

Market focus remains on ongoing trade talks between US and China. But it is still important to stay in tune with fundamentals. As Ben Graham once said, “In the short run the market is a voting machine, but in the long run it is a weighing machine.” Exports are one piece of the fundamental picture. Unfortunately for many in the market the official trade statistics do not come out as quickly as they would like. This is a big country and it takes time to collect and analyze all the trade data. As technology gets better reporting will probably improve but that’s where we are. Yesterday USDA reported the official ag trade data (collected by US Census) for March. April export statistics will be issued June 6.

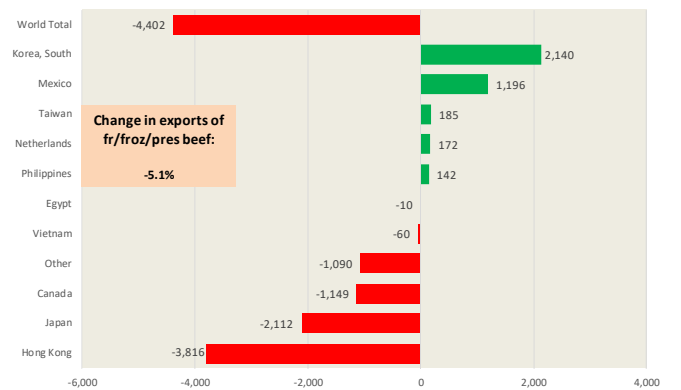
Beef: Total US exports fresh/frozen and processed beef and veal in March were 81,278 MT, 5.1% lower than the previous year. The value of those exports was estimated at around \$600 million, 2.9% lower than last year. Higher prices for beef in the first quarter of the year likely contributed to the slowdown in US beef shipments. The biggest contributor to the decline in US beef exports in was Hong Kong. Total shipments to Hong Kong declined by 3,816 MT or 41% compared to a year ago. Hong Kong commitments to purchase more beef remains dramatically higher than a year ago but so far the flow of shipments to that market has been underwhelming, probably a function of current trade relationship between US and China. Japan **was the biggest market for US beef in March**, buying 21,551 MT of beef from the US. That volume, which still the biggest among all trading partners, was **down 9% compared to a year ago**. One issue that may be affecting US beef exports to this market is the widening tariff gap between US and other partners following the signing of the revised TPP agreement. A trade deal between US and Japan will be very helpful for US beef access to this market. US exports of beef variety meats were about unchanged in March, with declines in exports to Mexico offset by higher exports to Hong Kong and Japan. **The value of US beef variety meats in March was \$78 million, 3.8% higher than last year.**

Pork: US exports of fresh/frozen and processed in March were 173,929 MT, 3.6% lower than a year ago. Higher exports to Canada, Australia, China and Colombia were offset by lower exports to Mexico and South Korea. Mexico remains the top market for US pork, taking 47,166 MT in March, 14% less than a year ago. The ongoing tariff war with Mexico continues to negatively impact US pork trade at this time. As weekly data have suggested, we think April and very likely May exports to Mexico will be lower than a year ago, as well. The value of US pork exports in March was \$448.4 million, 11% lower than a year ago. Exports to Mexico were \$75.3 million, 27% lower than a year ago. Exports of US pork variety meats continue to struggle with tariffs, as well. Exports of pork variety meats in March were 32,063 MT, 23% lower than a year ago. The value of those exports was \$44.5 million, 40% lower than last year. Value of **pork variety meat exports to Hong Kong**, the biggest market for US pork variety meat a year ago, was just \$8.6 million, **68% lower than a year ago**.

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

Source: USDA/FAS

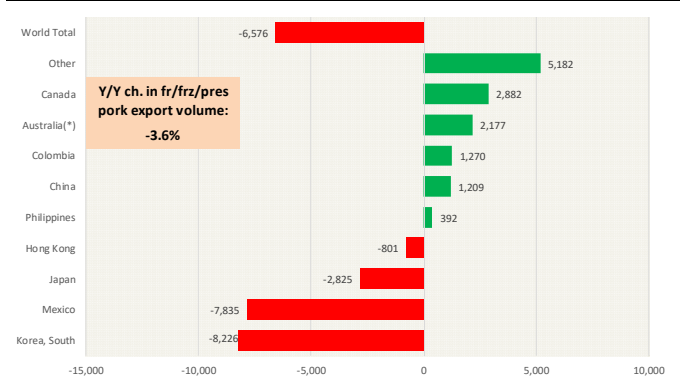
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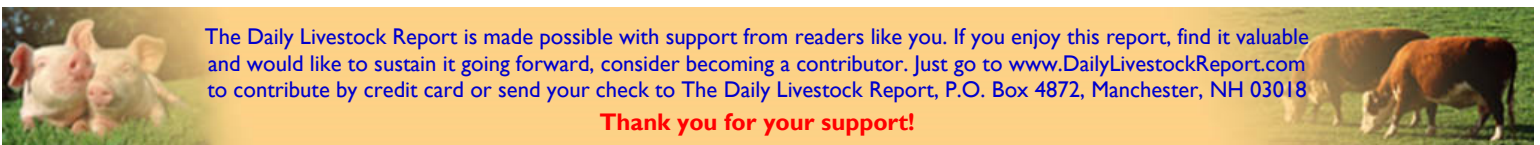
Y/Y Ch. in Mar. 19 vs. Mar 18 US Fr, Froz & Pres Pork Export Volume

