

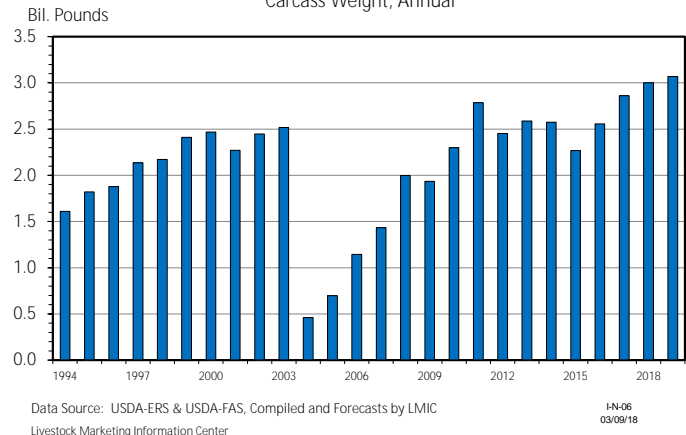
Beef exports set a record in 2017 at 2.86 billion pounds on a carcass weight equivalent basis, as calculated by USDA-Economic Research Service (ERS), topping the prior record set in 2011 of 2.79 billion pounds. Beef exports in January set a record for the first month of the year, supporting the prospects for another record beef export volume in 2018. In fact, this could be the year that exports breach the 3 billion pound mark. USDA-World Agriculture Supply and Demand Estimates (WASDE) peg beef exports for this year at 3.025 billion pounds.

Last year, beef exports increased 306 million pounds. Japan accounted for over half that jump, with shipments increasing 171 million pounds. Hong Kong registered a 42 million pound increase and Mexico increased its purchases of US beef by 25 million pounds. Exports of US beef to South Korea surged 140 million pounds in 2016, but were only up 14 million pounds in 2017.

The January beef export tally was up 32 million pounds from the prior January. Shipments to Japan, Hong Kong and South Korea accounted for two-thirds of that increase (Hong Kong shipments were up 10 million pounds). The increase in shipments to Japan was not that dramatic compared to January 2017 but was huge compared to prior years.

According to the US Ag Attaché in Japan, Japanese beef consumption increased 5% in 2017 and is projected to increase another 3% this year. Beef production in Japan was up 1% in 2017 and a similar gain is expected in 2018. With consumption outpacing production, Japanese beef imports jumped 14% in 2017. The 171 million pound increase in beef shipments from the US to Japan was a

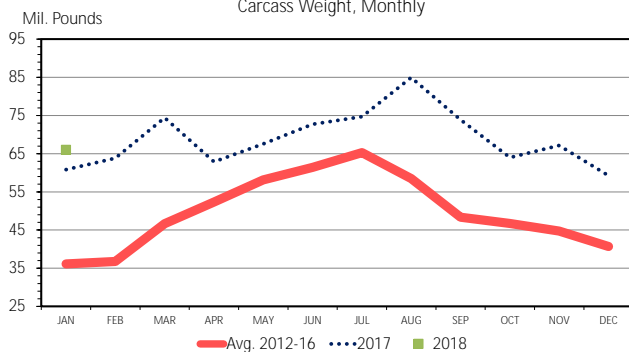
US BEEF AND VEAL EXPORTS
Carcass Weight, Annual



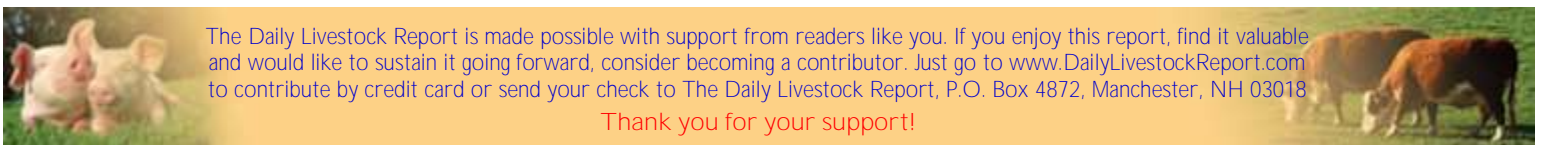
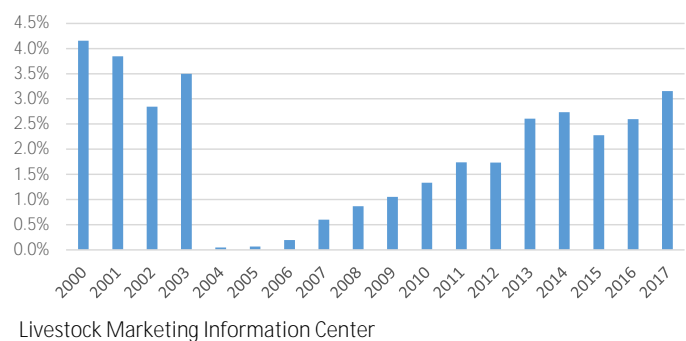
26% increase from 2016. The forecast for Japanese beef imports in 2018 by the Ag Attaché calls for only a 2% increase this year, but the increase is moderated by a work-down in beef in storage during the year that reduces the need for imports. Last year, beef inventories expanded, consistent with rising secular product demand trends, further supporting the higher beef import volume.

Japanese imports of US beef in January were up 10% from the prior January. Even at these higher volumes, US shipments of beef to Japan are still 25% below where they were in 2000 in absolute terms and as a percent of US beef production, so there is still room to grow.

US BEEF EXPORTS TO JAPAN
Carcass Weight, Monthly



Beef Exports to Japan
Percent of US Beef Production



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