



# US Imported Beef Market

## A Weekly Update

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

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

### Market Highlights for the Week:

- Imported beef prices advanced higher last week as buyers are actively looking to bolster their position while imported supply remains limited in the near term.
- Australian January shipments to the US are currently on track to be the lowest in a decade.
- US hay stocks on December 1 were down 468,000 ton or 0.6% lower than last year. Supplies in Texas were up but a number of states in the High Plains had less hay available at a time when overall feed costs have skyrocketed.
- US lean beef prices so far are following the normal seasonal trend. Choice US beef cutout last week was also up \$10/cwt or 5% from the previous week.
- US feedlots placements slightly more cattle on feed than a year ago in December, surprising the market which was gearing up for lower placements. Front end feedlot supply is still about 9% higher than a year ago, helping keep fed cattle prices in check.

### Imported Market Activity for the Week

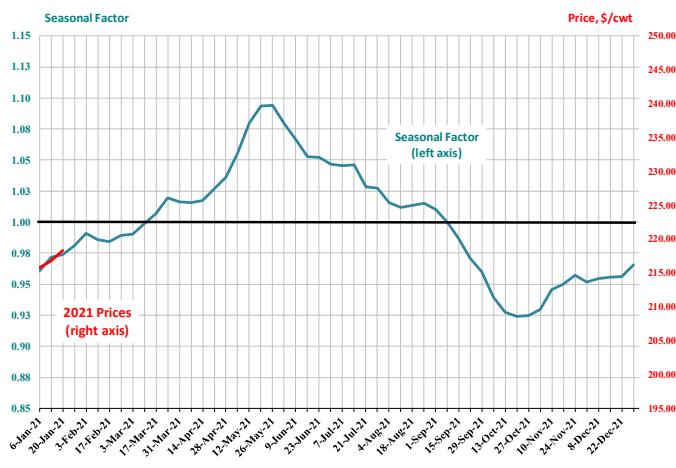
**Imported beef prices were higher for much of last week as supplies in the spot market are limited, exports out of Australia in January will likely be the lowest they have been in a decade and wholesale beef prices in the US are expected to trend higher into the spring and summer.** As we noted a week ago, inflation expectations in the US appear to be shifting, reflected in futures prices not just for livestock but for grains and a number of other commodities. In this environment, buyers have had to reevaluate their

positions and they are trying to slowly get more coverage. This is difficult to do when Australian supply availability remains limited and the seasonal increase in New Zealand cow slaughter is still a couple of months away. There is growing uncertainty about availability from other markets, especially Central and South America. Imports from Nicaragua in the first three weeks of the year are almost 3,000 MT lower than the same period a year ago. Imports from Brazil are proceeding at a relatively steady pace of around 500-600 MT per week. This would currently imply an annual volume of around 30,000 MT, which is far from some

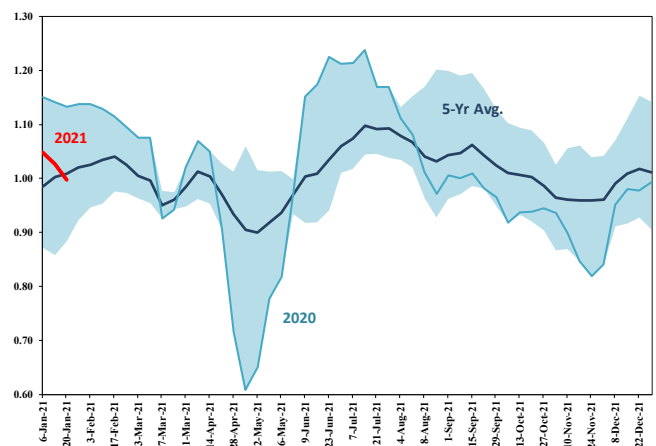
### US Domestic Lean Beef Market Seasonality and Current Price Performance

Right Chart Shows Relationship of Lean Beef Prices to the Value of Wholesale Beef Prices. Analysis by Steiner Consulting

