

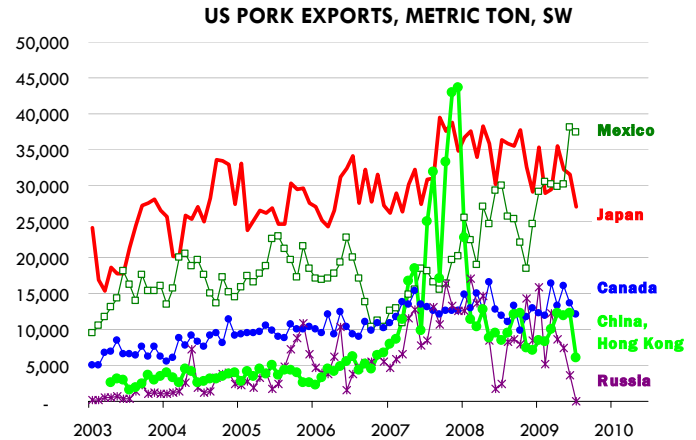
Daily Livestock Report

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Market Comments

For all the talk of strong meat export growth in 2010, the export data released by USDA on Thursday showed a slow January start for pork and chicken. In part the lower numbers were driven by several trade disruptions, especially in our trading relationship with China and Russia. The two remain significant trading partners and will be crucial in order to hit the export targets for 2010. Below is a brief recap of January export data. Please keep in mind that the numbers are shipped weight and the year over year comparisons may be slightly different from the carcass weight data that will be published later by ERS.

- January pork exports declined in a number of markets** (see chart). The one bright spot in January was Mexico, which continued to purchase record amounts of US pork and is currently well established as the top US pork export market. Total US pork shipments in January were 13.2% lower than the previous month and 4.2% lower than in January 2009. Indeed, pork exports would have been even lower had it not been for continued growth in the prepared/processed pork segment. Exports of fresh/frozen pork, which make up the bulk of US pork exports, were reported to be 91,928 MT, down 13.1% compared to the previous year. Fresh/frozen pork exports to China and Russia were almost non-existent. Shipments to Japan, which used to be the top market for US pork also were down 26% compared to last January. As for Mexico, pork exports remain very strong, in large part due to the growth in exports of processed/prepared pork products. Exports of fresh/frozen pork to Mexico in January were 27,698 MT, up just 1.3% compared to a year ago. However, exports of prepared or preserved pork to the Mexican market were 9,706 MT, an almost three fold increase compared to a year ago.
- Beef exports continued to trend higher in January** and at 51,031 MT they were 16.1% higher than a year ago. The increase in US beef exports came despite lower shipments to Mexico, which remains the top market for US beef exports. Exports to Mexico were 13,523 MT, 7.9% lower than a year ago. Exports to Canada remain very strong and at 9,997 MT they were up 23.3% compared to year ago levels. As for the Japanese and South Korean market, they are still much smaller than in 2003, before the BSE outbreak in the US. Beef exports to S. Korea in January were 6,272 MT, 9.7% lower than a year ago. However, Asian markets remain very important to the growth of US beef exports. At this time, US beef exports to Taiwan, Vietnam and Hong Kong are almost as large as the Japan and S. Korean market combined. A weak US dollar also is encouraging beef purchases from markets that traditionally source beef from Brazil, such as Egypt.
- US exports of fresh/frozen chicken were predictably lower in January.** Limited market access to China and Russia negatively impacted the overall volume. Total chicken exports for the month were 203,610, 25.4% lower than a year ago. Chicken exports to Russia were down 63.8% while chicken exports to China were down 57.3%. These two markets accounted for 35% of all US chicken exports in 2009. Exports to Mexico, the second largest market, were up 17.1%.



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