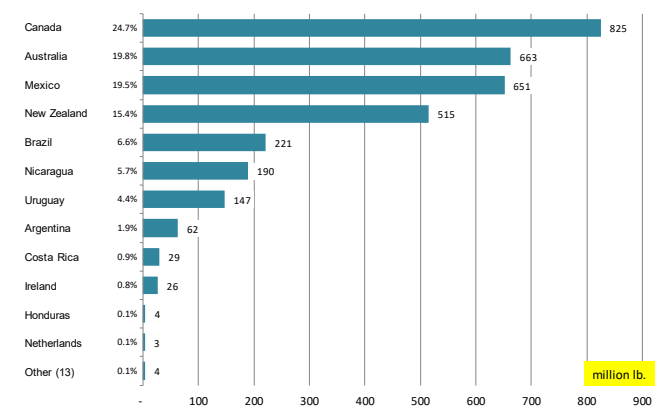


In its latest supply/demand projections, USDA revised down its forecast for beef imports in 2021 by about 11 million pounds (-3.5%). **At just a touch over 3 billion pounds, US beef imports are now projected to be down 338 million pounds or 10% compared to the previous year.** As we noted in our review of the WASDE data a couple of days ago, the decline in imports will largely offset the expected increase in beef production for 2021. As a reminder, USDA is forecasting 2021 beef production at 27.609 billion pounds, 388 million pounds or 1.4% higher than a year ago and up by a similar amount compared to 2019.

In order to see how USDA is coming up with this forecast, it makes sense to first look at where beef imports came from in 2020. Rather than give you a couple of countries and then dump everyone else in the catchall “other” category, the chart to the right offers a detailed listing of the volume imported from most countries. Volume is in carcass wt. equivalent. The “other” category only accounts for about 4 million pounds of product and includes 13 countries. Japan and Namibia are the biggest part of that group. While this may be an interesting topic in the popular press, consider that all imports from Japan last year were just 1.6 million pounds (mostly high value Wagyu). With high buck restaurants shut down, imports from Japan were down 40%. Namibia was only recently allowed to ship to the US but volume last year was minuscule at 1.65 million pounds (carcass wt. equivalent). **About 86% of all US beef imports last year came from five countries.** You can see the contribution of each in the attached chart. If there will be a reduction in imports, it will have to come from these five countries. By far the most likely candidate for lower shipments to the US is Australia. Australian cattle slaughter held to above 120k head per week through the first half of 2020. High prices in the US market, a relatively strong US dollar and turbulence in Australian relationship with China resulted in more Australian beef coming to the US market between May and September of last year. But, as slaughter numbers declined, **imports from Australia during the last three months of the year were down by 52 million pounds or 29%.** Slaughter in Australia is off to a very slow start this year and it is expected to decline another 3% from the already low levels of 2020. According to Meat and Livestock Australia, this would be the lowest slaughter in 25 years. In January Australian beef shipments to the US were down 55% from a year ago and we think February is probably going to see a similar decline. Even if Australian beef imports drop by 20%, it would still account for a third of the reduction forecast by USDA. Lower imports from Canada and Mexico will be key if we are to hit the 10% decline in total imports forecast by USDA. Imports from Mexico are off to a slow start and possibly due for a pullback. But they would need to decline by 10% or more to really have an impact. Similarly, imports from Canada could decline due to the ever declining cattle herd, the weak US dollar and a rebound in domestic demand. As for South America, we think there is the potential to see a bit more beef from there. However, at this time China continues to suck much of the beef available in the region and we don’t expect a jump in South American imports. **Bottom line: USDA forecast on imports is a bit aggressive but achievable due to limited supplies in Australia and continued strong China demand.**

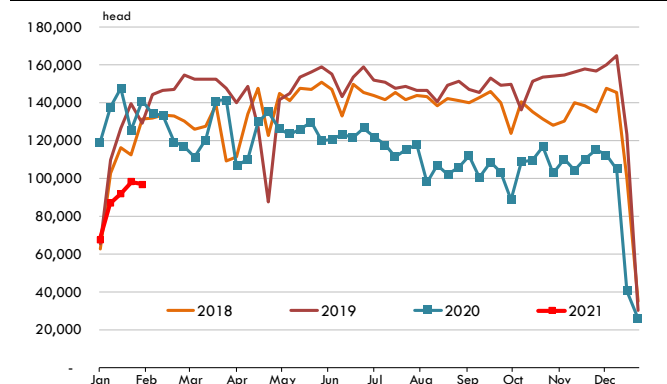
TOTAL US BEEF IMPORTS IN 2020 = 3.343 BILLION POUNDS (carcass wt. basis)

Source: USDA-ERS. Analysis by Steiner Consulting



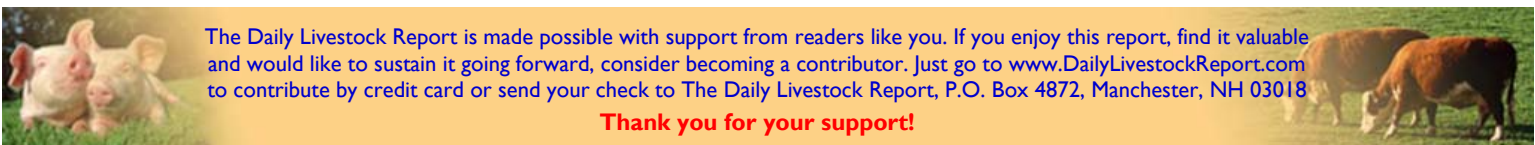
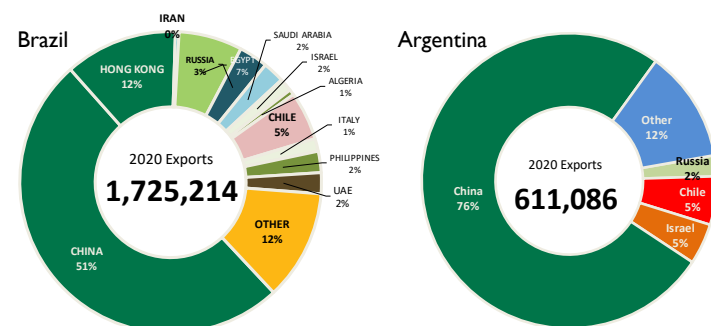
Australia Weekly Cattle Slaughter, Head

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



2020 Exports of Brazilian and Argentine Fresh/Frozen Beef

Analysis by Steiner Consulting



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