Daily Livestock Report

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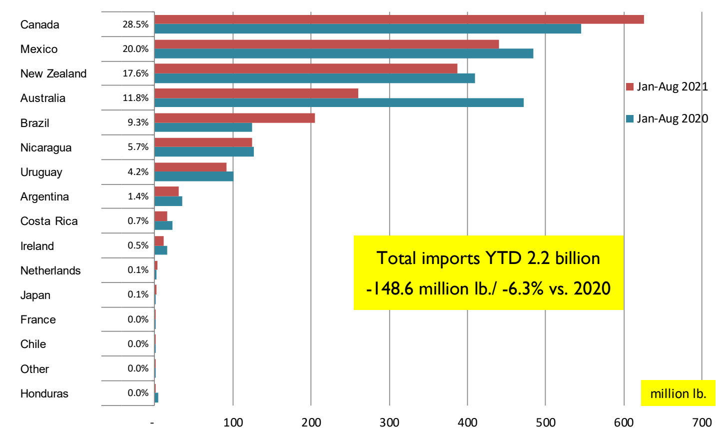
Per capita domestic beef supply availability in 2021 is forecast by USDA to be down 0.2% from the previous year even as US beef production this year is forecast to increase by 568 million pounds or 2%. Part of the reason for the decline in domestic supplies is the increase in beef exports, particularly exports to China (see our discussion yesterday on this topic). But **lower imports have also limited the supply of beef available in the US market, especially grinding beef**. In its September update, USDA forecast beef imports for 2021 at 3.142 billion pounds, 200 million pounds or 6% lower than in 2020. The latest trade data for August did little to change that outlook. Total US beef imports in August were 331.7 million pounds (carcass wt. basis), almost 19 million pounds or 5% lower than the previous year. **Through August, US beef imports were 2.2 billion pounds, down near 149 million pounds or 6.3% compared to year ago levels**. Imported beef is not uniform. Most of the product coming from Oceania is lean grinding beef and a good portion of South American and Central American beef is also grinding beef. The reduction in imports from Australia has significantly affected the market for lean grinding beef. On the other hand, a larger portion of Canadian imports tend to be fed beef cuts, reflecting the production system there and regional supply relationships. Our local supermarket in New England is currently selling imported strips and ribeyes, coming from Canadian plants that are closer than plants in the Midwest. We also think a good portion of Mexican imports tend to be cuts rather than grinding beef.

The chart to the top shows the suppliers of imported beef to the US so far this year and how those imports have changed from a year ago. We think the chart also puts imports from some smaller markets in the context of a big market such as the US. For instance, as much as we talk about Argentina, imports from this country so far this year represent just a 1.4% share. By far the biggest change has been in imports from Australia. In August US imports of Australian beef were estimated at 41.3 million pounds (carcass wt.), down 30.2 million pounds or 42% compared to a year ago. The reduction in imports from Australia has more than offset any increase in imports from South or Central American countries. Imports from Brazil have been getting a lot of press. In August US beef imports from Brazil were 35.4 million pounds, 6.5 million pounds or 23% higher than a year ago. Keep in mind that about 40% of the beef coming from Brazil is processed while almost all beef imported from Australia is chilled or frozen. We think imports from Australia were lower in September and they will likely be low in October as well. The latest export data from Australia for September (product that will come here in October/early November) show exports to the US were down 4% from the previous year. It is interesting to note that shipments to the US were lower y/y even as overall Australian beef exports were up 10% last month. This is a pattern that we have seen all year. Australian beef exports between January and September were down 8% compared to the previous year due to lower inventories and good pasture conditions. Australian beef exports to the US were down 31% while exports to South Korea, the Middle East and other smaller markets were up double digits. Good demand and higher prices paid in other markets have limited the amount of Australian beef coming to the US and this situation is not expected to change much in 2022.

Jan- Aug US Beef Imports in 2020 and 2021. Million Pounds. Carcass Weight Basis

Source: USDA-ERS. Analysis by Steiner Consulting. % Reflect Share of Imports in 2021



Summary of Australian Beef and Veal Exports: September 2021

Source: MAFF. Analysis by Steiner Consulting

	9/1/2019	9/1/2020	9/1/2021	MT y/y ch.	% ch. vs. '20	% ch. vs. '19
Japan	24,333	20,500	21,435	935	5%	-12%
South Korea	12,738	10,693	13,639	2,946	28%	7%
Taiwan	2,753	2,056	2,108	52	3%	-23%
China	28,547	10,387	12,435	2,048	20%	-56%
Total Asia	78,865	51,434	59,741	8,307	16%	-24%
USA East	12,834	10,084	12,173	2,089	21%	-5%
USA West	7,213	5,742	3,065	(2,677)	-47%	-58%
Hawaii	67	51	17	(34)	-66%	-75%
Total USA	20,114	15,877	15,255	(622)	-4%	-24%
Indonesia	4,617	2,881	4,152	1,271	44%	-10%
Philippines	2,505	1,325	2,653	1,328	100%	6%
Total EU	927	465	577	112	24%	-38%
Total Middle East	2,698	2,943	2,932	(11)	0%	9%
Other Markets	6,139	5,492	4,657	(835)	-15%	-24%
Total Aus	**105,372**	**72,619**	**79,843**	**7,224**	**10%**	**-24%**

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