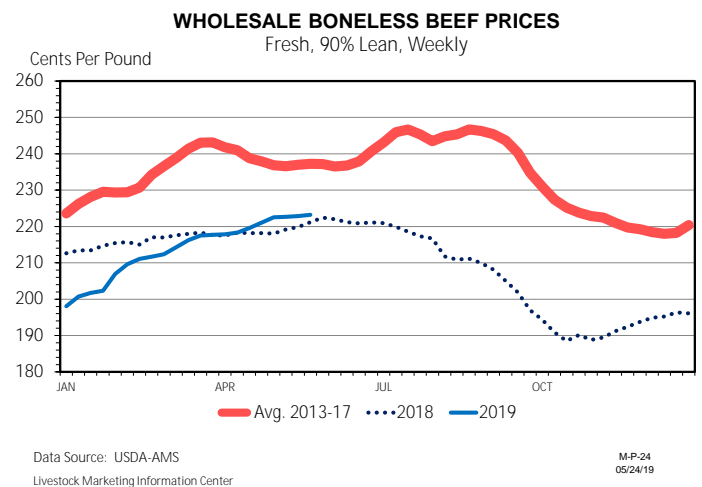
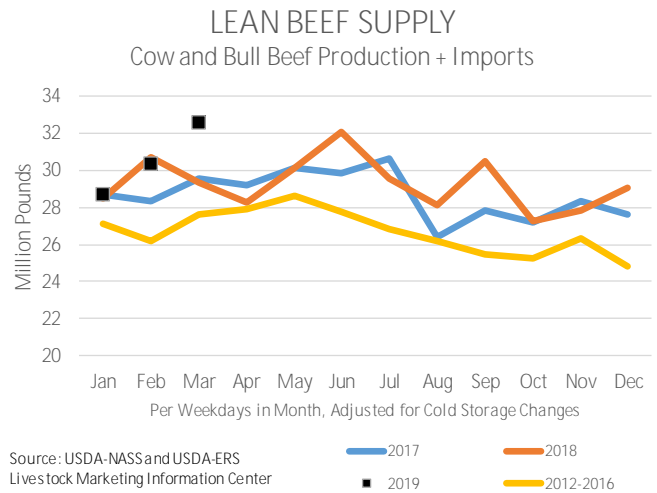


Supplies of lean beef so far in 2019 have been ample, boosted by increases in both beef and dairy cow slaughter and a small increase in beef imports. Production of cow and bull beef during the first four months of 2018 was the largest for those months since before 2006. This year, cow and bull beef production from January through April was up close to 2% from last year.

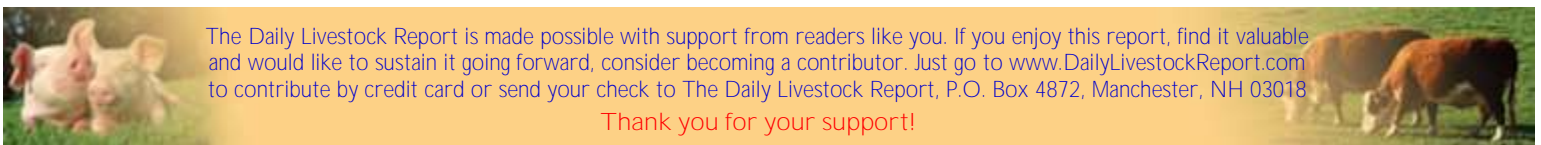
After adjusting for slaughter days during the month, lean beef supplies in January and February were about the same as last year but March registered a significant increase. In percentage terms, the year-over-year increase in lean beef supplies during March was 6%. This was the biggest percentage increase since last August. Some of the increase in supply in March was attributable to beef imports that were up 16 million pounds, based on USDA-Economic Research Service (ERS) calculation of carcass weight equivalent product landings. Another feature was the 22 million pound drawdown in beef coming out of cold storage. By comparison, last August beef cold storage holdings were increasing 17 million pounds during the month as a way of reducing the amount of lean beef being pushed through marketing channels. August 2018 beef imports receded 23 million pounds from the prior month and were 10 million pounds below a year earlier.

These market dynamics were orchestrated by pricing mechanisms. Last summer, 90% lean beef trim prices were adjusting downward from \$2.20 per pound in July to \$2.10 at the end of August, tempering the inclination to market beef. Currently, the opposite situation exists, with 90% lean beef trim prices moving up from \$2.00 at the start of the year to \$2.20 by the end of April, which is encouraging more beef imports and prompting the liquidation of frozen inventories. Current conditions are the classic example of favorable (and impressive) consumer demand for lean beef (i.e. ground beef or hamburger).

Last week, USDA-National Agriculture Statistical Service (NASS) reported that cow and bull beef production in April was up 7% from the prior April. Frozen inventories of beef also declined 21 million pounds during April, further supplementing the amount of beef moving through to marketing pipeline to consumers. In April 2018, frozen beef inventories increased 7 million pounds, implying a 28 million pound swing in frozen beef moving through marketing channels when comparing the two



Aprils. Beef import statistics for April will not be available from USDA until next week. If imports were unchanged from April 2018, this would imply that lean beef supplies moving through marketing channels in April were up 9% from a year earlier. This would be the biggest monthly year-over-year percentage increase since before 2018 and it occurred with rising lean beef prices.



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