

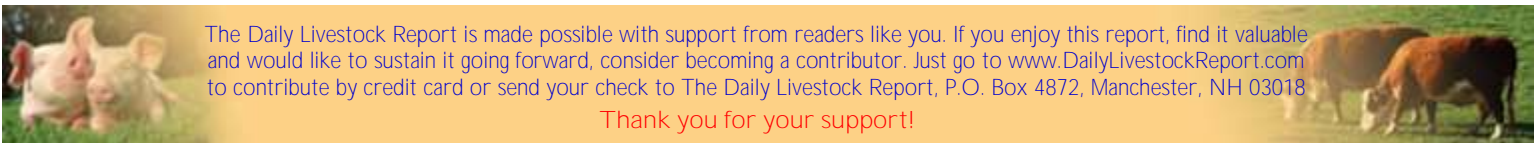
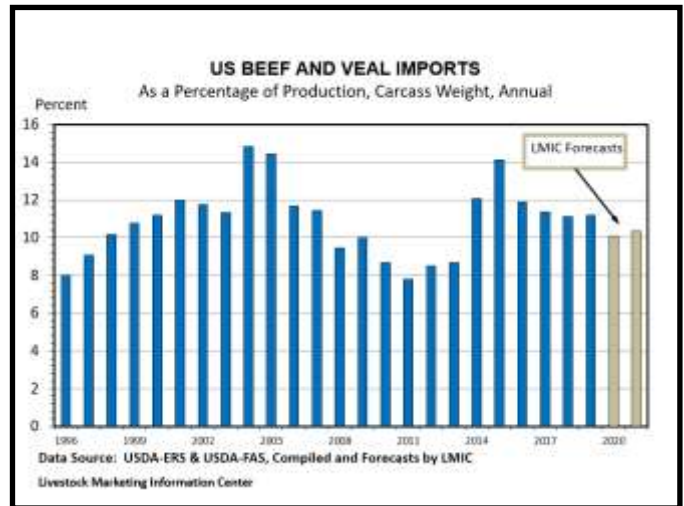
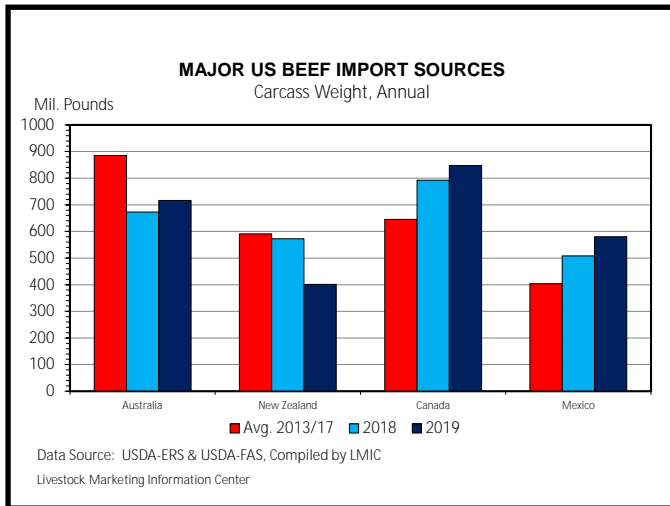
In calendar year 2019, the U.S. imported measurable amounts of beef from 18 countries, based on summarizing the monthly data provided by USDA's Economic Research Service. The biggest source was Canada, rounding-out the top four were Australia, Mexico, and New Zealand. In order, the next three largest sources on a tonnage basis were Nicaragua, Brazil, and Uruguay. The bulk of the imported tonnage is lean beef used for manufacturing purposes (e.g., pizza topping) and hamburger. The exceptions are Canada and Mexico, which export relatively more beef cuts.

