

## Center Of The Plate: Beef

October 19, 2020

### General Information:

**CASH:** Trade in the South occurred at mostly \$108, \$1 lower w/w. Moderate trade in the North was \$107 to \$108 live and mainly \$169 dressed, also steady \$1 lower. Feeder Cattle exchanged hands at levels mostly steady to \$3 lower. Calves mixed, from \$2 higher to \$3 softer. Market cows also traded mixed.

**BOXED BEEF:** Prices for the Choice boxed beef cutout averaged \$2.1174/cwt, down \$4.29 for the week, while Selects settled at \$197.94/cwt., a decrease of \$6.73. Large slaughter rates combined with elevated carcass weights in recent weeks are resulting in ample supplies, at a time when fall demand is not fully in high gear. The result was a disappointing week for beef prices. Looking ahead, packers already had a calculated reduction in slaughter to accomplish two objectives: (1) to manage the box prices, by not overwhelming the market with beef, in a quiet time before demand improves before the holidays and (2) they don't contribute to more leverage from the fed cattle suppliers by continuing to process large numbers of cattle. The more they process, the more leverage they give to their suppliers. The choice/select spread is widening, as quality grading slips, to \$12. This should support boxed beef prices along with holiday demand in the coming weeks.

**(USDA ERS) BEEF IMPORTS CONTINUE ROBUST PACE:** U.S. beef imports in August 2020 were 351 million lbs, up 32% from year-earlier levels. Large import volumes reflect strong shipments from major suppliers, as well as robust growth in shipments from Central and South America. The forecasts for Q3 and Q4 2020 are raised to 1,025 million lbs (+100 million from last month) and 800 million lbs (+75 million) on continued strong demand for processing-grade beef. Imports are expected to remain large. Beef imports for 2020 are 3.447 billion lbs. The annual forecast for 2021 is raised for all quarters to 3.135 billion lbs.

**BEEF EXPORTS ABOVE YEAR-AGO LEVELS IN AUGUST:** Since March 2020, U.S. beef exports have been higher than year-ago levels. In August, beef exports increased 2%, or 6 million lbs from last year, to 268 million lbs. Beef exports to China have increased over the last several months due to continued demand and the Phase 1 Agreement. U.S. beef exports to China in August increased 299% year over year to almost 11 million lbs. This shipment to China was the largest on record. The forecasts for Q3 and Q4 are unchanged from a month ago. However, in 2021, the export forecasts for all quarters are lowered on a revised global outlook for 2021. The annual beef export forecast for 2020 was unchanged at 2.896 billion lbs, and the 2021 forecast was lowered to 3.080 billion lbs on anticipated lower global demand.

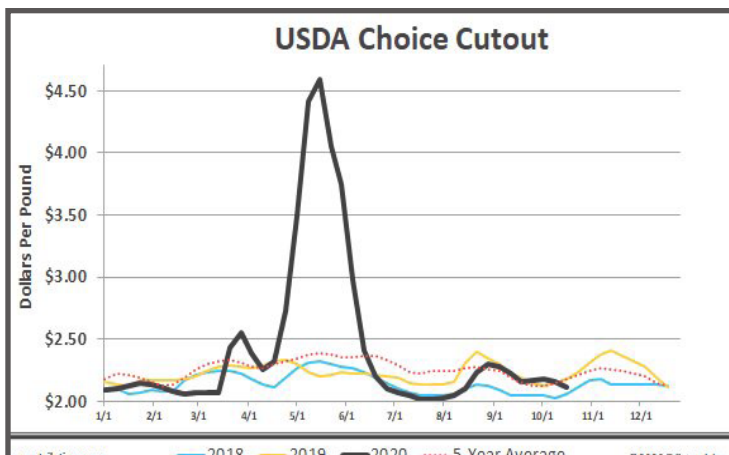
**(DOW JONES) BRAZIL BREEDERS RETAIN FEMALE COWS, HERD GROWS FOR FIRST TIME IN 3 YEARS:** The size of the cattle herd in Brazil, the world's largest beef exporter, grew for the first time in three years in 2019, according to data released on Thursday by the government's bureau of statistics IBGE. The country's herd totaled 214.7 million head in 2019, a 0.4% rise from 2018, driven by a retention of female cows for breeding and a 5.1% growth of the herd in Mato Grosso state, IBGE said. In 2018 and 2017, herd size had declined. "In 2019, we observed a drop in the participation of female cows in slaughtering, suggesting a transition from the low cattle cycle to the high cycle, which is when the producer starts to retain females due to good market prices," said IBGE's livestock research supervisor Mariana Oliveira. She noted 2019 was marked by record beef exports, especially to China. In 2021, Brazil's beef exports are forecast to hit a record high for the third consecutive year driven mainly by Chinese demand and demand recovery in certain other markets, the USDA said on Oct. 9. Brazil's IBGE data also showed the country's poultry herd was relatively stable at 1.5 billion head in 2019, while the size of the pork herd dropped by 1.6% to 40.6 million head.

