

Trends in beef moving in and out of the US during November were higher when compared to a year earlier. Imports were up 13%, on a tonnage basis, the first monthly year-over-year increase in 2016. Beef export volume in November reached the highest level since July 2013. Beef purchases by Japan, South Korea, and Hong Kong account for most of the gain. In total, beef exports were up 23% from the prior November.

Beef exports, on a carcass weight equivalent basis (data provided by USDA-ERS), had been expected to bounce back from the diminished levels of a year ago, but still fall short of the higher exports that were registered in 2012-2014. Last year, exports totaled 2.265 billion pounds, down from 2.572 billion pounds in 2014. This year, exports had been on a pace to be close to 2.4 billion pounds, but now have a reasonable chance of reaching 2.5 billion pounds. An extension of the November export pace into December would put 2016 exports close to the 2014 volume.

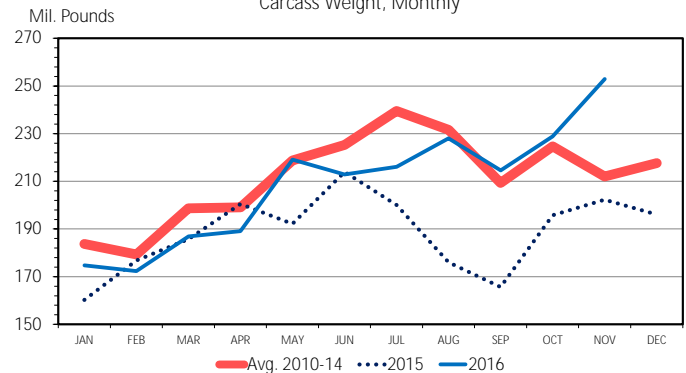
Japan was the top destination for US beef in November, at 59 million pounds. This was up from 36 million pounds in November 2015 and was the highest November shipment to Japan on record. From June through October of 2014, beef shipments to Japan exceeded 60 million pounds and the largest monthly shipment to Japan was 80 million pounds in July 2013.

Higher shipments for US beef provides some encouragement for 2017. This year, exports of beef to Japan are slated to be in the range of 640-650 million pounds. This compares with 540 million pounds of beef shipped to Japan last year and 671 and 662 million pounds of beef shipped in 2013 and 2014, respectively. A longer frame of reference shows that prior to the "Mad Cow" event at the beginning of 2004, Japan imported close to 950 million pounds of beef from the US.

The most impressive market for US beef in terms of growth potential this year could be South Korea. Beef exports to South Korea in November were up 63% from a year earlier. The recent pace of exports should result in an annual total in excess of 400 million pounds. This compares to about 320 million pounds shipped last year and 301 million pounds shipped in 2014. Again, looking back to the pre-Mad Cow era, South Korea took delivery on close to 600 million pounds of beef annually.

Average pricing on exported product during November showed some interesting trends. The average value of product shipped to Japan declined by 3% from November 2015 to

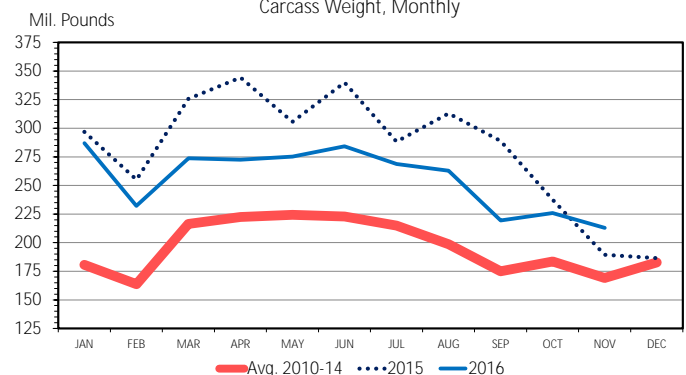
US BEEF AND VEAL EXPORTS
Carcass Weight, Monthly



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

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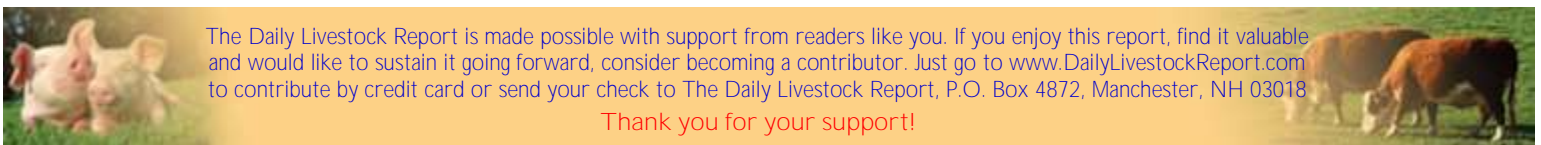
US BEEF AND VEAL IMPORTS
Carcass Weight, Monthly



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

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November 2016. The average value of beef per pound moving to South Korea in November was up 4% from a year earlier. By comparison, the choice beef cutout value averaged 12% less than a year ago in November. This would suggest that the composition of beef products imported by Japan and South Korea was upgraded over the course of the last year to take higher priced cuts of the carcass.



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