#### 90CL Trlm: 5-Yr Seasonal vs. Current Price Trends



#### Price Ratio of 90CL Boneless Beef vs. Choice Cutout



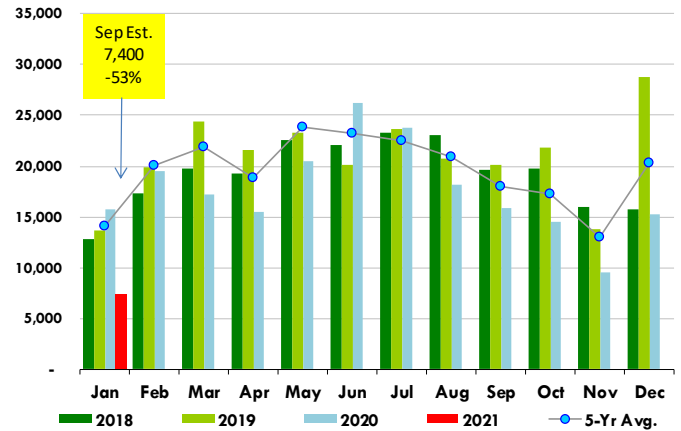
of the more bullish estimates of 50-60,000 MT annually that were expected when Brazil was granted access. For now China is very aggressively chasing Brazilian beef, accounting for about 60% of Brazilian beef exports. Argentina is limited by its 20,000 MT quota and current prices offer little incentive to pay the out of quota tariff.

Key data highlights from the previous week:

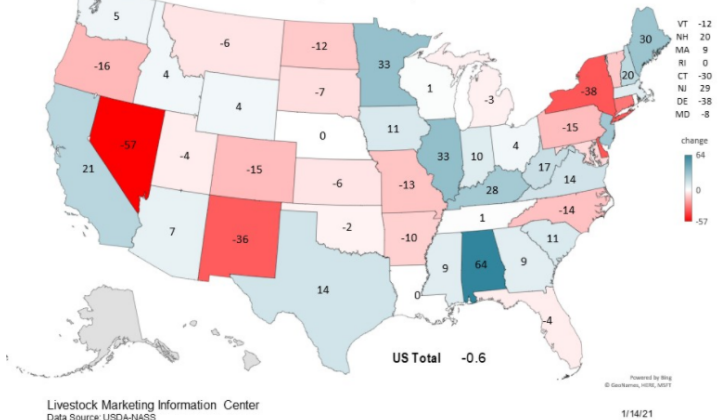
- January exports from Australia are a bit hard to project because of the slow start of the year and limited product availability in the first two weeks. Our current estimate is for January shipments to be 7,200 MT. Through January 22, shipments were just 4,800 MT but shipment pace accelerated last week to around 270/MT per day. With 9 days left in the month, we think total shipments for the month will surpass 7,000 MT. If true, this would put Australian January shipments to the US 54% below last year's levels. This would be the lowest January shipment volume since January 2011.
- Australian cattle slaughter for the week ending January 15 was estimated at 86,764 head, 37% lower than the previous year. Female cattle slaughter is down sharply as producers hold on to their breeding stocks. In Queensland, female cattle slaughter was estimated at just 9,022 head out of a total 39,545 head, down 64% from the same period a year ago. Male slaughter in Queensland was down 13%. In New South Wales, female slaughter was down 56% while male slaughter was down 20%.
- US cow-calf producers have had to contend with lower hay supplies this winter, which may be part of the reason for the higher beef cow slaughter rate and cattle flowing into feedlots. According to USDA, total December 1 hay stocks were 468,000 ton or 0.6% lower than a year ago. The situation varied significantly around the country. Texas had a good hay cutting year and good moisture, which helped boost stocks by 250,000 ton or 14% from last year. However, a number of states in the High Plains region had lower stocks from the previous year.
- High feed costs remain a concern for producers in the near term even as futures were sharply lower on Friday. There are a number of factors that impact beef cow slaughter. Producers have made a significant investment in their beef cow