### Content Links:

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# Cutout Prices

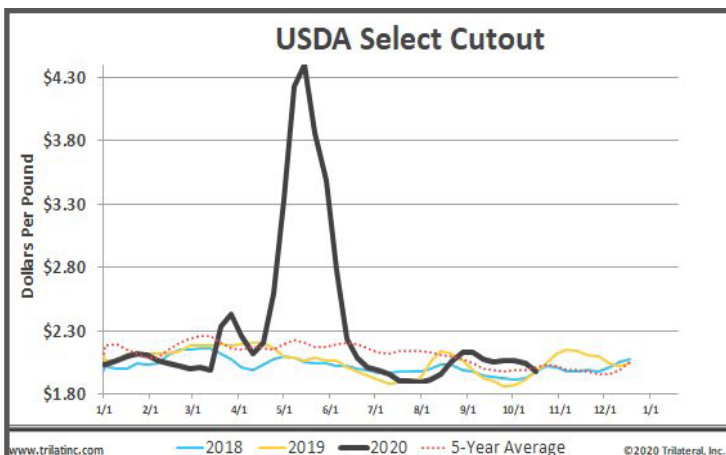


## USDA Choice Cutout (600-900):

**Current:** 2.1174      **Last Week:** 2.1604

**3-Yr High:** 4.5904      **3-Yr Low:** 1.9103

**Seasonality:** Choice grade beef typically sees price support until early December as premium holiday cuts are the focus and carry the overall value.



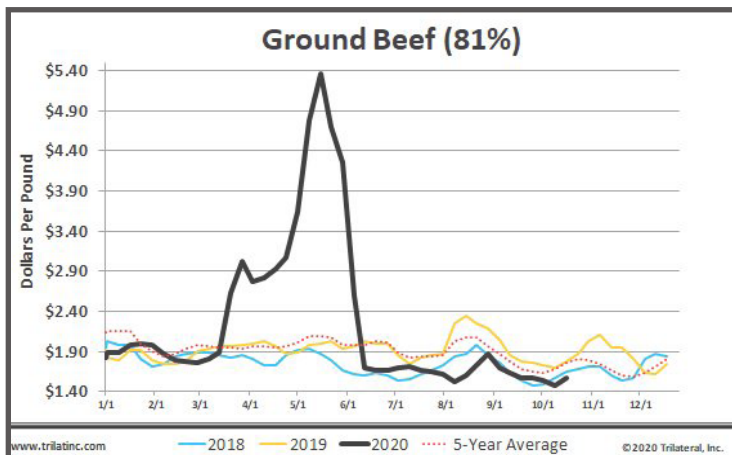
## USDA Select Cutout (600-900):

