



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:

- Lean imported beef prices trading sideways, with only bull meat trending higher. Prospect of lower prices for domestic fat trimmings pressured imported fat grinds lower although overall availability remains limited.
- US imports of Australian beef continues to trend higher and, with August shipments currently on track to hit 45k MT, weekly imports could at some point approach 10k MT.
- Discount of lean imported beef to domestic product has been at 20% or so for the last few months. With plenty of imported product in the pipeline expectations are for the discount to persist into the fall, especially if Chinese demand slows down.
- Chinese beef imports in July were down 27% from a year ago, with imports from Brazil down by more than 50k MT (-35%).
- Placements of cattle on feed in US feedlots with +1000 head capacity were up 6% in July vs. last year, above analyst estimates. Total supply on feed remains slightly above last year but supply of cattle with +150 days on feed is up 11% y/y.
- Inventory of boneless beef in cold storage at the end of July was 1.5% lower than a year ago and 10% lower than the five year average despite a big surge in the amount of frozen imported beef.

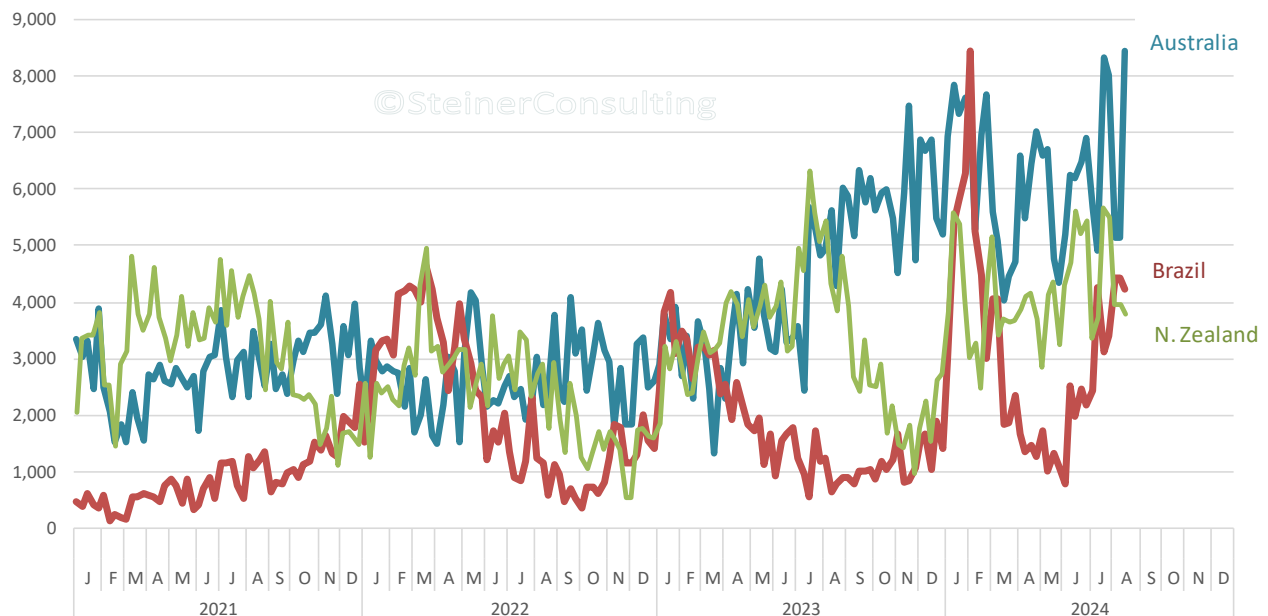
Imported Market Activity for the Week

Imported beef prices were mixed last week, with lean and extra lean grinding beef holding a firm undertone while fat grinds slowly losing ground. Buyers remain cautious with regard to fat grinds, well aware that domestic 50CL prices are likely to break at any point lower, trading on Friday seemed to be confirmation of this (see page 2). Bull meat remains in very tight supply, not uncommon for this time of year.

