

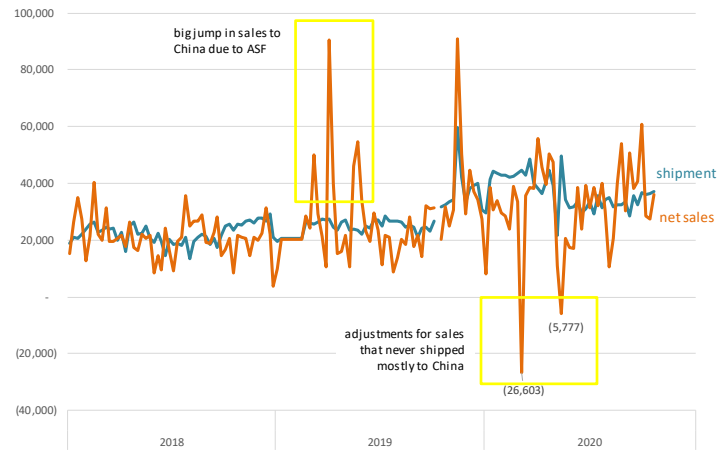
Mandatory price reporting data, which is limited, has been signaling a **slowdown in pork export sales** and the update released this morning confirmed that. Pork shipments remain strong, which explains the firm tone in the wholesale market in recent weeks. However, futures markets are forward looking and we think the pace of sales tends to have more of an impact on futures. In that regard the latest report may be seen as somewhat disappointing.

Ham prices have been strong so far, in part due to continued strong export pace to Mexico. Shipments to Mexico for the week ending October 22 were 11,021 MT and they have been hovering at those levels for the last few weeks, **about 2,000 MT above last year's levels.** Shipments to China at 12,854 MT were also solid, 19% higher than the average of the last four weeks. Shipments to S. Korea were 2,080 MT, up 14.4% from the average of the last four weeks and but about 40% lower than a year ago. While exports to Mexico and China have been strong, **the pace of exports to S. Korea has not been as robust as some had hoped,** especially after S. Korea stopped taking German pork. So far that does not appear to have resulted in a significant improvement in US pork exports to that market. Total pork export shipments were 37,412 MT, up 4.6% from the average of the last four weeks and 14% higher than the same week a year ago. But despite the robust export pace, it is hard to construe the latest pork export report as supportive for futures. The reason is that the pace of new sales has slowed down and lower sales today will eventually result in lower exports down the road. There has been a lot of hope in the market that China will remain a big buyer of US pork. However, last week net sales to China were 3,847 MT, with 2,545 MT sold for delivery this year and another 1,302 MT sold for delivery next year. **Current e outstanding pork export sales to China stand at 107,930 MT, a 10 week supply. Last year at this time combined net sales to China (current + next year) were almost 350,000 MT.** As to whether current weekly export sales really give us a good picture of actual exports, we thought you might find the attached chart of interest. It shows the correlation of the weekly date with the official statistics (in blue). US exports to China really ramped up in first four months of 2020 but, based on current pace of sales, that may not be repeated in 2021.

Beef export sales numbers were positive as net sales continue to run ahead of actual shipments and export volume overall remains above year ago levels. Total export shipments last week were 16,942 MT, slightly ahead of the average for the last four weeks. **Current shipments are running about 16% above year ago levels.** Beef exports to Mexico have improved and last week they were 1,892 MT, 37% higher than the average of the last four weeks and 19% higher than a year ago. This is a significant shift from June, July and August when weekly exports were running an average of sub-1000 MT per week. Net export sales to Mexico last week were 2,172 MT and in the last three weeks net sales have averaged near 2,700 MT per week. Shipments to Japan have been steady in the last few weeks but above last year. Net sales to Japan for product delivering this year were 4,227 MT, down from the average of the last four weeks. However, USDA also reported a notable increase in sales for delivery in 2021. Combined net sales to Japan last week were 6,907 MT, well above the current level of exports. Net sales for current + new marketing year to S. Korea were 5,258 MT compared to weekly export shipments currently running sub 4,000 MT. **Total beef net sales last week were 23,447 MT, slightly under the previous week but 8% ahead the average of the last four weeks.** Sales to China last week were just as high as those to Japan and S. Korea and commitments represent a 15 week supply. Question is whether those outstanding sales will eventually ship up, lifting total exports later this year.

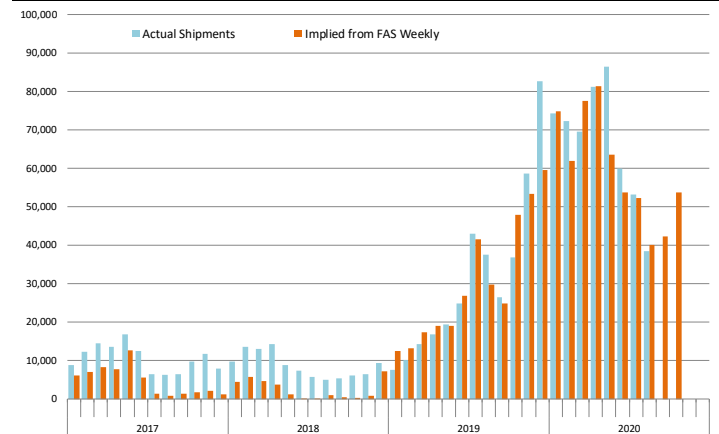
Weekly Pork Export Shipments and Net Sales. All Markets. Thru 10/22

Source: USDA-FAS. Analysis by Steiner Consulting



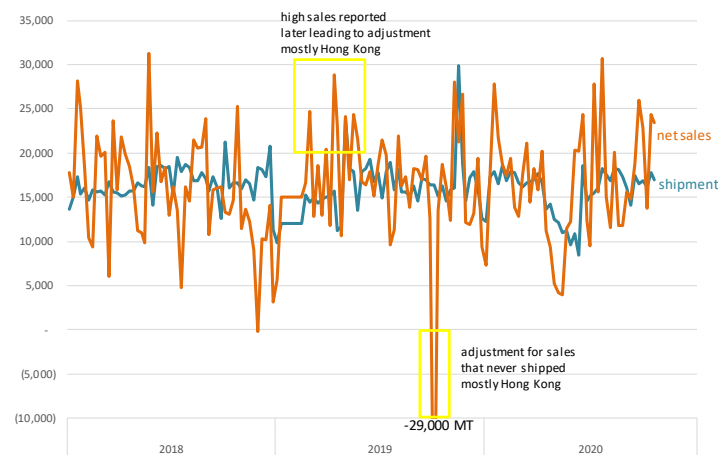
Official Pork Exports to China (Census) vs. Monthly Exports Implied from USDA-FAS Weekly Report

Source: USDA-FAS. Data in Metric Ton, Product Weight Basis. Calculations by Steiner Consulting



Weekly Beef Export Shipments and Net Sales. All Markets

Source: USDA-FAS. Analysis by Steiner Consulting



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