	255.775	↓ -3.80	231.975	↑ 20.00
<i>October '24</i>	252.875	256.125	↓ -3.25	234.150	↑ 18.73
<u><i>Corn Futures</i></u>					
<i>May '24</i>	455.750	447.000	↑ 8.75	633.250	↓ -177.50
<i>July '24</i>	469.750	460.250	↑ 9.50	586.250	↓ -116.50
<i>September '24</i>	480.000	469.250	↑ 10.75	510.750	↓ -30.75
<i>December '24</i>	492.000	482.750	↑ 9.25	508.750	↓ -16.75
<u><i>Ch Wheat Futures</i></u>					
<i>May '24</i>	645 3/4	606	↑ 39.75	624 1/2	↑ 21.25
<i>July '24</i>	663 1/2	622 1/2	↑ 41.00	635	↑ 28.50
<i>September '24</i>	682 1/2	643	↑ 39.50	647 1/2	↑ 35.00
<i>December '24</i>	705 1/4	668 1/2	↑ 36.75	664 1/4	↑ 41.00

<i>Slaughter Information</i>	<i>7 Days Ending</i>	<i>7 Days Ending</i>	<i>Change From Last Week</i>	<i>7 Days Ending</i>	<i>Change From Last Year</i>
	11-May-24	4-May-24		13-May-23	
<u><i>Total Cattle Slaughter</i></u>	622,000	622,000	↓ 0	644,300	↓ -22,300
	27-Apr-24	20-Apr-24		29-Apr-23	
<i>Total Cow Slaughter</i>	109,100	110,997	↓ -1,897	126,200	↓ -17,100
<i>Dairy Cow Slaughter</i>	53,261	55,101	↓ -1,840	58,800	↓ -5,539
<i>Beef Cow Slaughter</i>	55,839	55,896	↓ -57	67,400	↓ -11,561

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

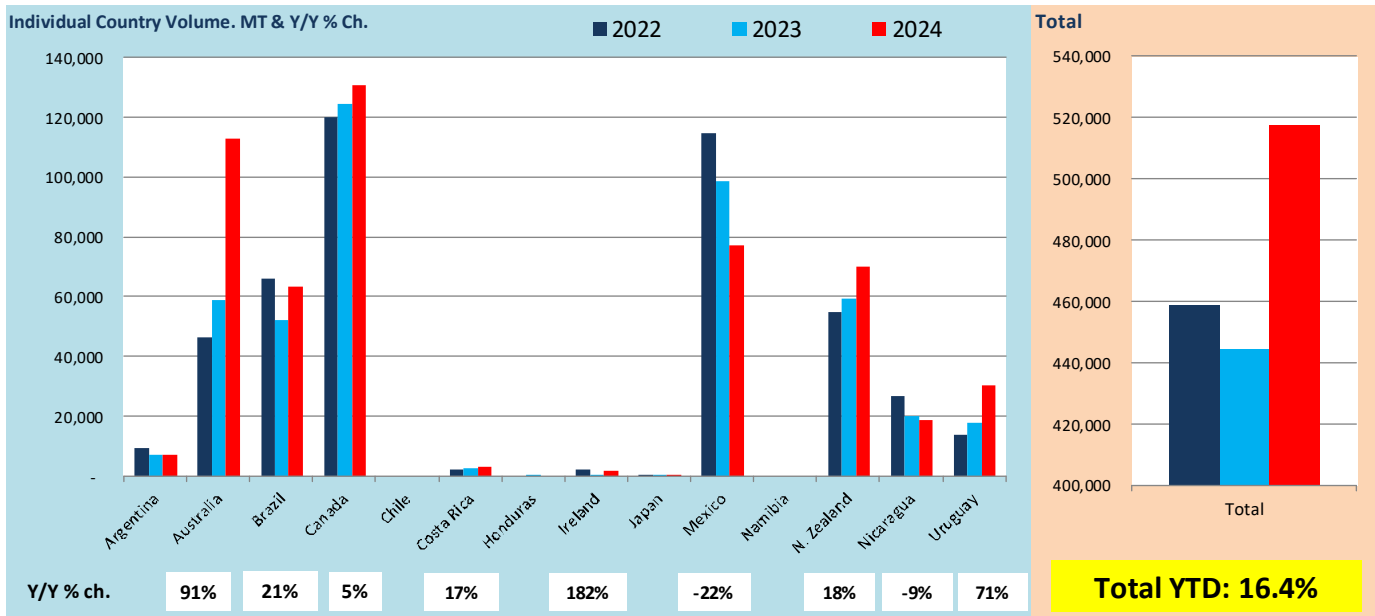
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 18	5/6/2023	5/4/2024		
Argentina	7,533	7,222	(311)	-4.1%
Australia	59,105	113,055	53,950	91.3%
Brazil	52,204	63,424	11,220	21.5%
Canada	124,496	130,806	6,310	5.1%
Chile	-	-	-	
Costa Rica	2,830	3,312	482	17.0%
France	-	-	-	
Honduras	19	-	(19)	-100.0%
Ireland	732	2,064	1,332	182.0%
Japan	684	633	(51)	-7.5%
Mexico	98,806	77,354	(21,452)	-21.7%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	59,643	70,239	10,596	17.8%
Nicaragua	20,479	18,725	(1,754)	-8.6%
Spain	-	-	-	
Uruguay	17,997	30,713	12,716	70.7%
Total	444,548	517,546	72,998	16.4%

Source: AMS - USDA

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

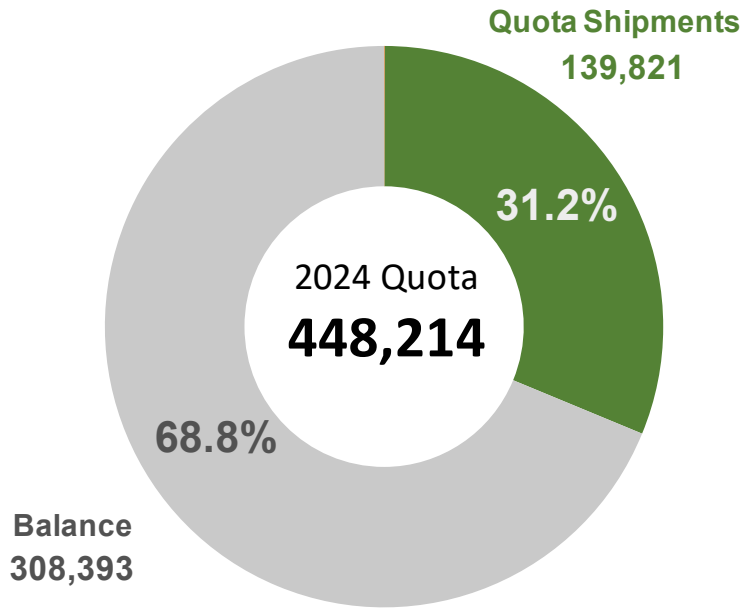
Imports as of May 4, 2024



Australian Beef Quota Position

9-May-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 May 6. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