Bull slaughter in NZ was sharply lower y/y in July and early August, limiting shipments. Uncertainty about domestic lean beef availability in the fall and lower fat beef trim values (expected) continue to underpin imported lean beef prices at this time. At the same time, the volume of product in the pipeline means that the discount of imported lean beef to domestic remains near record highs. Last year the spread

US Weekly Imports of Fresh/Frozen Beef from Brazil and Australia

Source: USDA-AMS. Analysis by Steiner Consulting



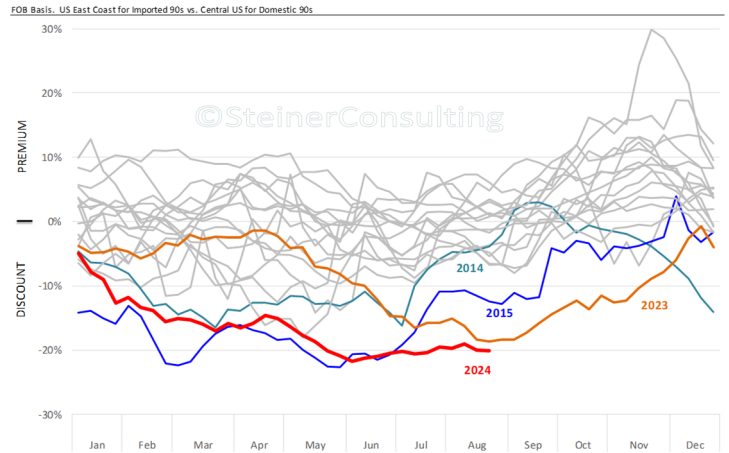
narrowed in Q4 and the same situation played out both in 2014 and 2015, comparable years from a cyclical perspective (see chart). There are two key differences, however, that we see at this point. First, Brazil is now a much more significant factor than it was in the past. A decade ago Australia was effectively the only supplier of imported beef in late summer and fall, giving more leverage to Australian processors. As the chart on page 1 shows, Brazilian beef imports in recent weeks have been as high as New Zealand and at over 4000 MT they also were higher than Mexico in the latest update. July shipments from Brazil were near 15k MT, indicating that weekly imports of 4000 MT or more are not an aberration but what we should expect.

China is a big factor in all of this and the slowdown in Chinese beef imports has meant that Brazilian packers are looking at the US to move more product, regardless of the higher tariff. Chinese beef imports in July were 215,322 MT, almost 80k MT (-27%) lower than a year ago. Imports from Brazil in July were 96,789 MT, down 51,228 MT (-35%) from a year ago. While we may be comparing to a high base last year (following BSE disruptions) it still illustrates the scale of the Chinese market and the volume that can become available should Chinese buyers decide to pull back. Chinese beef imports from Brazil are still up about 100k MT for the year and market reports. At the moment there is a fair amount of debate about Chinese demand the remainder of the year. As the chart to the right shows, Chinese beef imports tend to be quite robust in the fall and early winter. So the expectation (hope) is that this will be the case again this year. But should demand continue to underperform, Brazilian beef is likely to continue to flow into the US, keeping imported values in check and discount to domestic at 15% or more.

Other market notes:

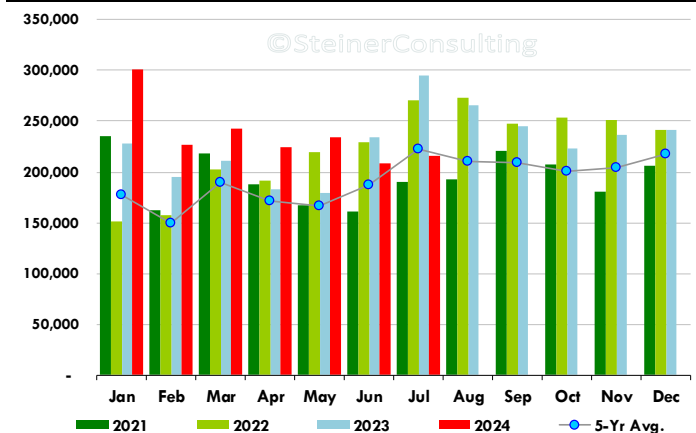
- Prices for fat beef trimmings seasonally decline after Labor Day (first Monday in September) and it appears that prices are likely to follow the same trend this year as well. The reason for the break is that retailers usually feature ground beef for the last big holiday weekend of the summer. This gives packers an opportunity to blend fat trimmings in their ground beef packages, limiting availability in the spot market. Once that sales

