

USDA released this morning its latest update on US beef and pork export shipments and sales. While the numbers were somewhat disappointing, keep in mind that exports usually slow down during holiday weeks. We will need to wait until production normalizes to fully understand export flows.

Pork highlights: The pace of export shipments slowed down a bit from the very strong pace of late November and early December. However, total shipments at +30,000 MT were still quite strong given this was a holiday shortened week. Probably the item seen as most negative in the report was the cancellation of 13,258 MT of product destined for China. Sales for the new marketing year were 9,741 MT but total net sales were negative. It is possible that China buyers are waiting for the new trade deal to get signed. However, the cancellation follows reports of other such cancellations in other parts of the world where China does business. Chinese buyers were extremely aggressive in Brazil, purchasing significant volumes of beef and pork in November and December. In recent weeks, there have been news reports that Chinese buyers are cancelling orders. Similarly, the market for lean grinding beef was extremely strong in November in part on speculation of big Chinese buys that were expected to continue into the New Year. Some of the lustre has come off that market although prices still remain well above year go levels. This latest USDA report appears to be in the same vein and combined with some of the macro events this morning could put some pressure on futures. On the positive side, pork export sales to Mexico continue to fly high. Combined net sales (current and new marketing year) were almost 20,000 MT. This was somewhat predictable given the sharp correction in the value of hams recently. This could be construed as supportive for the ham market in late January and February. USDA will issue its update on the official pork export data for November on January 7. It will be interesting to see how those numbers match up with the implied data from the weekly report. At this time, based on the weekly numbers, we expect to see shipments to China in November near 50,000 MT compared to 6,400 MT in November 2018. The pork cutout was firm for much of Q4 despite record production numbers and a strong export pace to China was largely responsible for that performance. Now markets are in a bit of a holding pattern, waiting for the new trade deal to be signed and evidence of new orders.

Beef highlights: Export shipments at 12,633 MT were relatively low, even for a holiday shortened week. Beef export shipments in

USA Weekly Pork Muscle Cut Exports

Summary of Weekly USDA Thursday Report: Published by USDA on January 2, 2020 for week ending December 26, 2019. Pr

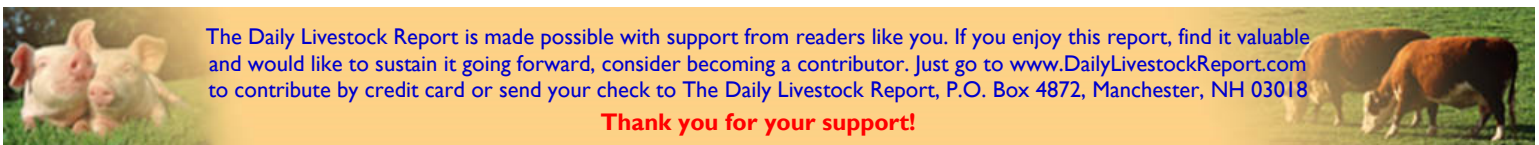
Metric Ton, Shipped Weight Basis	Weekly Exports						Net Sales for Current Year							
	28-Nov	5-Dec	12-Dec	19-Dec	4-wk Avg.	% ch vs. 4-wk avg.	28-Nov	5-Dec	12-Dec	19-Dec	4-wk Avg.	% ch vs. 4-wk avg.		
China	11,497	13,908	15,282	16,115	14,201	10,404	-26.7%	10,281	5,605	5,940	(791)	3,585	(13,258)	-469.9%
H. Kong	658	747	643	701	687	361	-47.5%	123	310	44	(65)	96	362	275.8%
Mexico	9,352	11,097	11,433	10,529	10,603	9,180	-13.4%	10,905	13,856	11,259	12,164	12,426	9,562	-23.1%
Japan	3,070	3,924	2,853	3,030	3,219	3,483	8.2%	2,914	5,247	5,838	2,442	4,509	1,759	-61.0%
S. Korea	2,563	2,909	2,922	3,239	2,908	2,837	-2.4%	853	621	540	1,683	948	1,547	63.2%
Canada	2,239	2,128	1,844	2,178	2,097	1,271	-39.4%	1,683	1,887	1,171	1,350	1,469	558	-62.0%
Other	3,735	3,532	4,259	4,310	3,959	3,061	-22.7%	3,865	1,640	1,966	(414)	1,064	2,734	157.0%
Total	33,114	38,245	39,236	40,102	37,674	30,597	-18.8%	30,624	29,166	26,758	16,369	24,098	3,264	-86.5%

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Japan	4,628	4,498	4,484	4,643	4,563	3,870	-15.2%	2,190	3,410	4,444	2,663	3,177	1,623	-48.9%
S. Korea	3,735	4,961	4,557	3,821	4,269	3,231	-24.3%	(2,678)	4,460	2,533	3,099	1,854	(176)	-109.5%
Mexico	1,661	1,866	1,955	2,312	1,949	1,468	-24.7%	1,806	1,055	1,071	1,573	1,376	539	-60.8%
Canada	789	937	1,207	1,126	1,015	637	-37.2%	177	(2,977)	371	532	(474)	260	-154.8%
H. Kong	1,167	1,684	1,562	1,170	1,396	987	-29.3%	(1,511)	1,621	(225)	(2,012)	(532)	185	-134.8%
Other	2,649	3,269	4,180	2,896	3,249	2,440	-24.9%	544	2,296	1,874	464	1,295	1,227	-5.2%
Total	14,629	17,215	17,945	15,968	16,439	12,633	-23.2%	528	9,865	10,068	6,319	6,695	3,658	-45.4%

December have consistently tracked under year ago levels. There is some hope that the lowering of tariffs in Japan will result in higher exports to that market. However, net sales so far have been underwhelming. For the latest week combined net sales were just 3,435 MT. Net sales to South Korea, another key market, were even lower at just 442 MT. Still, outstanding beef sales for delivery in the current and new marketing year were 149,201 MT, 17% higher than a year ago. Hong Kong has been cancelling loads fairly consistently so it is not clear whether the larger volume currently on the books will actually delivery. Export trade with Hong Kong was a major disappointment for much of 2019. It remains to be seen if the signing of the new trade deal with China will bring some improvement on that front.



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