Daily Livestock Report

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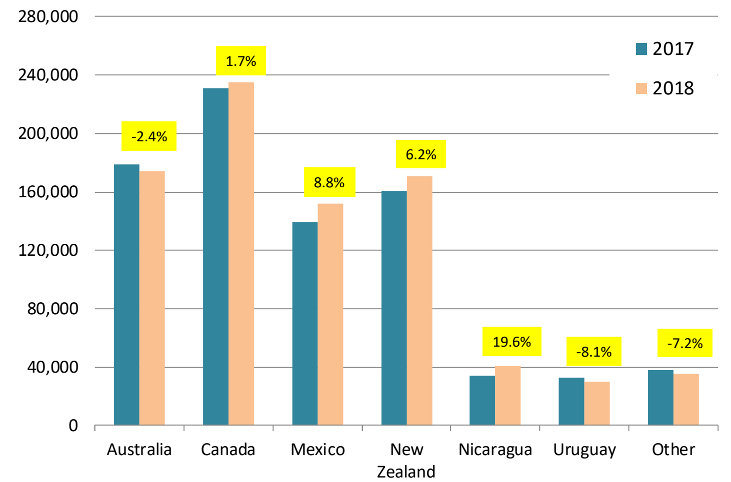
<u>The last USDA WASDE report pegged total US beef imports for 2018 at 3.037 billion pounds, 44 million pounds or 1.5% higher than a year ago.</u> Given the rate of imports through the end of September, it is possible we may see a modest upward revision in those estimates in the next report (Oct 11). The increase will likely be a non factor in terms of overall domestic consumption, however. Beef imports have increased this year despite a reduction in Australian beef shipments to the US. Imports from NAFTA countries have been higher thanks to a strong US dollar and strong beef demand in the US. New Zealand beef imports have also increased compared to last year as poor dairy margins have bolstered slaughter numbers there. New Zealand slaughter seasonally increases at this time of year but the rate of slaughter at the start of the new season can be highly variable depending on spring weather conditions (Southern Hemisphere). There has also been a notable increase in imports from Central America, with Nicaragua sending almost 20% more beef to the US so far this year. Still, it is important to put those numbers in perspective. The increase in Nicaraguan imports means an additional 6,700 MT. Converted on a carcass weight basis this would be approximately 20 million pounds when US domestic beef production last week alone was over 531 million pounds. The increase in imports from Central America has helped offset lower imports from Uruguay and other markets. Brazil has been sending some cooked beef into the US but at this point it is not cleared to ship fresh/frozen product. It is unclear when fresh/frozen beef imports from Brazil will resume but we think it is unlikely to happen until USDA conducts another audit and we have no idea when that may happen. Almost half of all Brazilian beef exports are currently going to China and Hong Kong so resumption of beef exports to the US, while desirable, is not as pressing an issue as it was three years ago.

The September WASDE estimated pork imports this year to be almost unchanged from last year. Imports of fresh/frozen and processed pork through the end of September were 1.6% lower than a year ago. Imports of fresh/frozen pork were 3% under last year while imports of cooked pork were up 7%. Canada is by far the largest supplier of imported pork in the US. **<u>Ample US domestic pork supplies, weak pricing during key times of the year and better returns in other markets, namely Mexico, have reduced the amount of Canadian pork imports coming to the US this year</u>**. There is more pork coming into the US from Europe at this time, with Poland and Denmark the main suppliers. Keep in mind that US still allows imports of Polish pork despite several cases of African Swine Fever in the eastern part of that country. This is because the US has accepted the European principle of regionalization, which means that bans on imports do not strictly abide by political boundaries but rather focus on specific areas/regions. This principle is extended only to those countries that demonstrate they have the requisite controls in place to control the spread of the disease.

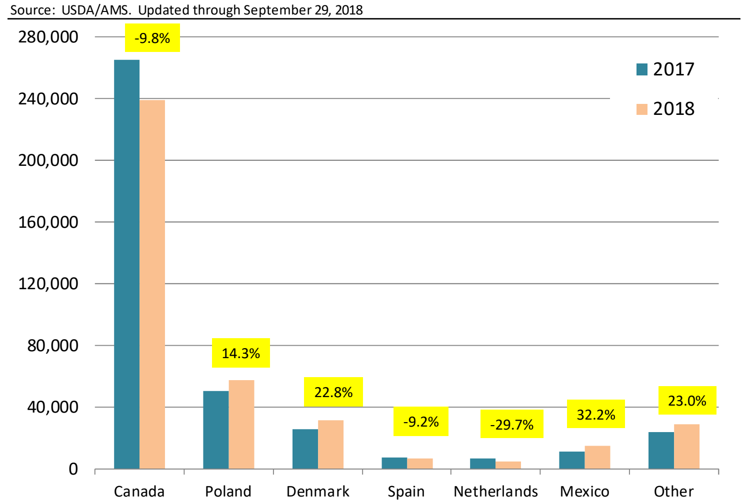
Year to Date Imports of Fresh, Frozen and Processed Beef. Metric Ton.