% DISCOUNT OR PREMIUM OF 90CL IMPORTED VS. 90CL DOMESTIC. 2005 - 2024



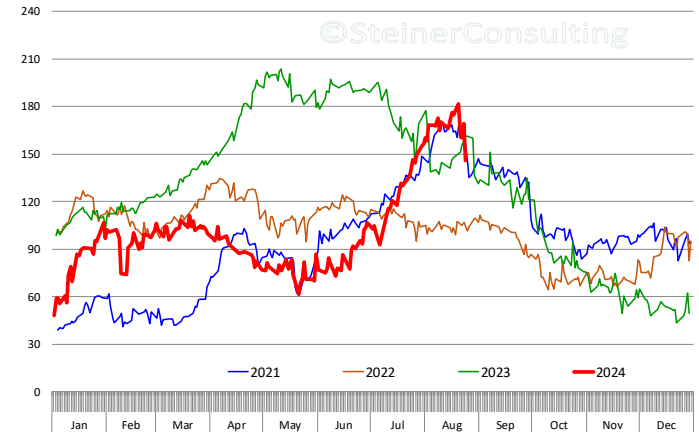
CHINESE BEEF IMPORTS

Monthly Data. Metric Ton. Source: Chinese Customs. Analysis by Steiner Consulting



50CL Beef Trim

Daily Prices. Source: USDA-AMS. Analysis by Steiner Consulting

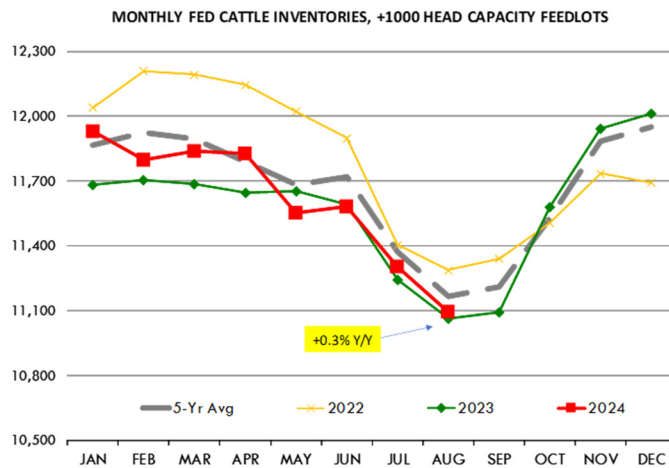


spike comes to an end, suddenly there are extra loads of 50s available and prices quickly deflate. Slowdown in foodservice sales and seasonal increase in fed cattle weights only add to the downward pressure. Higher interest rates (cost of carry) and higher boxing/freezing costs mean that traders are going to require bigger discounts to put away any extra product that shows up. Last year prices

went from +180 in June to under 60 cents in November and December. While it is hard to put a forecast that captures such wild swings, it underscores the potential price downside for this product.

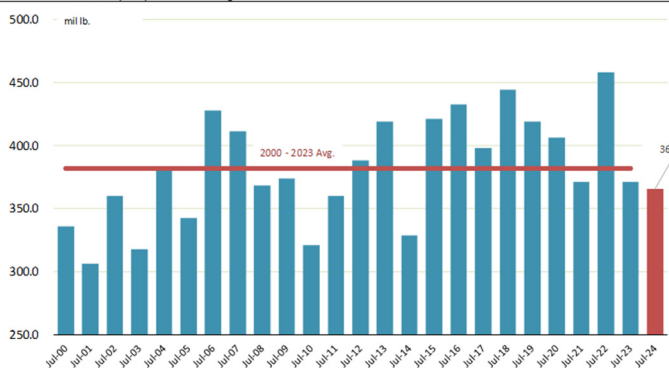
- As of August 1, the total supply of cattle on feed at 11.095 million head was 209k head lower than the previous month but still 31k head (+0.3%) higher than a year ago. In the near term the supply of market ready cattle remains well above year ago levels, especially the supply of cattle with +150 days on feed, up 11% from a year ago. Higher marketing rate in July due to more marketing days and producers looking to add more weight to cattle in feedlots has resulted in a larger front-end supply. The supply of cattle with +120days on feed, however, is only 1% higher than it was at this time last year.

- Boneless beef inventory at the end of July was 365.4M pounds, 1.5% lower than a year ago and 9.8% lower than the five-year average. The draw-down in boneless beef inventories was 1.1%, below the long run average. Cow slaughter is expected to remain limited but higher imports have helped keep frozen inventories from dropping further. Limited supply remains supportive for Q4 prices.



