

Valentine Livestock Auction Company

Valentine, Nebraska



Dear Cattle Producers:

Every now and then I come across material that relates directly to price, supply and your check. Steiner is an analytic group that analyses data about cattle, hogs, corn & beans. They publish the Daily Livestock Report with many analyzed number.

The one I'm referring to was published April 9. "Beef exports and Global Beef Trade". From Steiner...by far the most significant development of the last 12 months is the shift in the supply and pricing of Australian beef. Dry conditions and herd liquidation has resulted in the smallest Australian cattle herd of the last 30 years (per USDA estimates). Australian cattle prices have jumped 83% since late 2019 and feeder cattle prices are up 85% during this period. In the past decade, Australia has been the second largest exporter of beef in the world, behind Brazil. Coincidentally exports are down dramatically out of Australia.

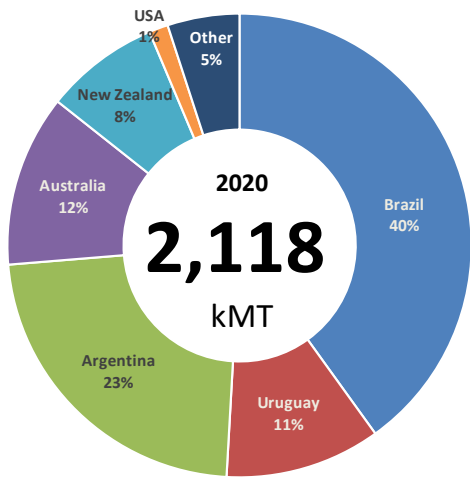
Chinese Beef Import for 2020 product wt

Lower prices, in part due to exchange rate, and more supply availability has meant that South American producers have benefited the most from the big jump in Chinese beef demand.

Ten years ago China was importing only about 84 million pounds of beef (CWE) compared to Japan that was importing 1.5 billion lbs. and US importing 2.3 billion lbs. Last year, China imported over 6 billion pounds on a carcass weight basis or 4.7 billion product weight. Almost 75% of all Chinese beef imports in 2020 came from three countries in South America, Brazil, Argentina, and Uruguay. The more limited supply of Australian has opened the door for US beef to take a larger share of Chinese demand in 2021.

In the first two months of the year 2021, Chinese beef imports of US product are half of 2020 product. Expected beef export in March & April is expected to be higher again. This is adding another dimension to the competition for beef in the US beef market and should help improve US cattle prices as feedlots get more current.

My comment: 85% increase in feeder values is significant. Get a competitive system back into fed cattle (the Grassley bill) would help achieve a better price level. Country of Origin Labeling would be significant to domestic market. Since we operate in a global economy significant price change in one country would be significant in another country. Except our industry/beef supplies are hindered by a packer monopoly.



Thanks for your time-
Greg