**Current:** 1.9794      **Last Week:** 2.0467

**3-Yr High:** 4.3953      **3-Yr Low:** 1.8664

**Seasonality:** The Select grade cutout typically bounces sideways until late December.

# 81% Grinds



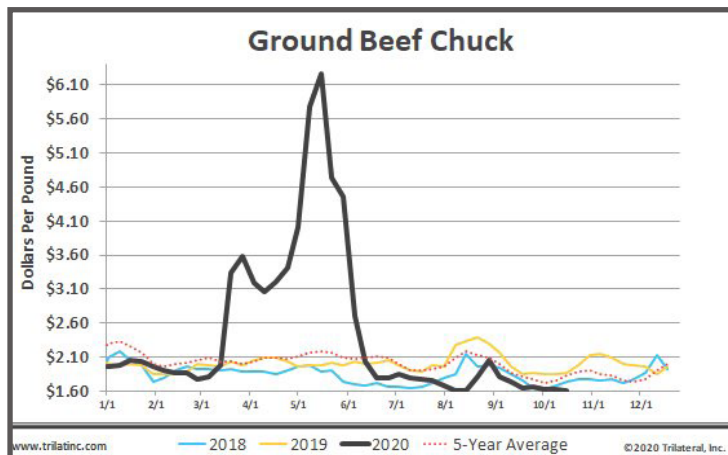
## 81% Grinds:

**Current:** 1.5675      **Last Week:** 1.4795

**3-Yr High:** 5.3635      **3-Yr Low:** 1.4759

**Seasonality:** Beef Grind prices typically see price support the next few weeks.

# Ground Chuck



## Ground Chuck:

**Current:** 1.6107      **Last Week:** 1.6384

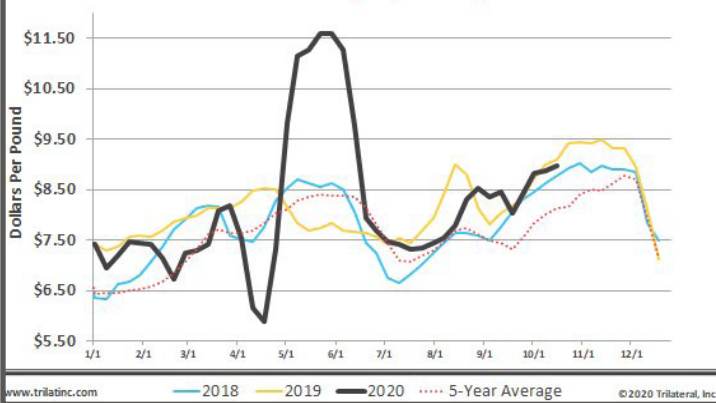
**3-Yr High:** 6.2605      **3-Yr Low:** 0.9648

**Seasonality:** Ground Chuck prices typically see price support the next few weeks.

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# Choice Cuts Of Interest

Choice Ribeye (112 A) Prices



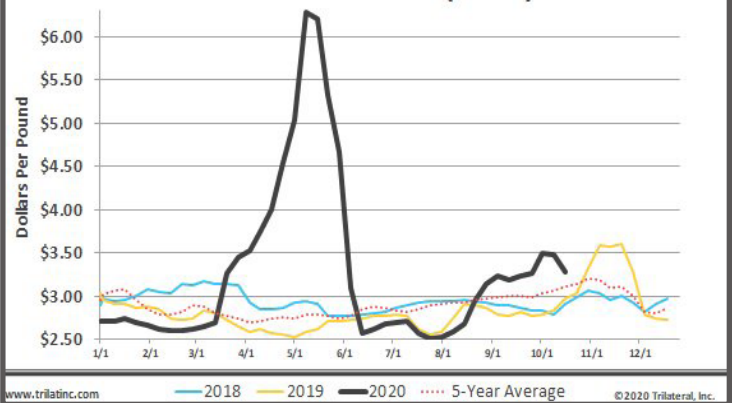
## Ribeyes (112A 3):

**Current:** 8.9654 **Last Week:** 8.8885

**3-Yr High:** 11.5875 **3-Yr Low:** 5.8407

**Seasonality:** Ribeyes are following their seasonal trend higher until early December.

Choice Chuck Roll (116A) Prices



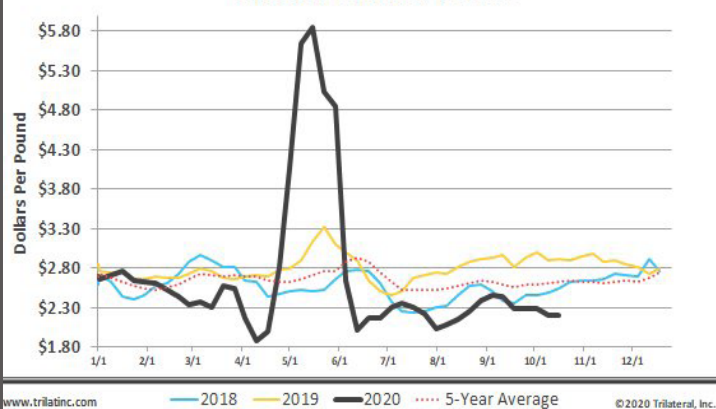
## Chuck Roll (116A):