INVENTORY OF BONELESS BEEF AT END OF JULY. MILLION LB.

Source: USDA-NASS. Analysis by Steiner Consulting

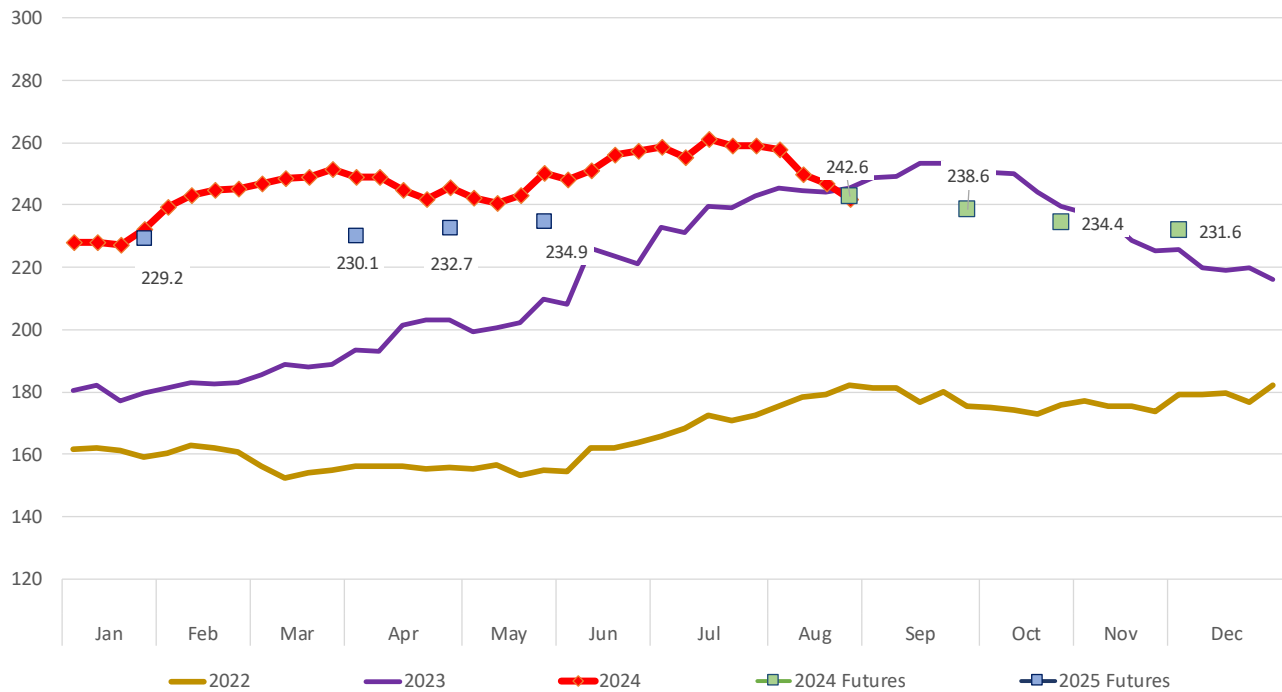


CME Cattle Feeder Index and US Cattle Markets

	Current Week	Prior Week	% CHANGE VS. WK AGO	Last Year	Change from Last Year
	22-Aug-24	15-Aug-24		24-Aug-23	
CME FEEDER CATTLE INDEX	241.70	246.71	-2.0%	245.59	-1.6%
	23-Aug-24	16-Aug-24		25-Aug-23	
FED STEER (5-MKT AVG)	187.65	190.29	-1.4%	185.17	1.3%
CUTTER COW CARCASS, NATIONAL, 90% LEAN, 350-400 LB. (carcass wt.)	241.50	243.50	-0.8%	192.00	25.8%
BONER COW CARCASS, NATIONAL, 85% LEAN, 400-500 LB. (carcass wt.)	254.00	253.00	0.4%	195.00	30.3%
BREAKER COW CARCASS, NATIONAL, 75% LEAN, 500+ (carcass wt.)	250.00	253.50	-1.4%	197.00	26.9%
CUTTER COW CARCASS CUTOUT, 5-DAY MA, USDA	294.84	294.34	0.2%	240.51	22.6%

