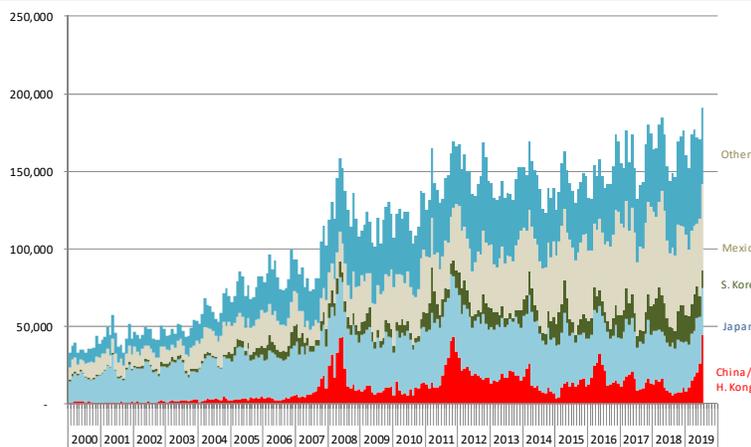


According to data released by USDA-FAS yesterday, **July shipments of fresh/frozen and cooked pork were the highest ever recorded.** What is even more impressive is that this volume of pork was exported during a time of year when normally pork supplies in the US are at their annual lows. Higher exports to China and, to a lesser extent Mexico, were the primary drivers behind the resurgence of US pork exports for that month. Total exports of fresh/frozen and cooked pork were 190,984 MT, 47,455 MT or **33% higher than a year ago.** Pork exports to China in July were 43,004 MT, up 37,264 MT from last year's levels - a six fold increase. The jump in China shipments during July was not a surprise. The official USDA data is consistent with the weekly export update that we have referenced often in this report. Indeed, it appears **USDA is now doing a much better job of capturing exports to China in their weekly communications with trade.** Pork and hog prices rallied in late July and August, in part we think, because the surge in July exports limited spot product availability. The pork cutout in early July was as low as \$71.5/cwt. By mid August the pork cutout had jumped to \$90/cwt, a 26% gain. **Pork exports to Mexico in July were 56,115 MT, 9,074 MT or 19% higher than a year ago.**

Mexico remains the top destination for US pork, accounting for about 31% of all pork shipments so far this year. Japan is the second largest export destination but demand in that market has been flat. July pork export shipments to Japan were 30,223 MT, 1.6% higher than last year. In the first seven months of the year US pork exports to Japan were 3% lower than the previous year. As more European pork flows into the Chinese market, we expect to see better demand from Japan and other Asian trading partners. Exports of pork variety meats also increased in July although the export value of these products remains significantly lower than a year ago. Total shipments of pork variety meats for the month were 30,020 MT, 8,765 MT or 31% higher than last year. Exports to China were 14,501 MT, 9,843 MT or 211% higher than a year ago. The value of pork variety meats in July was \$55.9 million, 24% higher than a year ago. **The value of fresh/frozen and cooked pork exported in July was \$539.1 million, 39% higher than a year ago.**

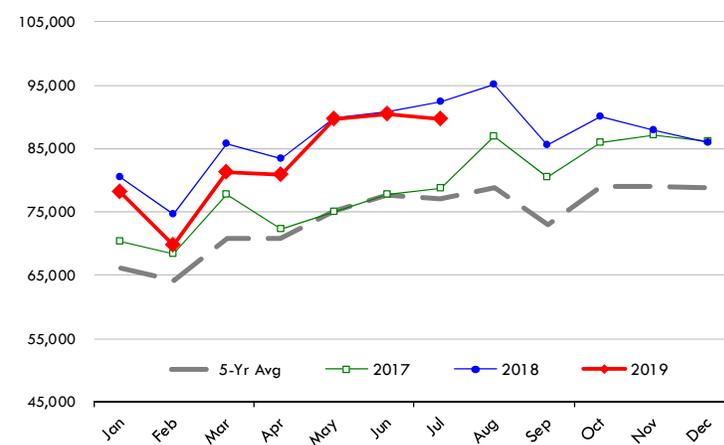
Beef exports in July were 89,712 MT, 2.9% lower than a year ago. The decline in beef exports for the month was expected based on the level of shipments reported in the weekly USDA update. And judging from shipments reported for August, we expect to see lower beef exports for last month and possibly in September as well. **Lower exports to Japan have been the main reason for the decline in US beef exports so far this year.** Shipments to the Japanese market in July were 24,114 MT, down 2,901 MT or 11% from a year ago. The decline put Japan behind South Korea as the main market for US beef.

Monthly US Pork Exports by Major Destination. Fresh/Frozen and Cooked Pork. Metric Ton, Shipped Weight Basis. Source: USDA-FAS



Quantity of US Exports of Fr/Frz/Pres Beef & Veal: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



Exports to the Korean market were 24,192 MT, 1,403 MT or 6% higher than a year ago. Exports to Canada declined 17% y/y while exports to Mexico were 4% lower. Higher beef prices and a strong US dollar have negatively impacted beef exports so far this year. In the first seven months of the year US beef export volume was down 17,044 MT or 2.9% from a year ago. The value of fresh/frozen and cooked beef exported in the first seven months of the year was \$4.2 billion, 1.3% lower than a year ago. Variety meat exports were higher in July. Export volume was 28,133 MT, up 16.4% y/y while export value at \$81.2 million was 21.2% higher than a year ago.



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