

Export statistics for April were released by USDA yesterday and the data confirmed some of our expectations. Beef exports were down, in line with the decline signaled by weekly reports while pork export shipments continued to expand thanks to strong China demand (see our discussion on Tuesday). Below is a brief recap of key highlights from the latest data:

Exports of fresh/frozen and cooked beef exports in April were 78,086 MT (product wt. basis), 3.4% lower than a year ago. Exports to Japan increased by 45% from a year ago, thanks to the normalization of the tariff rate in that market relative to competitors. Exports to Canada also jumped 41% on strong retail demand and the decline in Canadian domestic harvest capacity. But those increases were more than offset by lower exports to a number of other markets. Exports to Mexico were just 4,457 MT, a decline of 63% compared to the previous year. **Weekly data suggests that exports to Mexico will be especially light in May as well.** Quantity demanded in the Mexican market dropped in April and May due to sharply higher beef prices and the amplifying effect of the weak Peso. Exports to S. Korea, the #2 market for US beef in 2019, were also down 13% from a year ago. Even with this decline, however, South Korea exports are still up 7% for the year. The beef price spike in April and May likely caused S. Korean buyers to step to the sidelines. However, demand for US beef in this market remains strong. Limited supply availability in Australia, the recent correction in US wholesale beef prices and the weaker US dollar should bolster demand for US beef in South Korea, and Asia more broadly. China lowered some of the non tariff barriers for US beef earlier this year. That has helped support higher exports but beef exports to China remain relatively low. April exports of fresh/frozen beef to China were just 1,321 MT, 82% higher than a year ago but representing less than 2% of all shipments.

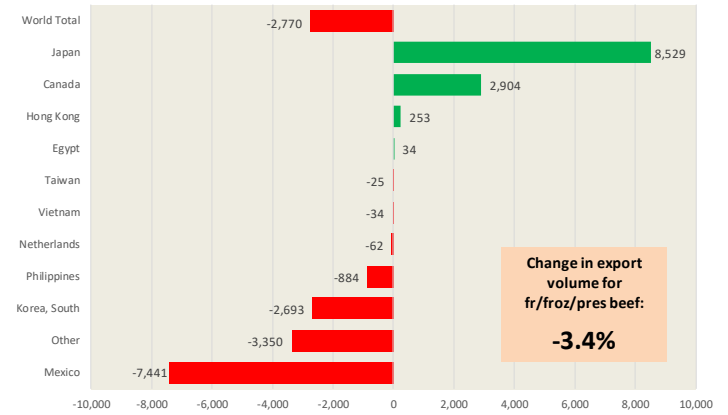
As expected **US pork exports in April continued to post double digit increases from a year ago although the decline in slaughter caused the pace of exports to slow down vs. March.** Total exports of fresh/frozen and cooked pork were 218,263 MT, 41,323 MT or 23.4% higher than last year. As we suggested earlier this week, April pork exports accounted for about 32% of total US pork production for the month, the highest such share in history. The increase in exports was due to higher shipments to China and Japan. **Exports to China in April were 81,163 MT, 64,325 MT more than a year ago and accounting for 37% of all US pork exports for the month.** The increase in exports to this market offset the decline in exports to a number of other key destinations. While frozen six piece carcasses represent a significant portion of exports to China, they are not the majority of the product going there. In April frozen carcasses represented 28% of all exports to that market. Frozen pork meat, a catchall category for various pork cuts, accounted for 58% of exports and ham/shoulder cuts represented 14% of exports to China. Exports of pork variety meats were up 14.2% from a year ago, with exports to China up 136%. China accounted for 68% of all US pork variety meat exports in April compared to a 33% share a year ago. More importantly, the value of US pork variety meat exports in April was \$69.5 million, 43% higher than a year ago.

Higher exports to China also helped broiler producers post strong export growth in April as well. **Total exports of fresh/frozen chicken (does not include paws and other products) were 260,864 MT, 20,092 MT or 8.3% higher than a year ago.** Exports to China were 34,471 MT compared to zero a year ago. In April China became the second largest market for US chicken, behind Mexico. Exports of chicken paws in April were 19,229 MT, representing about 90% of all such exports with a value of \$40.1 million

Y/Y Ch. in Apr. 20 vs. Apr 19 US Beef and Veal Export Volume

Source: USDA/FAS. Analysis by Steiner Consulting

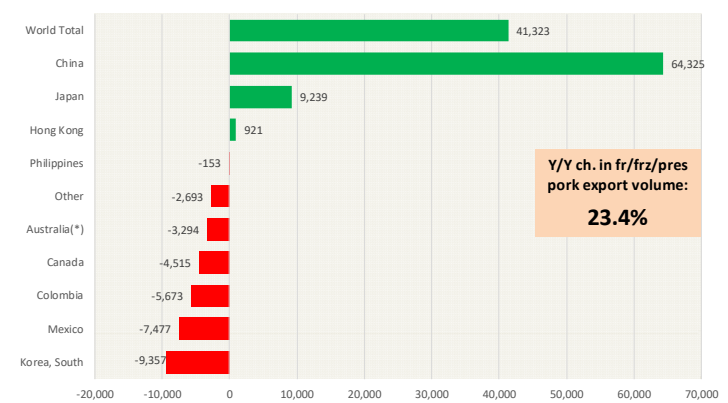
Unit: Metric Ton



Y/Y Ch. in Apr. 20 vs. Apr 19 US Fr, Froz & Pres Pork Export Volume

Source: USDA/FAS. Analysis by Steiner Consulting

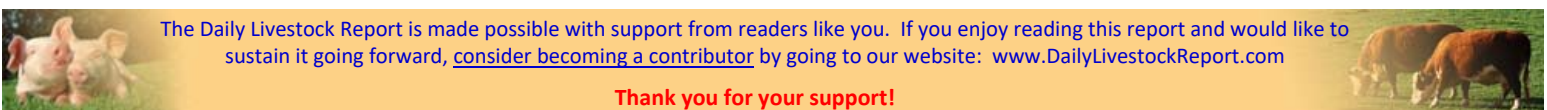
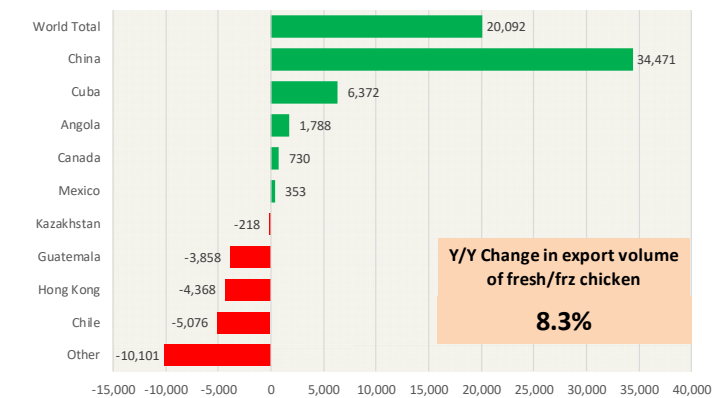
Units: Metric Tons



Y/Y Ch. in Apr. 20 vs. Apr 19 US Fresh/Frozen Broiler Meat Exports

Source: USDA/FAS. Analysis by Steiner Consulting

Units: Metric Tons



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