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
	23-Aug-24	31-Aug-24	16-Aug-24	23-Aug-24		25-Aug-23	25-Aug-23	
<u>US East Coast Australian/NZ Lean, CIF</u>								
95 CL Bull, E. Coast	308.0	310.0	305.0	307.0	3.0	255.0	258.0	52.0
90 CL Blended Cow	288.0	290.0	285.0	290.0	0.0	235.0	238.0	52.0
90 CL Shank	280.0	284.0		285.0	-1.0		230.0	54.0
85 CL Fores	272.0	273.0	272.0	273.0	0.0	215.0	216.0	57.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	309.0	310.0	305.0	307.0	3.0	254.0	257.0	53.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, CIF</u>								
85 CL Trimmings		271.0	270.0	271.0	0.0	214.0	215.0	56.0
80 CL Trimmings		240.0	240.0	244.0	-4.0	198.0	200.0	40.0
75 CL Trimmings		205.0	205.0	206.0	-1.0		UNQ	N/A
65 CL Trimmings		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast Australian Cuts, CIF</u>								
Cap Off Steer Insides	355.0	360.0		355.0	5.0	325.0	335.0	25.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats		320.0	315.0	320.0	0.0	285.0	295.0	25.0
Steer Knuckles	310.0	315.0		310.0	5.0	290.0	300.0	15.0

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

	Current Week		Prior Week		Change From Last Week	Last Year		Change From Last Year
	23-Aug-24		16-Aug-24			25-Aug-23		
<u>US East Coast Australian/NZ Lean, FOB US Port</u>								
95 CL Bull, E. Coast	318.0	321.0	316.0	317.0	4.0	264.0	266.0	55.0
90 CL Blended Cow	297.0	298.0	295.0	297.0	1.0	248.0	249.0	49.0
90 CL Shank	288.0	290.0	285.0	290.0	0.0	240.0	245.0	45.0
85 CL Fores	283.0	283.0	282.0	284.0	-1.0	224.0	226.0	57.0
85 CL Chucks		UNQ		UNQ	N/A		UNQ	N/A
95 CL Bull, W. Coast	317.0	319.0	315.0	316.0	3.0	263.0	265.0	54.0
Uruguay CFH 90CL, E. Coast		UNQ		UNQ	N/A		UNQ	N/A
<u>US East Coast, Trimmings, FOB US Port</u>								
85 CL Trimmings		283.0	282.0	283.0	0.0	223.0	225.0	58.0
80 CL Trimmings	247.0	248.0	247.0	250.0	-2.0	211.0	212.0	36.0
75 CL Trimmings		215.0	215.0	216.0	-1.0	191.0	192.0	23.0
65 CL Trimmings		UNQ		UNQ	N/A	150.0	152.0	N/A
<u>US East Coast Australian Cuts, FOB US Port</u>								
Cap Off Steer Insides	370.0	375.0	365.0	370.0	5.0	355.0	360.0	15.0
Steer Insides 14/18		UNQ		UNQ	N/A		UNQ	N/A
Steer Flats	335.0	340.0	330.0	335.0	5.0	300.0	310.0	30.0
Steer Knuckles	325.0	330.0		320.0	10.0	310.0	315.0	15.0

TABLE 4 – US DOMESTIC BEEF AND CATTLE PRICES

	Current Week			Prior Week			Change From Last Week	Last Year			Change from Last Year
	Low	High	Wt.Avg	Low	High	Wt.Avg		Low	High	Wt.Avg	
	23-Aug-24			16-Aug-24				25-Aug-23			
<u>Domestic Cutouts</u>											
Choice Cutout	317.34			317.45			-0.1	317.90			-0.6
Select Cutout	300.46			302.59			-2.1	292.67			7.8
<u>Domestic Lean Grinding Beef</u>											
90 CL Boneless	372.0	381.5	375.4	362.0	388.0	375.0	0.4	296.0	323.0	304.9	70.5
85 CL Beef Trimmings	325.0	360.5	345.9	336.0	360.5	349.1	-3.2	279.0	292.1	284.8	61.1
50 CL Beef Trim	133.0	185.0	160.7	154.0	188.0	172.3	-11.6	150.0	175.0	155.6	5.1
<u>Domestic Pork Trim</u>											
42 CL Pork Trim	69.4	114.9	80.4	91.0	119.0	97.6	-17.3	56.0	108.0	69.5	10.9
72 CL Pork Trim	84.0	119.8	93.5	99.0	131.8	108.0	-14.5	72.3	135.0	89.8	3.7
<u>Point of Lean Values</u>											
90 CL Domestic	417.1			416.7			0.5	338.7			78.4
50 CL Beef Trimming	321.4			344.6			-23.2	311.2			10.1
42 CL Pork Trim	191.3			232.5			-41.1	165.4			25.9
72 CL Pork Trim	129.8			149.9			-20.1	124.7			5.2
<u>National Direct Fed Steer</u> <u>(5-day accum. wt. avg. price)</u>	187.65			190.29			-2.6	185.17			2.5