**Current:** 3.2737 **Last Week:** 3.4841

**3-Yr High:** 6.2894 **3-Yr Low:** 2.2952

**Seasonality:** Chuck rolls should continue to see strength through October, then typically move lower the rest of the year.

Choice Brisket Prices



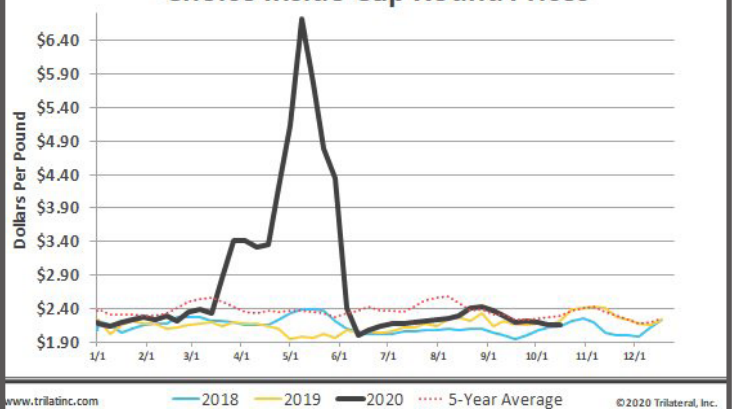
## Brisket (120):

**Current:** 2.1924 **Last Week:** 2.1945

**3-Yr High:** 5.8497 **3-Yr Low:** 1.8828

**Seasonality:** Prices are expected to be steady-firm through the fall.

Choice Inside Cap Round Prices



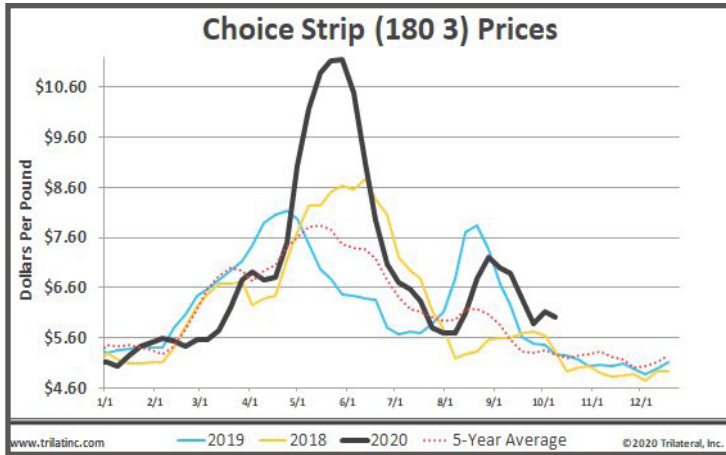
## Inside Rounds (168):

**Current:** 2.1541 **Last Week:** 2.1682

**3-Yr High:** 6.7197 **3-Yr Low:** 1.7213

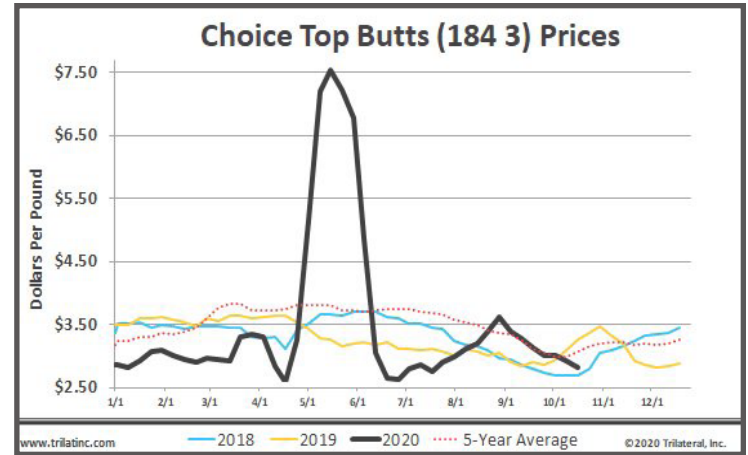
**Seasonality:** Prices typically move higher as temperatures drop in the fall.

