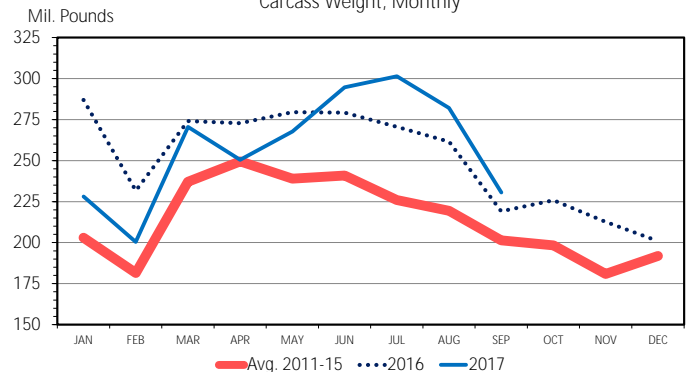


U.S. beef imports in September were up 5% from the prior September, capping a quarter when imports were up 8% from a year earlier. The increase in September was the smallest since June and still leaves the projected path for annual imports to be on track to be slightly less than in 2016. Beef imports during the first half of the year were down 7% from the same period in 2016.

The moderating pace of imports is mostly due to slowing shipments from Australia and New Zealand. Imports from Oceania normally decline in the second half of the year, but extreme drought in Australia at mid-year resulted in more slaughter due to lack of forage. The August-to-September trend in beef shipments from Australia has been an indication of shipment trends for the last three months of the year this decade, and the decline this September suggests that beef imports from this source in the last three months of the year will be slightly larger than the extremely low volumes of the last quarter of 2016.

The price incentives to ship beef to the US, based on East Coast imported beef price quotes from USDA-AMS (Agriculture Marketing Service) in September and October were not as attractive as they were three months earlier. The bounce in imports during the summer quarter probably played an important role in driving import beef price to a discount to domestically sourced lean beef trim prices. The uptick in imported beef prices in October suggests that availability of product from Australia was limited compared to supplies of domestic lean beef trim. The decline in domestic lean beef trim prices registered since July flows from an 8% year-over-year increase in cow slaughter during the summer quarter, as well as declining prices trends in the Choice beef market.

US BEEF AND VEAL IMPORTS
Carcass Weight, Monthly

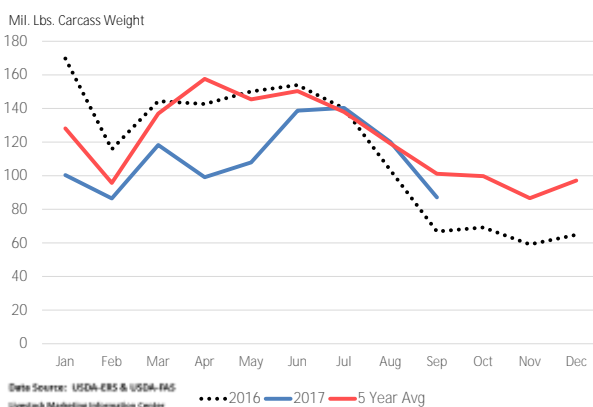


Data Source: USDA-ERS & USDA-FAS
Livestock Marketing Information Center

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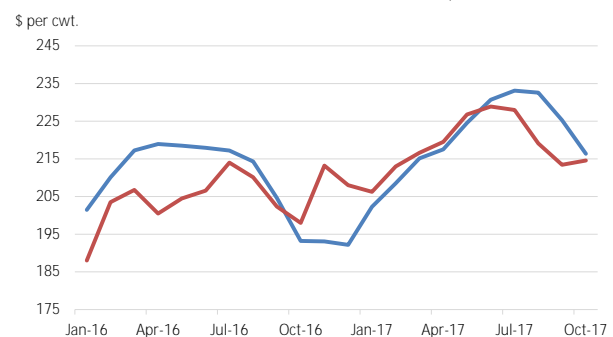
Domestic lean beef prices in November have been static at the lowest values since March. Values in this market are not showing much sign of strength, even though choice beef prices have rallied more than 10% from their lows of the summer. Stable and relatively inexpensive US lean beef will likely keep imported beef prices from moving significantly higher which probably limits the potential for an expansion in beef import volumes.

US BEEF AND VEAL IMPORTS
From Australia and New Zealand



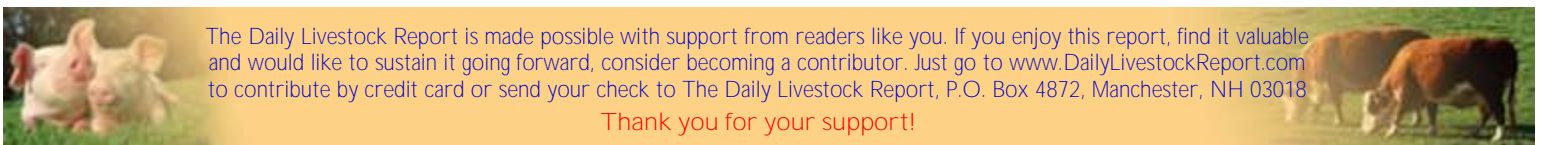
Data Source: USDA-ERS & USDA-FAS
Livestock Marketing Information Center

LEAN BEEF TRIMMINGS PRICES
90% Lean Fresh Domestic vs. US East Coast Imported



Data Source: USDA AMS NW_LS421 and LM_XB460
Livestock Marketing Information Center

— Beef Trimmings Price Fresh 90% Lean
— Cow Meat 90% Lean Price Aus-NZ



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