As a percentage of U.S. production, beef imported tonnage in 2019 was 11.2%. Note that we are calculating beef and NOT beef plus variety meats. For the next two years, the Livestock Marketing Information Center (LMIC) forecasts declines in that percentage compared to 2019's level. How much of a decline? That depends on several interacting factors. First, will be prices of 90% lean beef product in the U.S., of which two keys will be the level of U.S. cull cow slaughter (i.e., how much it declines compared to the huge levels of 2019) and the growth rate of the domestic economy. Besides high prices, the U.S. can become a more attractive market to foreign firms if the value of the U.S. dollar increases, which could happen in 2020. Second, will be demand from China for beef from around the world. Of course, that is clouded by Chinese issues in their pork sector (i.e., African Swine Fever), their slowing economic growth rate, and for the next few months a range of issues in the face of Novel coronavirus. China has been buying increasing amounts of beef from the U.S., but more importantly, from the rest of the world, including the major exporters to the U.S. Third, is how forage, crop, and economic conditions unfold during the next

few months in Australia. Australia has been in a multi-year drought, there were significant rains finally in January and early February, but recovery of grasslands and rebuilding cowherds is a multi-year journey.

Recent reports from Australia provide useful insights. The first 2020 industry projection report by Meat and Lamb Australia (MLA) was released on their cattle/beef sector (the full report is [HERE](#)). In 2020, the cattle herd is expected to be the smallest since 1992. MLA currently forecasts that adult cattle slaughter in 2020 will shrink by 15% year-over-year to 7.2 million animals. Beef tonnage exported is forecast to decline by 16% compared to 2019's. Their major premise is regarding weather: "Close to average seasonal conditions have been assumed for the majority of Australia's cattle-producing regions until April 2020, with the assumption of a return to average seasonal conditions for the remainder of the projections period." That looks reasonable given January's precipitation and based on the fact (per reports by the Australian Bureau of Agricultural and Resource Economics and Sciences) that the positive Indian Ocean Dipole (IOD) has dissipated. When positive, the IOD (which is often referred to as the Indian Nino) is associated with Australian droughts.

MLA forecasts that the Australian herd will continue to decline through June 2020, primarily due to the scale of breeding animal destocking that occurred during the second half of 2019. Their current forecast is for cattle slaughter to bottom in 2021. Although there are caveats, MLA concluded their prices discussion with "Given the aforementioned influences, especially the assumed improved seasonal conditions, historically high (if not record) cattle prices will likely be reached and maintained in the next few years."



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PRODUCTION & PRICE SUMMARY

Week Ending 2/8/2020

Source: Various USDA Agricultural Marketing Service (Market News) reports. DATA ARE PRELIMINARY.