# Choice Cuts Of Interest Prices (Cont.)



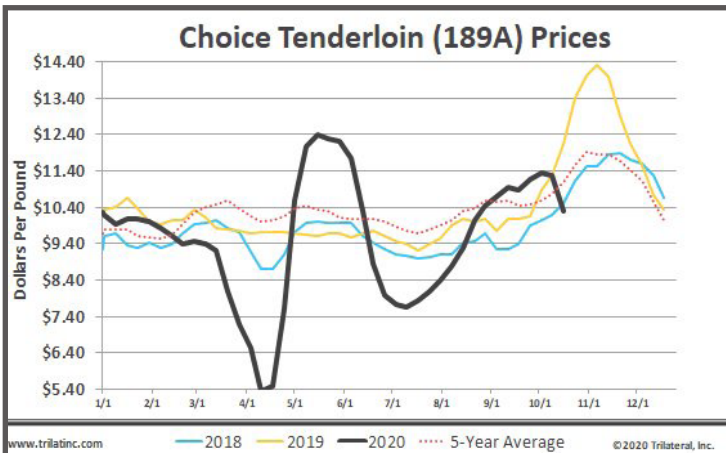
## Strips (180):

<b>Current:</b> 5.7021	<b>Last Week:</b> 6.0034
<b>3-Yr High:</b> 11.1539	<b>3-Yr Low:</b> 4.2471
<b>Seasonality:</b> Prices typically move lower until December.	



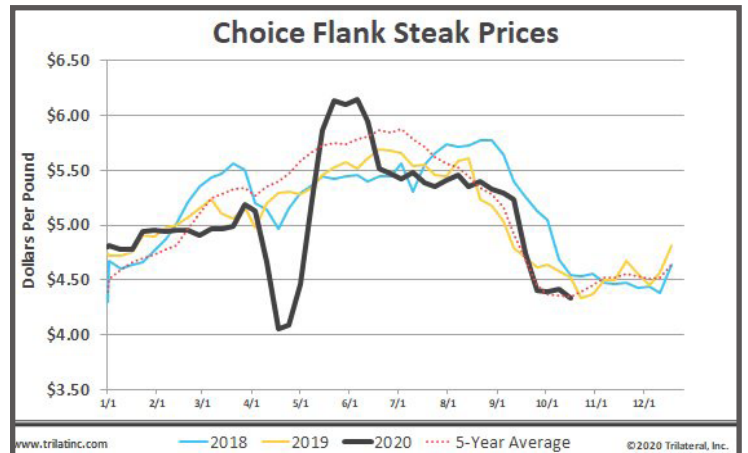
## Butts, Boneless (184 3):

<b>Current:</b> 2.8078	<b>Last Week:</b> 2.9198
<b>3-Yr High:</b> 7.5311	<b>3-Yr Low:</b> 2.4052
<b>Seasonality:</b> Prices should see support as temperatures get cooler.	



## Tenderloins (189):

<b>Current:</b> 10.2863	<b>Last Week:</b> 11.2847
<b>3-Yr High:</b> 14.2898	<b>3-Yr Low:</b> 5.3333
<b>Seasonality:</b> Tenderloins typically experience their seasonal climb from now until December. Prices did not abide last week.	



## Flanks (193):

<b>Current:</b> 4.3317	<b>Last Week:</b> 4.4146
<b>3-Yr High:</b> 6.1428	<b>3-Yr Low:</b> 4.0079
<b>Seasonality:</b> Prices have moved consistent with its seasonality. Expectations are for upside price support leading up to the holidays.	



# Live Cattle: Hourly & Daily Charts