Source: USDA/AMS. Updated through September 29, 2018



Year to Date Imports of Fresh, Frozen and Processed Pork. Metric Ton.

Source: USDA/AMS. Updated through September 29, 2018



While US pork imports from Mexico have increased this year, the overall volume is still quite small relative to the amount of pork that Mexico purchases from the US. Total imports from Mexico this year are a little over 15,000 MT compared to US pork exports that through the end of September were near 500,000 MT. Different from beef, where imports and exports are fairly balanced, the US remains a large net pork exporter and market access is a critical issue for the industry.

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Year to Date Imports of Fresh, Frozen and Processed Beef

Source: USDA/AMS. Updated through September 29, 2018

Fresh/Frozen	9/30/2017	9/29/2018		
Australia	178,495	174,124	(4,371)	-2.4%
Brazil	9,022	-	(9,022)	-100.0%
Canada	197,525	206,196	8,671	4.4%
Chile	202	-	(202)	-100.0%
Costa Rica	6,356	6,362	6	0.1%
France	-	-	-	
Honduras	285	1,344	1,059	371.6%
Ireland	1,783	1,973	190	10.7%
Japan	250	321	71	28.4%
Mexico	138,111	150,583	12,472	9.0%
Netherlands	228	-	(228)	-100.0%
New Zealand	159,404	168,361	8,957	5.6%
Nicaragua	34,365	41,100	6,735	19.6%
Spain	-	-	-	
Uruguay	30,556	27,562	(2,994)	-9.8%
Subtotal	756,583	777,925	**21,342**	**2.8%**

Source: AMS - USDA

Processed	9/30/2017	9/29/2018		
Argentina	-	24	24	
Australia	1,072	1,185	113	10.5%
Brazil	19,176	24,386	5,210	27.2%
Canada	33,709	28,966	(4,743)	-14.1%
Chile	-	-	-	
Costa Rica	25	-	(25)	-100.0%
Denmark	20	40	20	100.0%
Italy	-	-	-	
Lithuania	8	37	29	362.5%
Mexico	1,384	1,228	(156)	-11.3%
New Zealand	1,494	2,447	953	63.8%
Uruguay	2,329	2,643	314	13.5%
Subtotal	59,217	60,956	1,739	2.9%
TOTAL	**815,800**	**838,881**	**23,081**	**2.8%**

Year to Date Imports of Fresh, Frozen and Processed Pork. Metric Ton.

Source: USDA/AMS. Updated through September 29, 2018

Fresh/Frozen	9/30/2017	9/29/2018		
Brazil	4,765	6,151	1,386	29.1%
Canada	236,319	207,980	(28,339)	-12.0%
Chile	1,020	1,626	606	59.4%
Costa Rica	-	-	-	
Denmark	21,481	26,886	5,405	25.2%
Finland	383	212	(171)	-44.6%
France	-	1	1	
Ireland	2,858	3,664	806	28.2%
Italy	2	-	(2)	-100.0%
Mexico	9,123	12,664	3,541	38.8%
Netherlands	6,202	4,517	(1,685)	-27.2%
North Ireland	1,537	2,046	509	33.1%
Poland	42,488	50,310	7,822	18.4%
Spain	6,635	5,695	(940)	-14.2%
United Kingdom	5,369	6,453	1,084	20.2%
Uruguay	0	0		
Subtotal	338,182	328,204	**(9,978)**	**-3.0%**

Processed	9/30/2017	9/29/2018		
Austria	19	48	29	152.6%
Brazil	17	-	(17)	-100.0%
Canada	28,704	31,164	2,460	8.6%
Croatia	71	101	30	42.3%
Denmark	4,422	4,923	501	11.3%
France	-	49	49	
Germany	1,127	1,671	544	48.3%
Hungary	211	206	(5)	-2.4%
Italy	6,404	6,969	565	8.8%
Lithuania	38	111	73	192.1%
Mexico	2,377	2,535	158	6.6%
Netherlands	546	226	(320)	-58.6%
Poland	8,107	7,496	(611)	-7.5%
San Marino	15	13	(2)	-13.3%
Spain	989	1,230	241	24.4%
Uruguay	0	0	-	
Subtotal	53,049	56,742	3,693	7.0%
Total	**391,231**	**384,946**	**(6,285)**	**-1.6%**