Source: USDA/FAS

Units: Metric Tons



Weekly vs. Monthly Export Data: It is important to recognize that the monthly statistics represent the official statistics of the USA. They are collected by the US Census Bureau as part of their overall accounting of US trade. The weekly data is collected by USDA-FAS, it represents only the trade data reported to them and it only captures muscle cuts. On page 2 we created a chart that compares the volume of weekly exports (for the whole year) vs. monthly statistics. While the overall numbers look pretty good, in any given months there are wide variances. We think this is due to the rate of participation in the weekly report. And there are glaring issues as well. In the first three months of this year, US pork exports to China based on the weekly reports were 43,162 MT and yet the monthly statistics for this period were 32,017 MT. Exports to Hong Kong in the first three months of the year based on the weekly were 10,350 MT but the official statistics show only 1,939 MT were exported. USDA is working hard to get the weekly statistics in better shape but it is incumbent on all market participants to understand the differences between these data sets (see chart on page 2).



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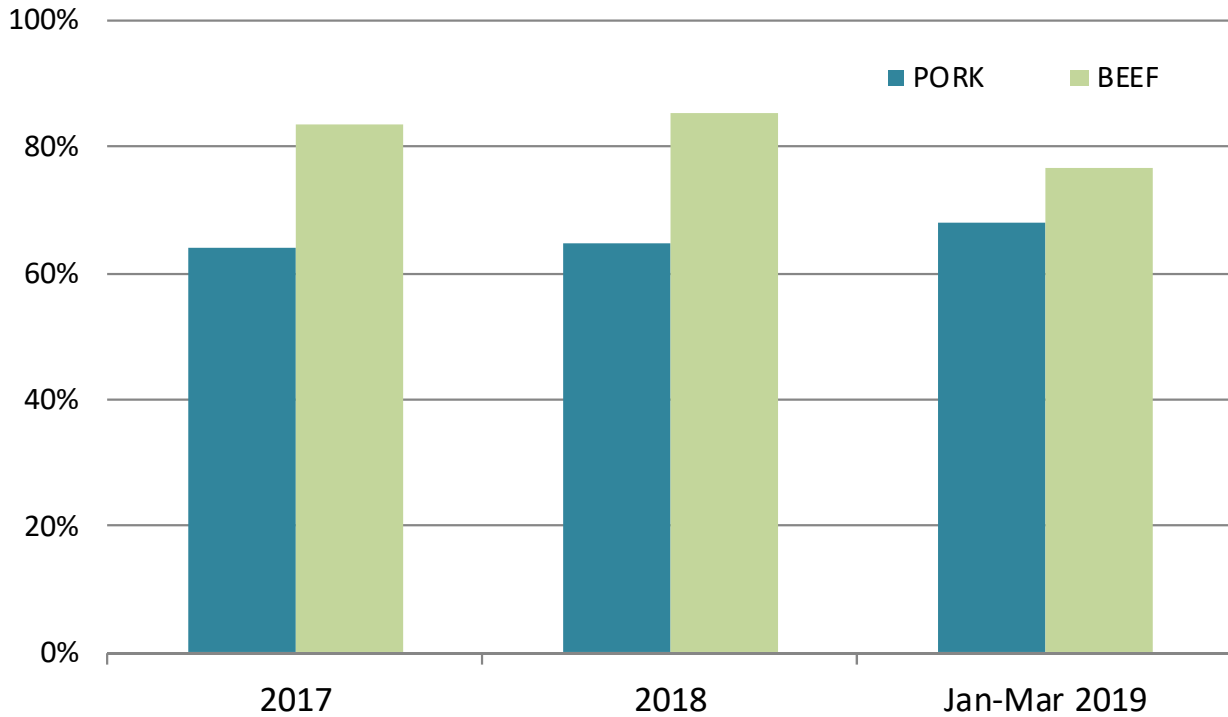
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Ratio of Weekly Exports vs. Monthly Exports

Source: USDA-FAS. Calculations by Steiner Consulting



Because weekly data only captures fresh/frozen muscle cuts we compared it to the monthly official statistics for only fresh/frozen beef and pork. If processed product is included then the ratio will be lower.

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