TABLE 5 – FUTURES AND SLAUGHTER INFORMATION

Futures Contracts	Current Week	Prior Week	Change From Last		Last Year	Change From Last Year
			Week	Week		
	23-Aug-24	16-Aug-24			25-Aug-23	
<u>Live Cattle Futures</u>						
August '24	182.575	182.800	↓	-0.22	180.675	↑ 1.90
October '24	175.700	178.300	↓	-2.60	181.175	↓ -5.47
December '24	175.200	178.125	↓	-2.92	185.125	↓ -9.92
February '25	176.475	179.125	↓	-2.65	189.200	↓ -12.73
<u>Feeder Cattle Futures</u>						
August '24	242.575	242.775	↓	-0.20	247.625	↓ -5.05
September '24	238.575	239.500	↓	-0.92	251.200	↓ -12.63
October '24	234.375	235.950	↓	-1.57	253.975	↓ -19.60
November '24	231.600	234.675	↓	-3.08	255.400	↓ -23.80
<u>Corn Futures</u>						
September '24	367.750	370.500	↓	-2.75	470.750	↓ -103.00
December '24	391.000	392.500	↓	-1.50	488.000	↓ -97.00
March '25	409.500	411.000	↓	-1.50	502.750	↓ -93.25
May '25	420.000	421.750	↓	-1.75	511.000	↓ -91.00
<u>Ch Wheat Futures</u>						
September '24	502 1/4	530	↓	-27.75	593 1/4	↓ -91.00
December '24	528	552 1/2	↓	-24.50	621 3/4	↓ -93.75
March '25	549	571 1/2	↓	-22.50	704	↓ -155.00
May '25	560 3/4	583 1/4	↓	-22.50	705 1/4	↓ -144.50

Slaughter Information	7 Days Ending	7 Days Ending	Change From Last		7 Days Ending	Change From Last Year
			Week	Week		
	24-Aug-24	17-Aug-24			26-Aug-23	
<u>Total Cattle Slaughter</u>	608,000	602,000	↑	6,000	627,300	↓ -19,300
	10-Aug-24	3-Aug-24			12-Aug-23	
<u>Total Cow Slaughter</u>	97,651	100,009	↓	-2,358	120,000	↓ -22,349
<u>Dairy Cow Slaughter</u>	50,165	51,238	↓	-1,073	61,900	↓ -11,735
<u>Beef Cow Slaughter</u>	47,486	48,771	↓	-1,285	58,100	↓ -10,614

