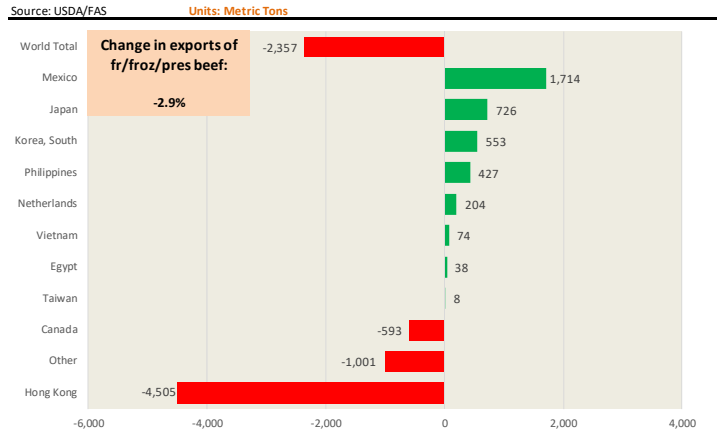


Please note that USDA will issue its quarterly 'Hogs and Pigs' survey results this afternoon at 2PM, CT. On Friday USDA will issue the results of the Grain Stocks survey and Planting Progress. We plan to cover all these reports in the next two issues.

Today **our focus will be on beef and pork trade**. Yesterday USDA released a (delayed) summary of US meat trade for January. While we get reports on exports from both USDA-AMS and USDA-FAS on a weekly basis, they tend to offer an incomplete picture. Not all meat products that are exported are included in the weekly export data and the data collection process is not as robust and comprehensive. So if you want to get a quick glimpse as to how exports are trending, looking at weekly exports is a good starting point. The weekly report should also, in theory, provide a quick alert to the market of any big export sales packages. But **if you want to know the actual supply of product traded and work that information in a supply/demand balance sheet, there is no substitute for the official monthly statistics**. Total US exports of fresh/frozen and cooked beef and veal in January were 78,138 MT, 2.9% lower than the previous year. Exports to key markets, such as Mexico, South Korea and Japan were all higher than a year ago. Exports to Mexico registered the biggest gain, up 1,714 MT or 16% compared to the previous year. However, **all of the export gains were offset by a sharp decline in US exports to Hong Kong**. Shipments to this market were 5,744 MT, 4,505 MT or 44% lower than a year ago. Tight border controls between Hong Kong and Mainland China have reportedly resulted in large beef inventories and affected how much more product importers there can bring in. The weekly USDA export report that was issued today further confirmed this. While US beef export commitments to Hong Kong are 224% higher than a year ago, actual exports in the last four reported weeks are down 45% compared to a year ago. China beef demand is extremely strong at this time, evidenced by big purchases around the world. This has probably driven some speculative buying in Hong Kong but, ultimately what industry here needs is for those commitments to turn to actual exports. The latest weekly report also showed outstanding sales to Japan are down 38% compared to a year ago and exports to Japan down 5.6% in the last four weeks. Outstanding sales to South Korea are also 5.7% lower than a year ago and outstanding sales to Mexico are down 8.4% y/y.

Much of the **focus in the current market is on the potential demand from China and other markets later this year and in 2020**. The spread of ASF risks creating a very big hold in the global pork supply and the US is best suited to fill this demand as supplies here are expected to increase while supply in other markets is steady or even lower. January pork exports were 160,689 MT, 2.1% lower than a year ago. The biggest decline was in exports to Mexico, down 7,374 MT or 12% compared to a

Y/Y Ch. in Jan. 19 vs. Jan 18 US Beef and Veal Export Volume



Y/Y Ch. in Jan. 19 vs. Jan 18 US Fr, Froz & Pres Pork Export Volume



year ago. Tariffs in that market were particularly damaging for the US pork market in January and February. Currently futures are pricing significant risk down the road and this appears to be driving sales to Mexico. Export sales to Mexico in the four weeks ending March 21 were 44,072 MT, 13,812 MT or 46% higher than a year ago. USA exports to Mainland China in January were 7,531 MT, 23% lower than a year ago - a function of higher tariffs in that market. **China pork imports in February were 75% higher than a year ago and 2/3 of the additional supply came from EU countries**. Latest US weekly export data did not show any new sales to China even as exports are flowing a bit better. Net sales to China last week were a negative 1000 MT due to cancellations. Outstanding pork export sales to China are currently 26,725 MT, 138% higher than a year ago.

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