**AUSTRALIAN BEEF EXPORTS TO THE UNITED STATES**

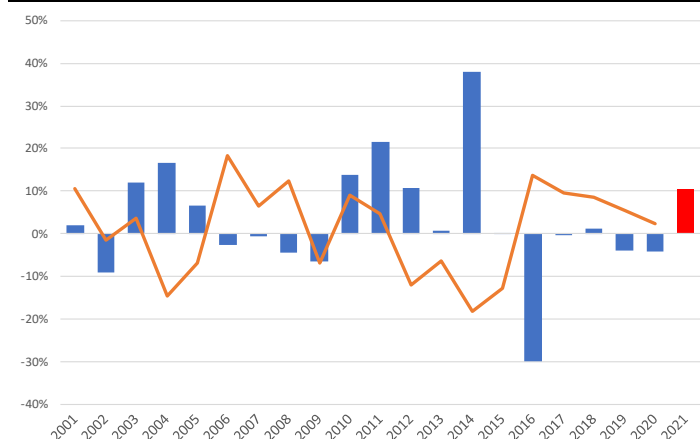
Monthly Exports - Metric Ton. Source: DAFF + Steiner Projections for Latest Month



**PERCENT CHANGE DECEMBER 1 HAY STOCKS (2019-2020)**



**Y/Y % Change in Feeder Cattle Prices (CME Index) vs. Beef Cow Slaughter Analysis by Steiner Consulting**



herd and for many of them grazing opportunities on their land will tend to offset the short term impacts of lower feeder cattle prices. Still, lower feeder cattle prices should over time result in an increase in beef cow slaughter and vice versa. The chart above illustrates that, showing the relationship between the y/y % change of these two variables. Feeder cattle

futures are currently pricing a 10% increase in feeder cattle prices in 2021. This increase and a 1% decline in the beef cow herd as of January 1 should result in a lower beef cow slaughter in 2021. We think that is more likely to take place in the second half of 2021 when feeder cattle prices are expected to jump in the low to mid 150s vs. 133/cwt currently.

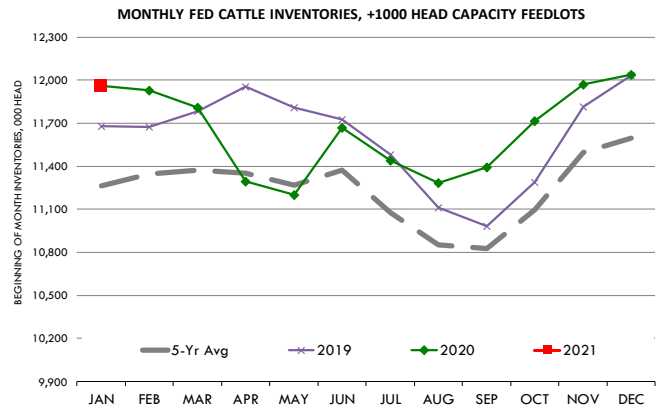
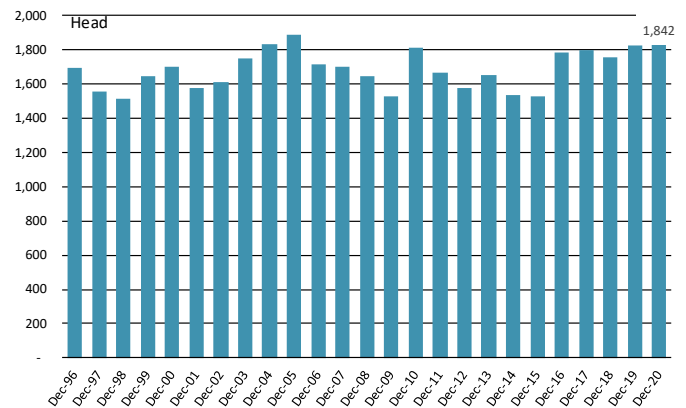
**Cattle on feed update:**

**On January 1 the total inventory of cattle in feedlots with +1000 head capacity was estimated at 11.965 million head, slightly higher than the previous year.** Analysts polled ahead of the report were expecting the inventory to be down 0.5%. Next Friday we will get another update of the January feedlot supply, but this time including the inventory of cattle in smaller feedlots. This inventory will be part of the semi-annual cattle survey and should offer a more comprehensive view of farmer-feeder supplies. The monthly survey of larger feedlots published today continued to show that supplies are front loaded, with the inventory of cattle that have been on feed for 120 days or more up 8.7% compared to a year ago. The inventory of cattle with 150 days or more on feed was again over 2 million head, 144k head or 7.6% higher than a year ago. The increase in placements during the summer months directly impacts current supply of market ready cattle. Fed cattle weights remain heavy, another indication of ample front end supplies. In its latest update, USDA noted that fed steer carcass weights are currently averaging 923 pounds, 2.1% higher than a year ago. Good beef demand and a robust slaughter pace should help feedlots become increasingly current in March and April, supporting cattle prices.

