Daily Livestock Report

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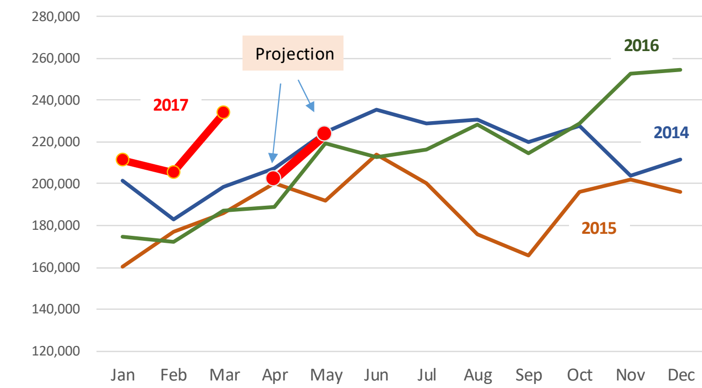
<u>The latest official monthly export data available is for the month of March and we will have to wait until June 2 for the April data to become available</u>. Fortunately in recent years USDA has increased visibility of trade flows and market participants have a better sense of this very important demand component. This morning USDA released its weekly export sales report for the week ending May 18 (see link at the bottom for the direct source to this report). Below is a brief recap of highlights/implications:

<u>Beef</u>: Total beef shipments for week ending May 18 were 13,593 MT, which is in line with the average weekly shipments in the last four weeks and also up about 3% compared to the same four week period a year ago. Japan and South Korea have been the key drivers for US beef exports this year and they remain quite important. In the last four weeks, shipments to Japan are down 8% compared to the same period a year ago while shipments to S. Korea are up 4% for the same reference time. It is important to note that the weekly sales data only covers muscle cuts and it is on a product weight basis. All the production numbers we get from USDA, however, are on a carcass weight basis so how do these weekly numbers match up? Based on the weekly export data so far, we are projecting beef exports in April to be around 202 million pounds and beef exports in May to be around 223 million pounds (carcass wt). This would imply a 12.9 million pound **<u>(+6.9%) increase in April and 6.5 million pound (+2.9%) increase for May</u>**. While the increase in exports is not as substantial as it was in the first quarter (average increase was 39 MM pounds), it is still significant considering that beef production in the last two months has not increased much compared to year ago levels. When we add in the fact that April and May beef imports continued to decline from a year ago, we are looking at a situation where overall domestic beef availability may have declined during these two months. April production data will be released this afternoon so we will have more to say about availability in April and May in tomorrow's DLR. **<u>If there was one negative in the recent export data report it had to do with new sales, which continue to decline and imply lower exports in June and July.</u>**

Pork: Pork exports likely decelerated in April but so far May shipments indicate very robust growth to key markets such as Mexico, Japan and China. Shipments of pork muscle cuts for week ending May 18 were 21,870 MT, down about 3% than average weekly shipments in the last four weeks. Despite the softer shipments for the latest week, we still project pork exports for May to be around 495 million pounds. This is based on the expectation that weekly shipments will be around 22,000 MT next week and probably a bit less the week after (due to holiday). If we are right about the May projection, it would imply a 36 million pound increase (+8%) compared to year ago levels. Our current working projection is for US pork production to be around 2.04 billion pounds in May. This would put pork exports at 24% of total production. For now, pork export numbers imply robust export demand for pork, with the recovery in China sales particularly encouraging.

MONTHLY BEEF EXPORTS. ALL BEEF/VEAL EXPORTS. CARCASS WT. BASIS. MIL LB.

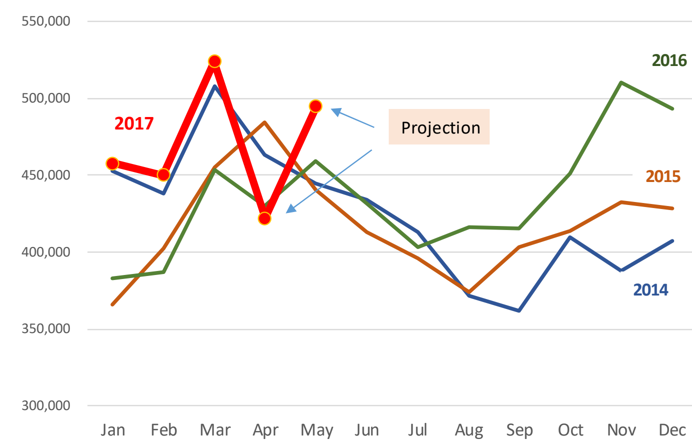
Source: USDA. Projection Based on Weekly USDA Export Data



	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
2014	201,604	182,740	198,467	207,216	224,789	235,251	228,695	230,379	219,732	227,766	203,641	211,794
2015	160,269	176,819	185,684	200,523	192,162	213,914	200,109	176,045	165,644	195,813	202,279	196,070
2016	174,783	172,302	186,918	189,079	219,055	212,919	216,093	227,993	214,590	228,809	252,873	254,395
2017	211,365	205,505	234,010									
2017 F				202,052	223,269							

MONTHLY US PORK EXPORTS. CARCASS WT. BASIS. MILLION POUNDS

Source: USDA. Projections Based on Weekly USDA Reported Export Data



	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
2014	452,920	438,310	507,703	463,584	444,514	433,665	412,538	371,341	361,825	410,083	387,725	407,345
2015	365,630	402,377	455,178	484,723	440,727	412,756	395,933	373,871	403,561	413,547	432,011	428,572
2016	382,990	386,833	453,146	429,914	458,828	431,460	403,458	416,356	415,741	451,315	509,919	493,064
2017	457,958	450,198	523,791	422,009	494,677							