

Our last report highlighted the fact that even as pork production is up significantly from a year ago, supply availability in the US market has not increased much due to sharply higher exports (mostly to China) and a double digit decline in imports. That has not been the case for beef and chicken, something that was also reflected in the USDA forecasts published yesterday. Below is a **brief recap of key trade numbers for beef and chicken for January and what we expect February numbers to show:**

- **Total US beef exports (cwe) in January** were 245.1 million pounds, 7.3 million pounds or **3.1% higher than a year ago**. Exports were higher despite lower shipments to Japan (down 2.6%) and Mexico (down 0.4%). Exports to Taiwan registered a strong increase of about 3 million pounds (+24%) and exports to smaller markets were up 5.2 million pounds (+17.7%). While beef exports in February were a bit weaker than in January, export volumes still are expected to be 5-8% higher than in February 2019.

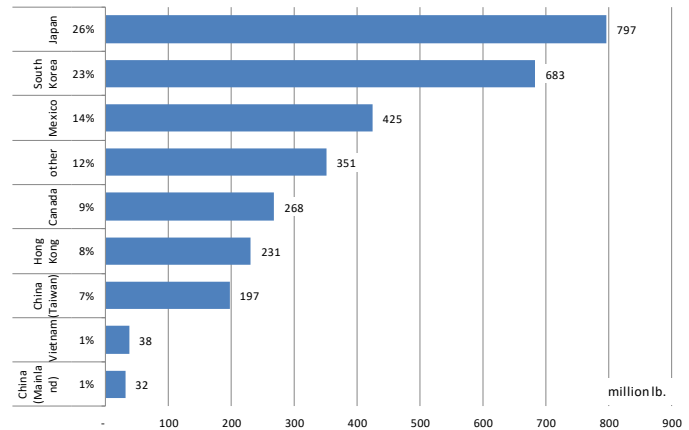
- **The increase in January beef exports was further amplified by a decline in imports.** Total imports in January were 244.2 million pounds, 8.8 million pounds or **3.5% lower than a year ago**. Imports were down despite a 6.6 million pound (+11%) increase in Australian beef imports. Imports from New Zealand in January were 28.4 million pounds, 10.2 million pounds or 26.5% lower than a year ago. However, keep in mind that the lower January imports from New Zealand reflect lower shipments in December 2019 (ocean transit time). New Zealand exports to the US declined sharply in December of last year as more beef went to support strong demand in the Chinese market. **New Zealand export data shows shipments to the US in January were down 3% and we think February shipments were likely higher than the previous year.** We think beef imports will register a modest increase from a year ago. Also note that Brazil has yet to ship fresh beef to the US. The increase in Brazilian imports this year will likely be offset by lower imports from Australia.

- The decline in imports and higher exports resulted in **a beef net trade shortfall of about 16.1 million pounds.** Commercial beef production in January was 2.388 billion pounds, 78.7 billion pounds or 3.4% higher than a year ago. Despite the positive trade balance, **January beef supply availability was still up about 62.6 million pounds compared to a year ago.** Going forward, there are concerns about export beef demand relative to expected production. Yesterday, USDA increased its forecast for 2020 beef production by 220 million pounds or 0.8%. At the same time that beef output was revised up, forecast for beef imports were also revised higher by 35 million pounds or 1.2% while exports were revised down by 35 million pounds or 1%. These **USDA revisions added almost 300 million pounds to the beef balance sheet for 2020** and per capita consumption is now at about the same level as in 2019. At the start of the years forecasts were for per capita consumption to decline.

- Broiler exports on a ready to cook basis were 596 million pounds in January, 15.6 million pounds or 2.7% higher than a year ago. Exports to

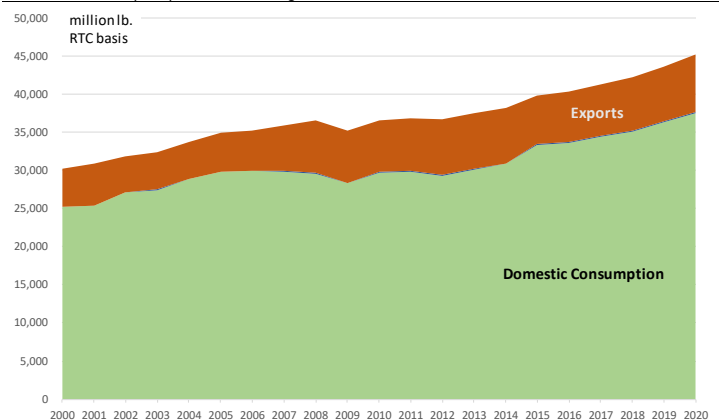
TOTAL US BEEF EXPORTS IN 2019 = 3.022 BILLION POUNDS

Source: USDA-ERS. Analysis by Steiner Consulting

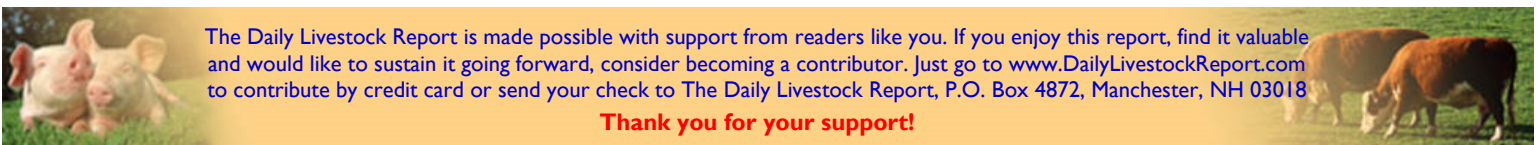


US Broiler Production Going to Domestic Channels and to Export Markets

Source: USDA. Analysis by Steiner Consulting



Mexico increased by 12 million pounds or 9.7%. However, exports to markets in the Caribbean declined by 22.7 million pounds or 32% and exports to Angola were down 20 million pounds or 79%. **The increase in broiler exports was quite small relative to the supply of broiler meat coming to market,** resulting in significant price pressure across the complex. January broiler production was estimated at 3.951 billion pounds, 240 million pounds or 6.5% higher than a year ago. USDA yesterday revised broiler production for 2020 by 297 million pounds but made only a slight adjustment to exports. **The March update now pegs per capita broiler consumption in 2020 at 99.2 lb/person, an eye popping 4.6% increase from a year ago and 7.4% higher than in 2018.**



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