Feedlots with +1000 head capacity placed 1.842 million head of cattle on feed during December, 14,000 head or 0.8% more than a year ago. Analysts polled ahead of the report on average expected placements to be 2.9% lower than last year. There was broad expectation that placements as higher feed costs reduce the incentive to add pounds in the feedlot. As we look at the structure of placements, that was clearly the case in December. Placements of cattle under 600 pounds were 5k head or 1% lower than last year while placements of cattle 600-699 pounds were 20k head or 4% lower than last year. On the other hand, placements of cattle over 800 pounds were 27k head or

**Placements of Cattle on Feed in the Month of December**

Source: USDA-NASS. Analysis by Steiner Consulting



5.5% higher than last year. The increase in placements was also driven by regional trends, with placements up in the North and down sharply in the South. Texas placements were down 30k head or 7.3% compared to a year ago and placements in Oklahoma declined another 16k head or 27%. On the other hand, high feed costs in the North likely forced producers to push more feeders into feedlots. Placements in Iowa were up 21k head or 29% compared to a year ago and placements in Colorado and Nebraska were up 15k head, respectively.

Analysts also underestimated marketings in December. On average they expected marketings to be up 0.6% compared to last year but the USDA survey pegged marketings up 19k head or 1% compared to last year. Holidays at the end of the year usually tend to throw off such estimates. The slaughter pace in December was slower than a year ago during regular business days but there was one more marketing day compared to last year, helping offset the day/day decline. The marketing rate in December (ratio of marketings to the +90day cattle inventory) was 31.4% compared to 33% in December 2019 and 33.2% for the five year average.

# CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	21-Jan-21	14-Jan-21		23-Jan-20	
CME FEEDER CATTLE INDEX	133.99	134.45	-0.3%	144.84	-7.5%
	22-Jan-21	15-Jan-21		24-Jan-20	
FED STEER (5-MKT AVG)	109.18	109.63	-0.4%	124.29	-12.2%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	103.50	91.50	13.1%	90.50	14.4%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	115.50	113.50	1.8%	101.00	14.4%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	107.50	107.50	0.0%	100.00	7.5%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	180.32	176.51	2.2%	186.95	-3.5%

