

Pork exports to China have increased sharply in the last few months and it appears that trend remains in place despite the spread of Coronavirus, supply bottlenecks and a slowdown in foodservice demand. USDA released at the end of last week the official export data for the month of January and USDA-ERS released yesterday calculations of exports on a carcass weight basis. The latter is important as it puts the trade data in the broader context of domestic supplies, which are also reported on a carcass weight basis. Below are some key numbers to consider even as, in the short term, fear and panic continue to sway day to day trading:

- Total **US pork exports in January** were estimated at 668.9 million pounds, 191.1 million pounds or **40% higher than the previous year**. This is the second highest monthly export volume on record (last December was the highest) but the y/y increase in exports was record large.

- **Almost all the increase in exports was due to more pork going to China.** Total shipments to China/Hong Kong were 203.0 million pounds, 177 million pounds more than in January 2019. The almost seven fold increase in shipments to these markets accounted for about **93% of the entire increase in US pork export shipments**.

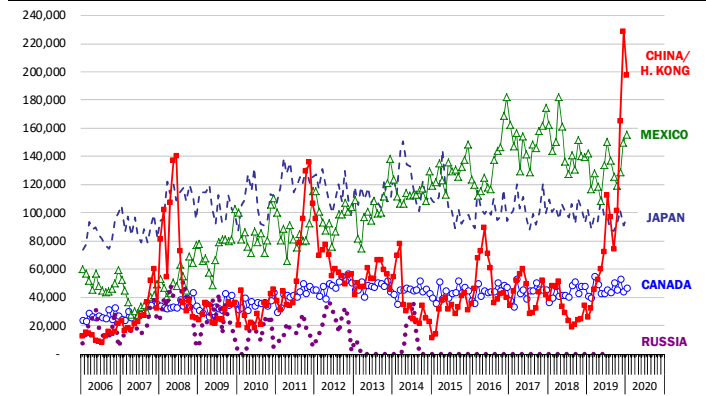
- While US packers and exporters shipped some 191 million pounds of pork more than in January 2019, the **volume of pork that was imported declined by 13.8 million pounds or 16% from the same period a year ago**. Canada accounts for about two thirds of US pork imports but imports from Canada were only slightly lower. The main reason for the decline in imports was due to a sharp decline in imports from the EU. Pork imports from Poland were down 8.2 million pounds or 55% and imports from Denmark were down 2.2 million pounds or 32%.

- The pork trade balance in January was a positive 205 million pounds (carcass wt. basis). Compare this to the change in **commercial pork production in January. Output for the month was 2.553 billion pounds, 180 million pounds higher than the previous year**. With more product going into export channels, largely China, the supply available in the domestic market in January was lower than the previous year but still quite large from a historical perspective. Remember than in January 2018 pork production was 2.290 billion pounds, 263 million pounds smaller than this year.

- One could argue that much of the January exports were in the pipeline prior to the spread of Coronavirus in China and that any demand shift will likely show up in the February data. However, **we have not really seen any significant shift in export shipments in the weekly data**. Indeed, looking at the correlation between the weekly numbers and the actual monthly statistics, we would expect pork export shipments in February to be up 35-40% from a year ago. Market participants will now increasingly focus on any reports of new buying from China, especially following reports of tariff wavers. There is a lot of confusion on this topic and we plan to cover it a bit in more detail later this week. **Tomorrow we plan to focus on trade data for beef and chicken and implications for domestic supply availability.**

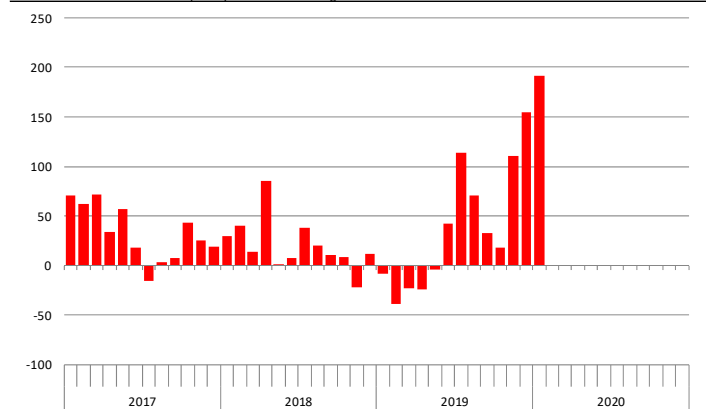
US PORK EXPORTS, MAIN MARKETS, 000 POUNDS, CARCASS WT.

Source: USDA-ERS. Analysis by Steiner Consulting



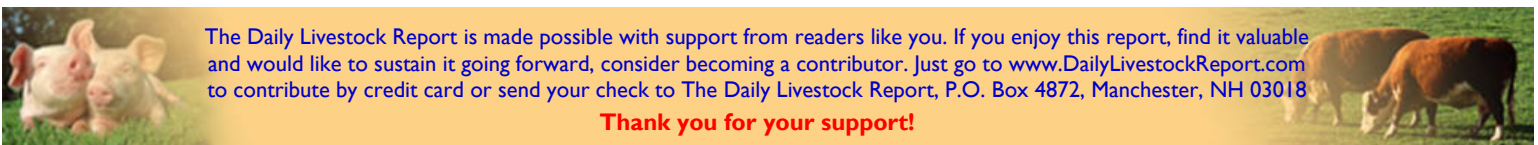
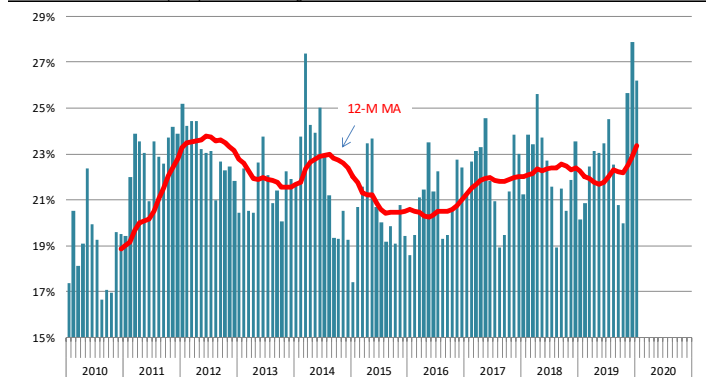
Y/Y Change in US Monthly Pork Exports. Carcass Wt. Basis. Million Lb.

Data Source: USDA-NASS. Analysis by Steiner Consulting



US Pork Exports as % of Commercial Production. Monthly.

Data Source: USDA-ERS. Analysis by Steiner Consulting



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