

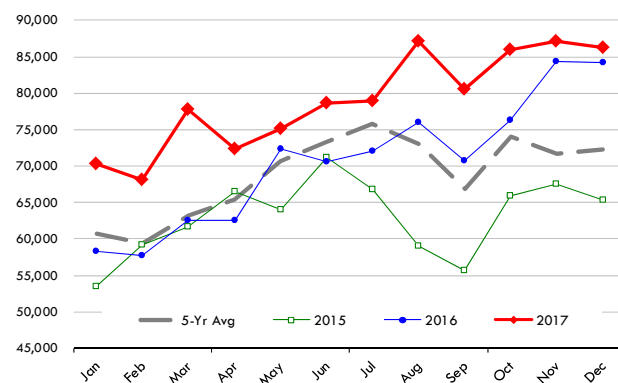
December export data for beef and pork was better than expected while shipments of fresh/frozen chicken were somewhat disappointing. The charts to the right illustrate the monthly progress of exports for the three main species while in page 2 we have provided a breakdown of the top markets for US beef and pork in 2017 and 2016.

- **Total exports of fresh/frozen and cooked beef in December were 86,285 MT, slightly less than the all time record November beef export volume but still about 2.5% higher than a year ago.** Using weekly export data, we were projecting December beef shipments to post a modest decline compared to a year ago. Keep in mind that weekly data only covers muscle cuts and not all traders report into the system. The fact that monthly exports have come above expectations in the last three reported months will likely cause us to adjust higher our projections for January and February as well. More importantly, **the value of US beef shipments in December was \$57 million higher than the previous year, an 11% increase** - evidence of robust demand for US beef products in world markets. Total US beef shipments in 2017 were 948,042 MT, 11.8% higher than the previous year. The value of all exports of fresh/frozen and cooked beef in 2017 was \$6.4 billion, 17% higher than the previous year. US fed cattle prices were significantly higher than market participants were anticipating and part of the reason for that was the higher value derived from sales in export markets. As the chart on page 2 shows, Japan was the biggest market in volume terms in 2017, taking 27% of all US beef shipments. This was a 3 point increase from its share in 2016. Mexico and Canada, our two NAFTA partners, accounted for 14% and 11% of US exports, respectively. Hong Kong remains one of our top markets and with US access to China we expect to see a continued increase in exports to these two markets. Shipments to Mainland China in December were 795 MT and for the year US shipments to China were 2,980 MT. We think it is fair to expect shipments to China in 2018 to increase, with a conservative estimate being somewhere around 1,000-1,200 MT per month. The value of exports to China in December was \$8.2 million, implying an average price of over \$10,000 MT. This is significantly higher than the average price of beef to other markets, indicating high value cuts initially going there. Shipping end cuts into China will be more challenging given the premium of US product to Brazilian beef.

- **Pork export volume in December was also higher than expected. Rather than show a decline from last year, total shipments of fresh/frozen and cooked pork were 174,500 MT, 3% higher than a year ago.** Higher pork exports to South Korea, Australia and Hong Kong offset a net decline in exports to Mexico. Shipments to South Korea increased by almost 3500 MT while shipments to Mexico were down 2800 MT. Total pork exports in 2017 were a little over 1.9 million MT (product wt. basis), 6.4% higher than a year ago. The value of US pork exports for all of last year was \$5.3 billion, \$378 million (+7.7%) higher than a year ago. Mexico was by far the main market for US pork last year, accounting for 39% of all shipments, 2 points higher than the share in 2016. Pork exports to Canada were 11%, with NAFTA thus accounting for about half of all the volume of US pork exports in 2017.

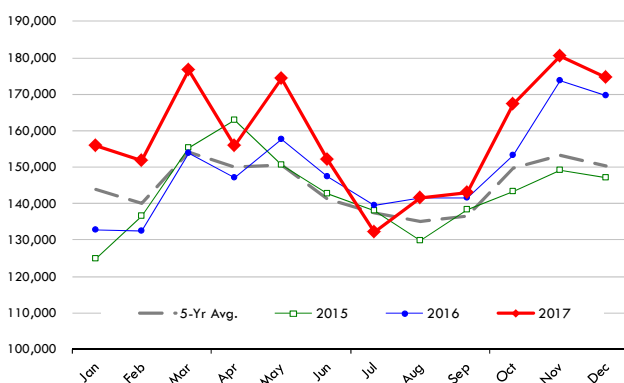
Quantity of US Exports of Fr/Frz/Pres Beef: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