### CME Feeder Cattle Index



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
	22-Jan-21	240.0	15-Jan-21	234.0		24-Jan-20	240.0	
<b><u>US East Coast Australian/NZ Lean, CIF</u></b>								
<b>95 CL Bull, E. Coast</b>	235.0	240.0	230.0	234.0	6.0	235.0	240.0	0.0
<b>90 CL Blended Cow</b>	223.0	225.0	217.0	218.0	7.0	220.0	225.0	0.0
<b>90 CL Shank</b>	225.0	227.0	220.0	225.0	2.0	225.0	230.0	-3.0
<b>85 CL Fores</b>	195.0	200.0	193.0	194.0	6.0	210.0	215.0	-15.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	235.0	237.0	230.0	231.0	6.0	233.0	237.0	0.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast, Trimmings, CIF</u></b>								
<b>85 CL Trimmings</b>	195.0	197.0	190.0	191.0	6.0	210.0	215.0	-18.0
<b>80 CL Trimmings</b>		UNQ		UNQ	N/A	200.0	205.0	N/A
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A	190.0	195.0	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, CIF</u></b>								
<b>Cap Off Steer Insides</b>	325.0	330.0	320.0	325.0	5.0	290.0	295.0	35.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	270.0	275.0	260.0	265.0	10.0		UNQ	N/A
<b>Steer Knuckles</b>	265.0	270.0		265.0	5.0	260.0	265.0	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
	22-Jan-21	25-Jan-21	15-Jan-21	18-Jan-21		24-Jan-20	24-Jan-20	
<b><u>US East Coast Australian/NZ Lean, FOB US Port</u></b>								
<b>95 CL Bull, E. Coast</b>	247.0	250.0	243.0	245.0	5.0	255.0	260.0	-10.0
<b>90 CL Blended Cow</b>	232.0	234.0	226.0	228.0	6.0	238.0	240.0	-6.0
<b>90 CL Shank</b>	235.0	237.0	230.0	235.0	2.0	245.0		-8.0
<b>85 CL Fores</b>	205.0	207.0	202.0	203.0	4.0	220.0	225.0	-18.0
<b>85 CL Chucks</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>95 CL Bull, W. Coast</b>	247.0	248.0	242.0	243.0	5.0	250.0	255.0	-7.0
<b>Uruguay CFH 90CL, E. Coast</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast, Trimmings, FOB US Port</u></b>								
<b>85 CL Trimmings</b>	204.0	205.0	200.0	202.0	3.0	220.0	225.0	-20.0
<b>80 CL Trimmings</b>		UNQ		175.0	N/A		215.0	N/A
<b>75 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>65 CL Trimmings</b>		UNQ		UNQ	N/A		UNQ	N/A
<b><u>US East Coast Australian Cuts, FOB US Port</u></b>								
<b>Cap Off Steer Insides</b>	340.0	350.0	330.0	340.0	10.0		305.0	45.0
<b>Steer Insides 14/18</b>		UNQ		UNQ	N/A		UNQ	N/A
<b>Steer Flats</b>	285.0	290.0	275.0	280.0	10.0		UNQ	N/A
<b>Steer Knuckles</b>	275.0	280.0	270.0	275.0	5.0	270.0	275.0	5.0

**TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES**

	Current Week			Prior Week			Change From Last Week	Last Year	Change from Last Year			
	22-Jan-21	15-Jan-21	24-Jan-20	Low	High	Wt.Avg	Low	High	Wt.Avg	Low	High	Wt.Avg
<b><u>Domestic Cutouts</u></b>												
<b>Choice Cutout</b>	222.82	212.92	214.49				9.9					8.3
<b>Select Cutout</b>	213.34	203.08	210.70				10.3					2.6
<b><u>Domestic Lean Grinding Beef</u></b>												
<b>90 CL Boneless</b>	209.0	230.0	218.7	211.0	220.0	216.0	2.7	242.0	252.0	244.1		-25.4
<b>85 CL Beef Trimmings</b>	182.7	207.0	192.2	176.1	208.0	186.3	5.9	208.0	224.1	215.5		-23.2
<b>50 CL Beef Trim</b>	42.0	66.0	52.9	35.0	55.0	44.9	8.0	58.0	84.0	72.8		-20.0
<b><u>Domestic Pork Trim</u></b>												
<b>42 CL Pork Trim</b>	19.9	51.5	25.8	18.2	37.5	23.2	2.7	19.5	48.5	27.3		-1.5
<b>72 CL Pork Trim</b>	70.7	107.0	82.2	74.5	113.8	82.6	-0.4	68.0	104.8	75.5		6.7
<b><u>Point of Lean Values</u></b>												
<b>90 CL Domestic</b>	243.0		240.0				3.0	271.2				-28.2
<b>50 CL Beef Trimming</b>	105.7		89.7				16.0	145.7				-40.0
<b>42 CL Pork Trim</b>	61.5		55.1				6.4	65.1				-3.6
<b>72 CL Pork Trim</b>	114.2		114.8				-0.5	104.9				9.4
<b><u>National Direct Fed Steer (5-day accum. wt. avg. price)</u></b>	109.18		109.63				-0.4	124.29				-15.1

