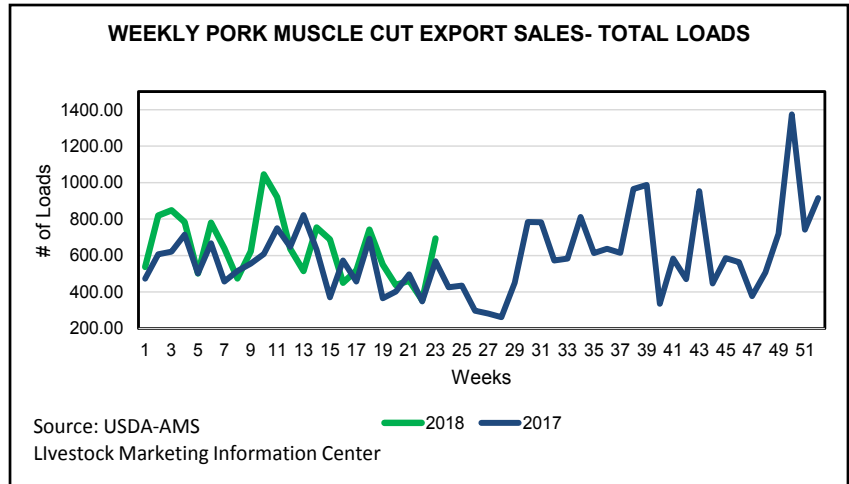


April export data came in strong for U.S. beef and pork products. But can we expect that trend to continue? USDA Agricultural Marketing Service (AMS) reports weekly pork primal export volumes for non-North American trade partners. Last week Mexico announced a 20% tariff on U.S. chilled/ frozen pork products, 15% to pork sausages and 20% to cooked ham and shoulder products. A subsequent announcement issued by the Mexican government softened the hardline, allowing U.S. pork producers to sell product under the 350,000 metric ton duty-free quota, despite the retaliatory tariffs still being in place. Prior to these announcements, Mexico increased purchases of pork by 41% year over year in the month of April. Undoubtedly, Mexico is the largest market for U.S. pork, and these tariffs will be a headwind moving forward. However, these pork products will find a home somewhere, albeit at a potentially lower price.

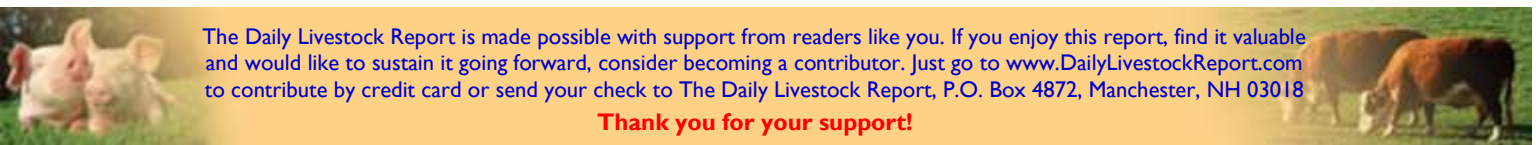
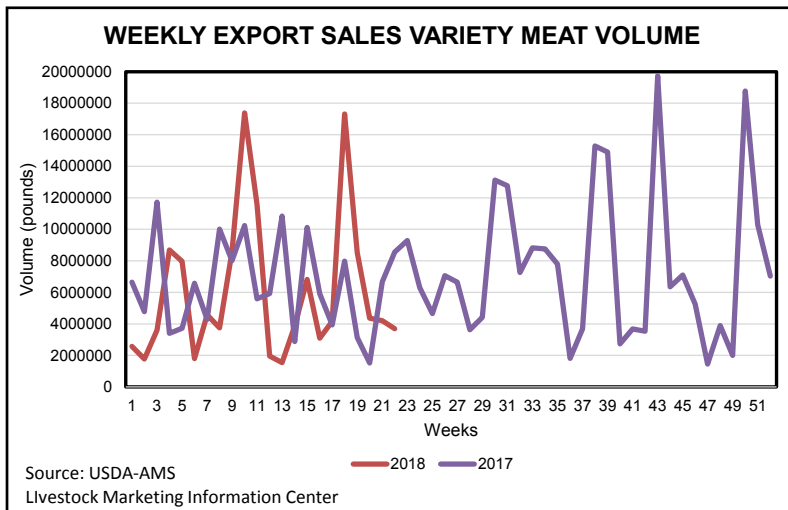
Weekly pork export load and volume data destined for countries outside North America showed buying interest waned in May compared to year to date trends. Total loads in May, including cuts, trimmings, variety meats, and value-added, increased 11% above a year ago. Primals were mixed with hams and variety meats signaling the most significant percentage increases up 75% and 37%, respectively. Loins and picnics also showed positive volumes compared to last year, up 24% and 17%.



May volumes in ribs, butts, and value-added ingredients tumbled, losing more than 50% each in volume compared to May 2017. Trimmings declined 12%, while bellies lost 5% from the year before. Year to date figures are as follows with value-added ingredients, although the smallest tonnage showed the largest increase, up 93%. Other strong categories included loins, up 48%, picnics up 26%, trimmings up 19%, hams up 17%, and butts up 15%. Variety meats and ribs were the only categories to show year to date declines compared to the same timeframe a year earlier.

Although these weekly exports may not reflect changes from Mexico' buying, they do include initial implications from China's recent tariff announcement in April, slapping a 25% tariff on all imported U.S. pork and pork products. China is a rather large and consistent buyer of U.S. pork variety meat, and that is thought to have the largest impact. The gray market is also a factor when considering how these tariffs will play out and impact U.S. pork situation and outlook, but the May data is somewhat hopeful in what could have been a very ominous month.

At the time of this writing, data was only released through one full week of June. Although it's early to draw a conclusion, load activity has been positive. The week-ending June 8 is the highest total load count since the beginning of May. Loins, butts, picnics, and bellies all showed more than double the volume compared to the same week last year. Loin volumes surged to the highest single week volume since February 2015.



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