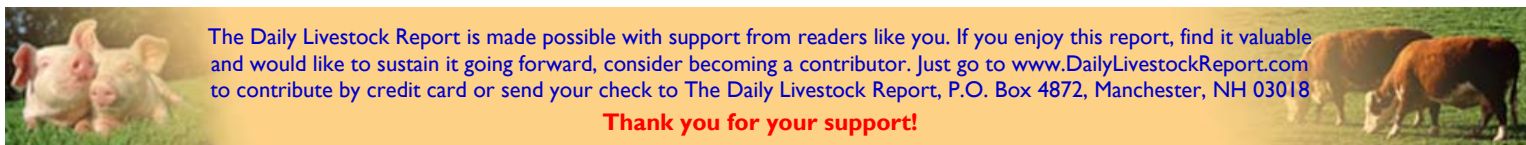
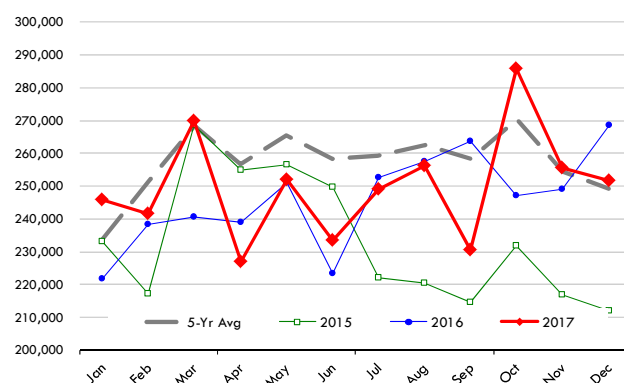
Quantity of US Exports of Fr/Frz/Cooked Pork: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



Quantity of US Exports of Fr/Frz Chicken: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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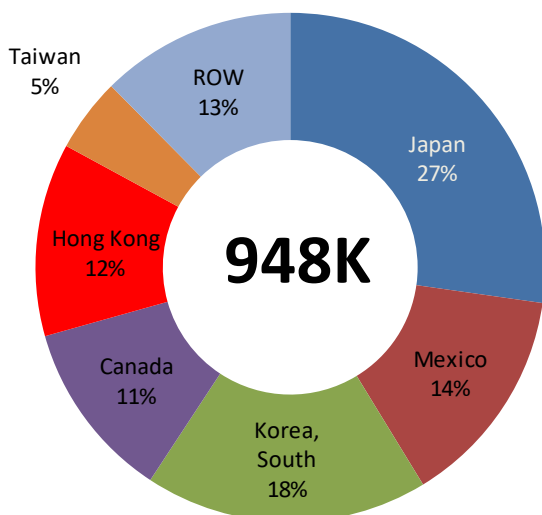
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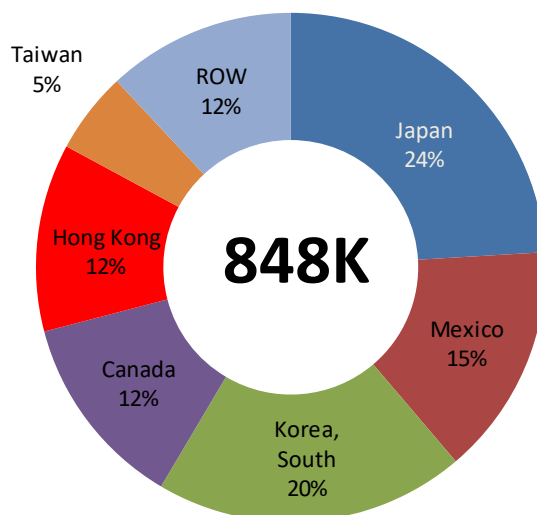
TOP MARKETS FOR US BEEF IN 2017

Total Volume and Country Shares for Period Jan - Dec 2017, MT



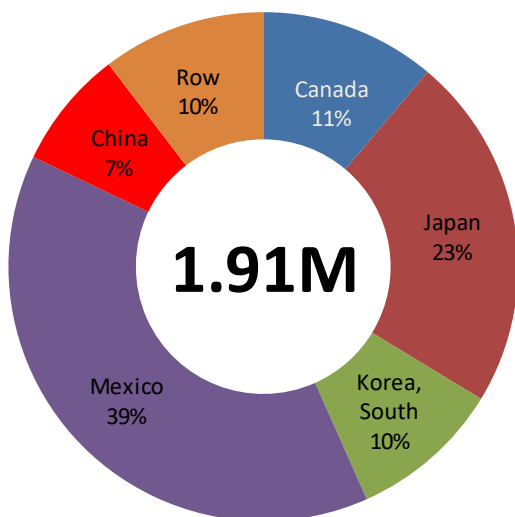
TOP MARKETS FOR US BEEF IN 2016

Total Volume and Country Shares for Period Jan - Dec 2016, MT



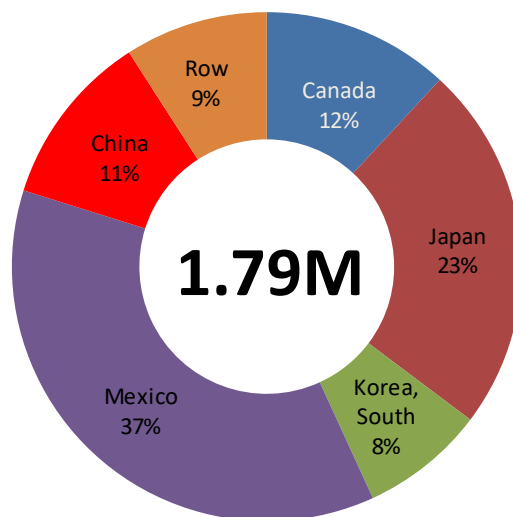
TOP MARKETS FOR US PORK IN 2017

Total Volume and Country Shares for Period Jan - Dec 2017, MT



TOP MARKETS FOR US PORK IN 2016

Total Volume and Country Shares for Period Jan - Dec 2016, MT



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