**TABLE 5 – FUTURES AND SLAUGHTER INFORMATION**

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From Last Year
			Week	Week		
	<b>22-Jan-21</b>	<b>14-Jan-21</b>			<b>24-Jan-20</b>	
<b><u>Live Cattle Futures</u></b>						
February '21	116.725	112.075	↑	4.65	124.850	↓ -8.12
April '21	122.525	117.225	↑	5.30	124.300	↓ -1.77
June '21	118.800	114.950	↑	3.85	116.025	↑ 2.77
August '21	118.275	116.200	↑	2.08	113.625	↑ 4.65
<b><u>Feeder Cattle Futures</u></b>						
January '21	137.250	132.600	↑	4.65	141.850	↓ -4.60
March '21	144.150	133.375	↑	10.78	139.675	↑ 4.47
Apr '21	146.125	136.000	↑	10.13	142.500	↑ 3.63
May '21	147.025	138.175	↑	8.85	144.475	↑ 2.55
<b><u>Corn Futures</u></b>						
March '20	500.500	534.250	↓	-33.75	387.250	↑ 113.25
May '20	503.000	537.750	↓	-34.75	392.750	↑ 110.25
July '20	498.750	534.750	↓	-36.00	397.750	↑ 101.00
September '20	451.500	484.000	↓	-32.50	395.750	↑ 55.75
<b><u>Ch Wheat Futures</u></b>						
March '20	634 1/2	670	↓	-35.50	573 1/2	↑ 61.00
May '20	636	671	↓	-35.00	572 1/2	↑ 63.50
July '20	624	655	↓	-31.00	573	↑ 51.00
September '20	625	655 3/4	↓	-30.75	578 1/4	↑ 46.75

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From Last Year
			Week	Week		
	<b>22-Jan-21</b>	<b>15-Jan-21</b>			<b>25-Jan-20</b>	
<b>Total Cattle Slaughter</b>	657,000	651,000	↑	6,000	644,000	↑ 13,000
	<b>9-Jan-21</b>	<b>2-Jan-21</b>			<b>11-Jan-20</b>	
<b>Total Cow Slaughter</b>	137,226	108,613	↑	28,613	138,556	↓ -1,330
<b>Dairy Cow Slaughter</b>	67,493	52,085	↑	15,408	70,951	↓ -3,458
<b>Beef Cow Slaughter</b>	69,733	56,528	↑	13,205	67,605	↑ 2,128



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

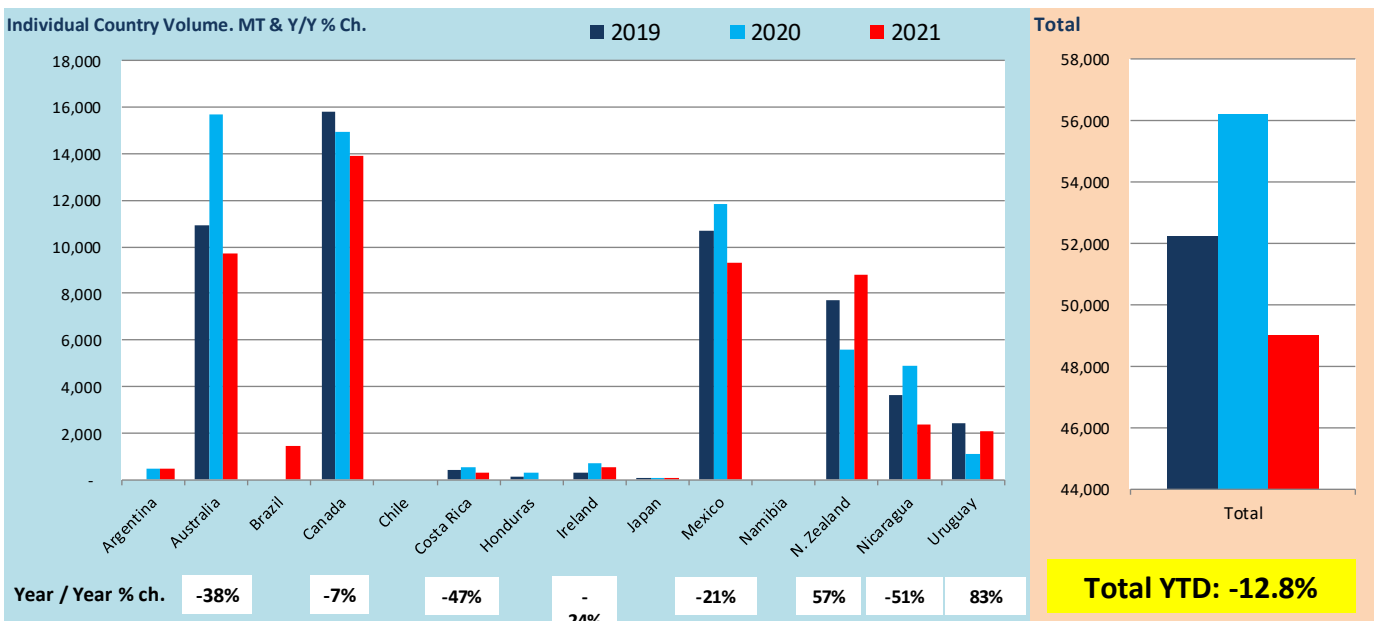
## YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 3	1/18/2020	1/16/2021		
Argentina	475	464	(11)	
Australia	15,661	9,692	(5,969)	-38.1%
Brazil	-	1,478	1,478	
Canada	14,955	13,887	(1,068)	-7.1%
Chile	-	-	-	
Costa Rica	544	287	(257)	-47.2%
France	-	-	-	
Honduras	290	-	(290)	-100.0%
Ireland	738	560	(178)	-24.1%
Japan	35	30	(5)	-14.3%
Mexico	11,865	9,333	(2,532)	-21.3%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	5,607	8,807	3,200	57.1%
Nicaragua	4,922	2,393	(2,529)	-51.4%
Spain	-	-	-	
Uruguay	1,133	2,075	942	83.1%
<b>Total</b>	<b>56,225</b>	<b>49,006</b>	<b>(7,219)</b>	<b>-12.8%</b>

