

Daily Livestock Report

U.S. PORK & PORK VARIETY MEAT EXPORTS January & February, 2009

Pork				
	2008	2009	Pct Chg.	% of Total
Volume	(Mil. lbs. product wt.)			
Mexico	76.4	122.5	60.3%	24.3%
Russia	47.7	23.5	-50.8%	4.6%
China/Hong Kong	125.4	39.6	-68.4%	7.8%
U.S. Total	543.5	504.8	-7.1%	
Value	(Million dollars)			
Mexico	59.0	94.1	59.6%	15.6%
Russia	46.4	20.2	-56.5%	3.4%
China/Hong Kong	104.8	31.2	-70.2%	5.2%
U.S. Total	597.4	601.4	0.7%	

Pork Variety Meats				
	2008	2009	Pct Chg.	% of Total
Volume	(Mil. lbs. product wt.)			
Mexico	42.3	72.3	71.0%	41.1%
Russia	10.1	5.7	-43.2%	3.3%
China/Hong Kong	33.5	44.3	32.3%	25.2%
U.S. Total	114.0	175.9	54.3%	
Value	(Million dollars)			
Mexico	23.5	37.4	59.3%	21.2%
Russia	6.8	3.3	-52.1%	1.8%
China/Hong Kong	16.5	24.2	46.6%	13.8%
U.S. Total	63.8	97.3	52.5%	

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E-Livestock Volume	4/28/09	4/27/09	4/21/09
LE (E-Live Cattle):	13,149	16,188	8,756
GF (E-Feeder Cattle):	2,161	1,418	1,599
HE (E-Lean Hogs):	36,326	14,980	7,919

*Denotes a new record for Globex volume

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To get a feel for what U.S. pork producers and packers are going through, imagine that someone with the same name as you robbed the local bank and, upon his/her apprehension, your local newspaper included YOUR picture in the front page, above-the-fold story. A definite sinking feeling that makes you want to scream and cry at the same time, huh? That is about what the pork people have been through with swine flu/ North American influenza/Influenza A (H1N1) over the past few days.

That last moniker (Influenza A (H1N1)) is the latest name for the virus that has now been identified in people around the globe but not in a single pig that anyone knows of. In fact, no one knows yet if pigs will even contract the virus — though those experiments are no doubt ongoing.

It does not appear, though, that the press is picking up on the non-swine names to any great degree, so the industry is still fighting to get the message out that the virus is not transmitted through pork. Secretary of Agriculture Tom Vilsack finally made that statement today. No one knows for sure whether U.S. consumers have reacted negatively but it is very likely. Both futures and cash markets have moved sharply lower the past two days. Nearby May Lean Hog futures were down \$2.75 today after falling the \$3.00 limit yesterday. June and July were down \$2.35 and \$1.78 today after limit-down moves yesterday as well. The weighted average price of hogs sold through negotiated trades in Iowa-Minnesota lost a combined \$2.83/cwt the past two days. Assuming carcasses equal in weight to last week's estimated barrows and gilts average (201 lbs.), and that the \$2.83/cwt decline applies to all of the 826,000 head slaughtered this week, the price drop has already cost hog producers \$4.8 million — or more, since a price rally has been expected.

Just how important are the import bans announced by our foreign customers? Not unimportant but none of them are as important as Mexico — which has not banned imports but where the most damage to our export demand may occur due to the name connection between pigs and flu. The table at left shows pork and pork variety meat exports to Mexico, Russia and China/Hong Kong through February. The last two countries are the most notable ones which have blocked imports from some states. Note that Mexico is MUCH, MUCH more important in about every way — volume of pork and pork variety meats, value of both classes of products, year-on-year growth. China/Hong Kong is an important factor in the pork variety meat market but readers should realize that over 75% of the volume and value of pork variety meats going to China/Hong Kong have gone through Hong Kong and Hong Kong has NOT announced any ban on U.S. pork products. Do you think product might still find its way to China through Hong Kong much as product from pigs fed ractopamine did last year? We think it is very, very likely. Russia is a growing market for U.S. beef variety meats but represents only 7% of the volume and 4.3% of the value of '09 YTD shipments.

We know that "facts" aren't always what drives markets and that U.S. consumer demand may indeed suffer. But the pressure on meat markets has every earmark of a panic based on emotion and psychology. An understandable panic, perhaps, but a panic nonetheless. We wouldn't call the import bans "panics", though. They are simply clear-headed decisions with no basis of fact — and the countries make them are no surprise.