Item	Units	Current Week	Last Week	Pct. Change	Last Year	Pct. Change	YTD	Y/Y % Change
		8-Feb-20	1-Feb-20		9-Feb-19			
Beef, Pork, Chicken, & Turkey	Mil Lbs., cwe	2,032	2,013	0.9%	1,911	6.3%	10,605	4.2%
C FI Slaughter	Thou. Head	631	640	-1.4%	625	0.9%	3,520	-0.6%
A FI Cow Slaughter **	Thou. Head	134	134	-0.1%	121	10.6%	519	7.8%
T Avg. Dressed Weight	Lbs.	827	828	-0.1%	818	1.1%	825	0.9%
T Beef Production	Million Lbs.	520.3	528.5	-1.6%	510.1	2.0%	2,904	0.3%
L Live Fed Steer Price, 5-Mkt	\$ per cwt	120.83	122.04	-1.0%	124.98	-3.3%		
E Dressed Steer Price, 5-Mkt	\$ per cwt	192.91	194.72	-0.9%	199.88	-3.5%		
Oklahoma Steer (600-700 lbs)	\$ per cwt	147.21	145.79	1.0%	150.21	-2.0%		
& Choice Beef Cutout	\$ per cwt	210.85	213.26	-1.1%	216.86	-2.8%		
Hide/Offal	\$ per cwt, live wt	9.12	9.13	-0.1%	9.01	1.2%		
B Rib, Primal, Choice	\$ per cwt	336.47	335.84	0.2%	352.63	-4.6%		
E Round, Primal, Choice	\$ per cwt	180.09	181.01	-0.5%	176.08	2.3%		
E Chuck, Primal, Choice	\$ per cwt	170.27	172.39	-1.2%	176.40	-3.5%		
F Trimmings, 50%, Fresh	\$ per cwt	54.58	66.76	-18.2%	61.42	-11.1%		
Trimmings, 90%, Fresh	\$ per cwt	241.91	244.09	-0.9%	209.60	15.4%		
H FI Slaughter	Thou. Head	2,691	2,703	-0.4%	2,511	7.2%	14,691	3.0%
H FI Sow Slaughter **	Thou. Head	61.8	65.9	-6.3%	61.0	1.3%	241	6.0%
O Avg. Dressed Weight	Lbs.	216.0	216.0	0.0%	215.0	0.5%	216	0.7%
G Pork Production	Million Lbs.	582.2	584.8	-0.4%	538.6	8.1%	3,178	3.6%
S Natl. Negotiated Purchase	Wtd. Avg.	51.50	54.19	-5.0%	49.92	3.2%		
Natl. Base Carcass Price	Wtd. Avg.	60.75	63.20	-3.9%	56.99	6.6%		
& Natl. Net Carcass Price	Wtd. Avg.	62.72	65.06	-3.6%	58.86	6.5%		
Natl. Early Wean Feeder	10-12 Lbs.	47.36	50.28	-5.8%	51.82	-8.6%		
P Pork Cutout	\$ per cwt	66.69	73.00	-8.6%	65.98	1.1%		
O By-product Value	\$ per cwt, live wt	3.63	3.60	0.8%	3.33	9.0%		
R Ham, Primal	\$ per cwt	55.14	64.25	-14.2%	45.24	21.9%		
K Loin, Primal	\$ per cwt	66.84	69.06	-3.2%	67.25	-0.6%		
Belly, Primal	\$ per cwt	86.31	102.64	-15.9%	114.31	-24.5%		
Trimmings, 72%, Fresh	\$ per cwt	57.81	64.25	-10.0%	54.01	7.0%		
C Young Chicken Slaughter *	Million Head	172.0	166.1	3.6%	163.17	5.4%	832	5.0%
H Avg. Weight (RTC)	Lbs.	4.78	4.77	0.3%	4.64	2.9%	4.79	2.5%
I Young Chicken Production (RTC)	Million Lbs.	822.1	791.4	3.9%	757.7	8.5%	3,985	7.6%
C Eggs Set (US)	Million	238.6	240.5	-0.8%	230.1	3.7%	1,193	4.3%
K Chicks Placed (US)	Million Head	192.1	189.1	1.6%	184.0	4.4%	953	4.0%
E National Composite Whole Bird	Composite	85.82	88.75	-3.3%	91.16	-5.9%		
N Northeast Breast, B/S	\$ per cwt	85.69	90.28	-5.1%	108.09	-20.7%		
Northeast Leg Quarters	\$ per cwt	41.49	38.48	7.8%	29.99	38.3%		
T Total Turkey Slaughter *	Million Head	4.04	3.94	2.4%	3.81	6.0%	19.8	4.9%
U Avg. Weight (RTC)	Lbs.	26.53	27.59	-3.8%	27.43	-3.3%	27.24	1.2%
R Turkey Production (RTC)	Million Lbs.	107.1	108.8	-1.5%	104.4	2.5%	538	6.2%
K National Hen (8-12 Lbs)	\$ per cwt	98.00	96.50	1.6%	82.54	18.7%		
G Corn, Omaha	\$ per Bushel	3.79	3.79	-0.1%	3.64	4.1%		
R Distillers Grain, IA	\$ per Ton	145.50	148.50	-2.0%	150.00	-3.0%		
A Soybean, Cntrl IL	\$ per Bushel	8.89	8.82	0.7%	8.87	0.2%		
I Soybn Meal 48%, Cntrl IL	\$ per Ton	289.20	292.50	-1.1%	304.00	-4.9%		
N								

* Chicken & turkey slaughter & production are 1 week earlier than the date at the top of this sheet.

** Cow and sow slaughter reflect levels from two weeks ago (part of "actual" rather than "preliminary" weekly slaughter report).

