Daily Livestock Report

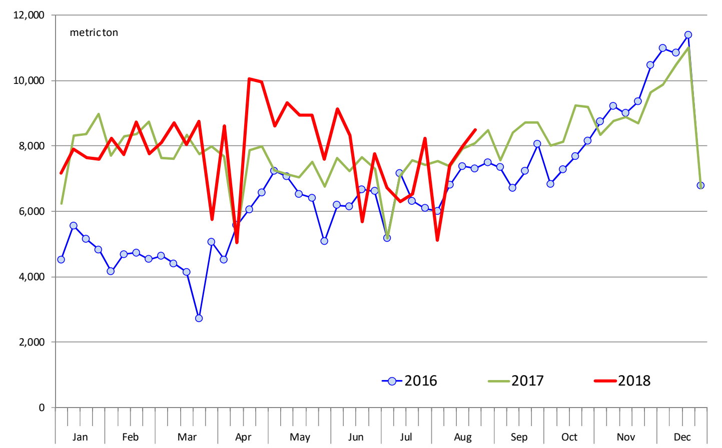
Vol. 16, No. 173 / August 30, 2018

Weekly exports of beef and pork muscle cuts were largely positive although **one should not confuse higher exports with higher demand**. In the case of pork we have seen a dramatic decline in the price of some products so it stands to reason that we should be able to ship more at these lower prices. Take pork exports to Mexico. All along the argument has been that the higher tariffs on US pork in Mexico will not necessarily reduce the amount of pork that we ship to that market. Rather, the higher tariff was expected to negatively impact pork prices as packers looking to sell into that market adjusted the sale price to make up for the tax. Anticipating the tariff it appears Mexican buyers bolstered their purchases of US pork in early spring. It helped that ham prices collapsed in April, incentivizing big sales. Pork shipments to Mexico in April and May averaged 8,565 MT/wk., 19.6% higher than the same period a year ago. In July, US weekly pork shipments to Mexico averaged 6,947 MT/wk, 2% higher than last year and so far in August shipments have averaged 7,249 MT/wk, 6% lower than a year ago. However, **export shipments and new pork sales to Mexico have accelerated in the last two weeks**. For the last reported week (Aug 23), exports of pork muscle cuts to Mexico were 8,485 MT while net sales were 12,458 MT (see chart for context). Total US pork exports for the last reported week were 22,060 MT and in the last four weeks exports have averaged 19,004 MT, 6% higher than a year ago. Net sales last week were 29,066 MT building on the previous week when net sales were 26,760 MT. **Exports to China were 780 MT in the last reported week**. While relatively small compared to peak exports to this market, it is nonetheless a welcome development considering in August of 2017 weekly exports to China averaged 163 MT/wk. Exports to Canada have been very strong (up 21% in last four weeks), possibly because Canada is shipping more of its product elsewhere. Exports to Colombia in the last four weeks are up 197 MT/wk or 32% and exports to Korea were up 485 MT/wk or 33%. More pork is also going to smaller markets. In all, the lower pork prices appear to be doing their job, pushing more product into export channels.

Beef exports have been growing for much of this year. Considering the relatively high price of some beef export items, it is safe to conclude that overall beef export demand has improved as well. Last year we had a big spike in beef exports during this time of year so the year/year comparisons for the week may be a bit skewed. However, in the four weeks ending August 23 total beef exports averaged 17,481 MT/week, 781 MT or 4.5% higher than the same four week period a year ago. Some markets continue to far outperform year ago. **Shipments to South Korea in the last four weeks have averaged 4,863 MT/wk, 1,188 MT or 32% higher than a year ago**. Japan remains the top market for US beef and in the last four weeks shipments have averaged 6,027 MT/wk, 5% higher than last year's already lofty levels. Net sales to Japan in the most current reported week (Aug 23) were 8,873 MT, well ahead of the weekly shipment pace. Net sales to Korea slowed down, however, at 3,949 MT.

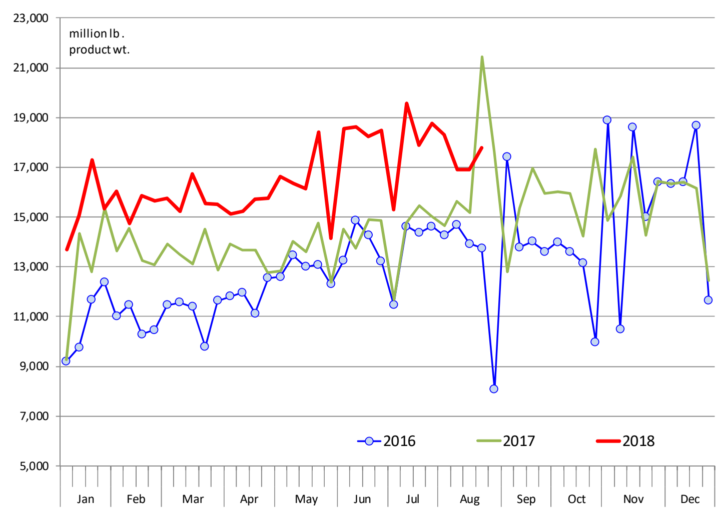
Export Shipments of Fresh/Frozen **Muscle Cuts of Pork to Mexico**

Based on USDA Weekly Export Data. Source: USDA-FAS



Export Shipments of Fresh/Frozen Muscle Cuts of **Beef: All Markets**

Based on USDA Weekly Export Data. Source: USDA-FAS



Total net sales for the week were 20,636 MT and in the last three weeks net beef sales have averaged near 21,000 MT, much higher than the level of weekly shipments either this year or last. The higher sales should continue to bolster beef shipments in the coming weeks and packers will continue to source cattle in order to cover those sales. Last year beef shipments in Sep/Oct/Nov averaged around 15,700 MT/wk. and we are currently on track to remain well above those levels.

The **Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc**.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.