Source: AMS - USDA

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

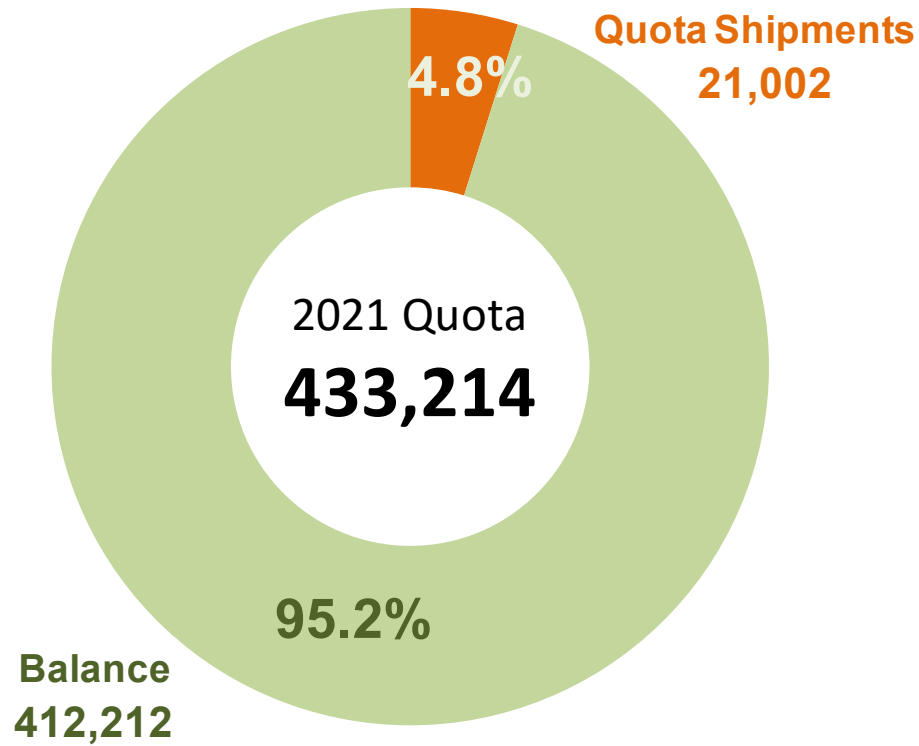
Imports as of January 16, 2021



# Australian Beef Quota Position

21-Jan-21

Metric Ton. Australian Department of Agriculture Statistics



## USA Quota Entries through Week Ending January 11. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