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

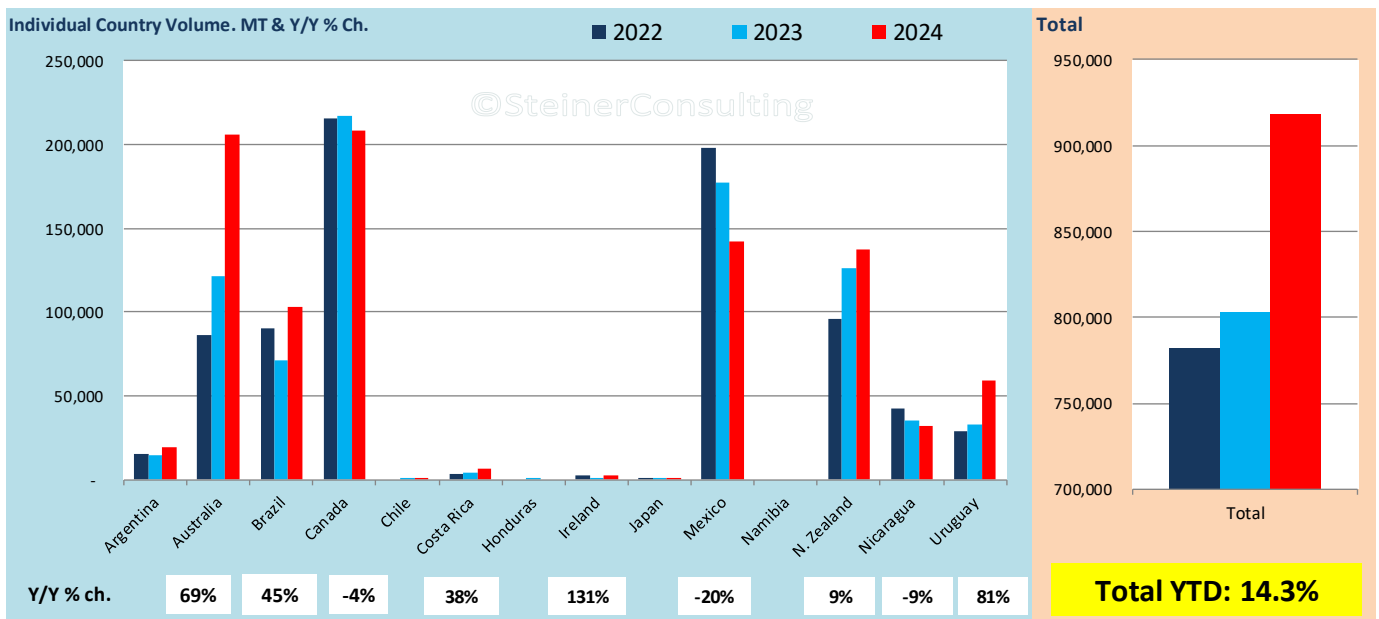
YTD Imported Fresh/Frz Beef Passed for Entry in the US

week 33	8/19/2023	8/17/2024		
Argentina	14,696	19,345	4,649	31.6%
Australia	121,532	205,598	84,066	69.2%
Brazil	71,218	103,112	31,894	44.8%
Canada	216,790	208,279	(8,511)	-3.9%
Chile	20	1	(19)	-95.0%
Costa Rica	4,651	6,421	1,770	38.1%
France	-	-	-	
Honduras	19	-	(19)	-100.0%
Ireland	1,334	3,085	1,751	131.3%
Japan	938	949	11	1.2%
Mexico	176,936	141,875	(35,061)	-19.8%
Namibia	-	-	-	
Netherlands	-	-	-	
New Zealand	126,367	137,151	10,784	8.5%
Nicaragua	35,306	32,177	(3,129)	-8.9%
Spain	-	-	-	
Uruguay	33,026	59,710	26,684	80.8%
Total	802,832	917,703	114,871	14.3%

Source: AMS - USDA

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

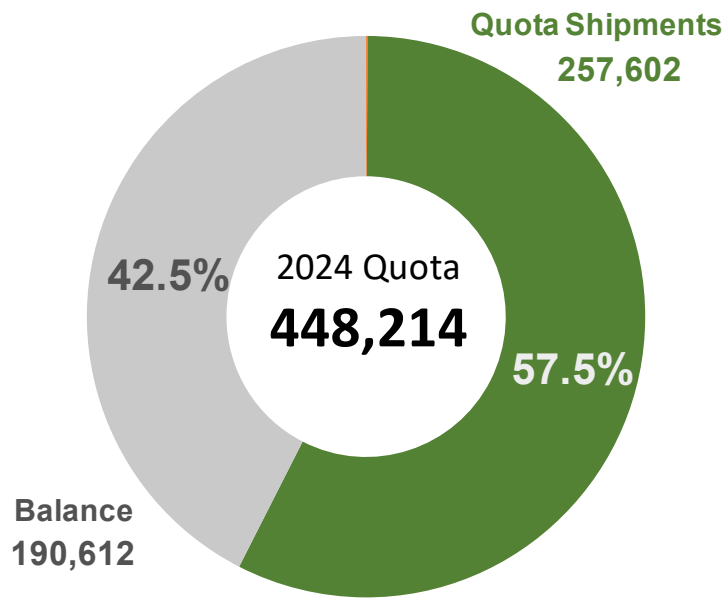
Imports as of August 17, 2024 Analysis by Steiner Consulting



Australian Beef Quota Position

22-Aug-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 August 19. Metric Ton

Data source: US Customs. Analysis by Steiner Consulting

