

The weekly export data released by USDA this morning was a bit of a mixed bag. On the one hand, both beef and pork exports continue to run well ahead of last year's levels and the higher exports have contributed to robust cutout values. However, export sales have slowed down in recent weeks. There is still a fair amount of product that was sold in previous weeks and which will continue to bolster exports going forward. However, if export sales remain soft, eventually this will start to be reflected in the weekly export numbers. Both beef and pork production is expected to be higher than a year ago in Q1 so robust export demand remains key for prices. Below are a few key numbers from the latest report:

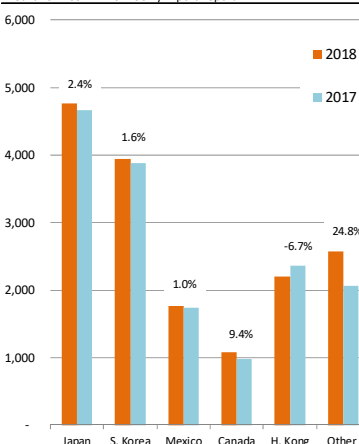
Pork: There is very little pork currently going to China and pork export sales to that market remain minimal. While there are rumors of more US product going into that market, it is not going there directly. We have noted an increase in US pork exports and pork exports to Hong Kong but that it not expected to continue for much longer. For the week ending November 1 US exports of pork muscle cuts to Hong Kong were 1,309 MT and in the last four weeks exports were 2,010, 68% higher than a year ago. Net sales to that market in the last four weeks have averaged just 750 MT/wk, however, and outstanding sales are now 20% lower than a year ago. There are no outstanding sales to Hong Kong for the next marketing year. Total US pork exports for the week ending November 1 were 25,285 MT and the last four weeks exports have averaged 25,037 MT/wk, 10% higher than a year ago. Exports to South Korea during the last four weeks have averaged 43% above year ago and exports to Mexico have been 1.4% higher than last year. The tariff on US pork in Mexico has not impacted the volume going to that market but, as we noted in our report yesterday, lower prices have been needed to offset the impact of the tariff. The main negative from this latest report is that net sales have slowed down and in the last four weeks have been 21% lower than the same period a year ago. Outstanding sales for the current year are up 13% and for next year are up 67% and this should support robust weekly exports in the short term. However, persistent weak new sales could present significant headwinds for the pork market in Q1.

Beef: Beef exports for the week ending November 1 were 16,003 MT and in the last four weeks have averaged 16,329 MT, 4% higher than a year ago. Exports remain above year ago levels but they have slowed down from the torrid pace earlier in the year. There is still a fair amount of product on the books, which should bolster exports in the coming weeks. Outstanding sales for the current year are 24% higher than a year ago. But, as with pork, export sales have slowed down recently. In the last four weeks export sales to Japan are down 22% and export sales to Mexico are down 24.5%. There has been a fair amount of beef that has been sold to Hong Kong but they have yet to take delivery and shipments there are tracking below year ago levels.

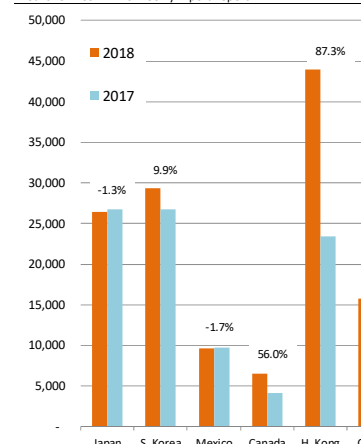
Weekly Exports of Beef Muscle Cuts

Report for 4 Weeks Ending November 1. Source: USDA-AMS. Prepared by Steiner

Weekly Exports: 4-wk Moving Average & Y/Y Change
Metric Ton. USDA-FAS Weekly Export Report



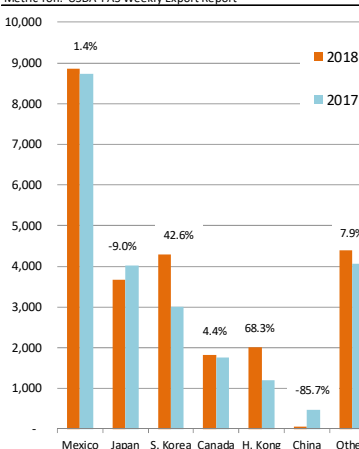
CMY Outstanding Sales: Actual in MT & Y/Y Change
Metric Ton. USDA-FAS Weekly Export Report



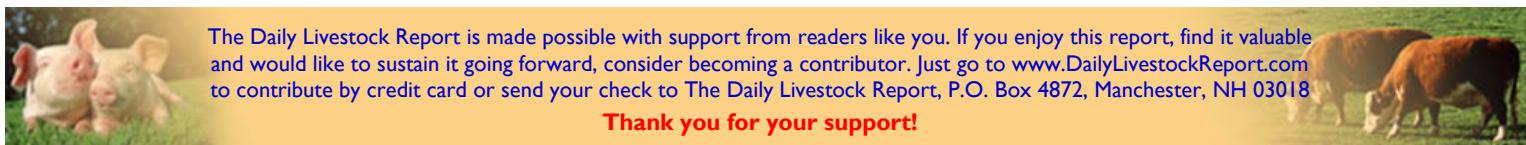
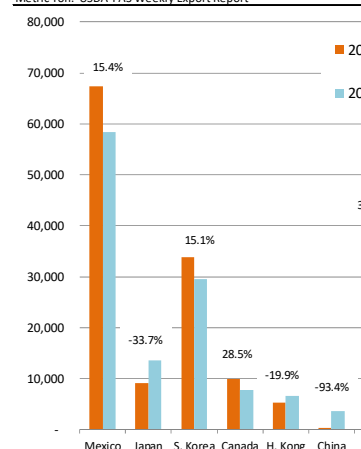
Weekly Exports of Pork Muscle Cuts

Report for 4 Weeks Ending November 1. Source: USDA-AMS. Prepared by Steiner

Weekly Exports: 4-wk Moving Average & Y/Y Change
Metric Ton. USDA-FAS Weekly Export Report



CMY Outstanding Sales: Actual in MT & Y/Y Change
Metric Ton. USDA-FAS Weekly Export Report



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