

Please note that CME livestock markets will not trade on Monday, January 18 in observance of MLK Day.

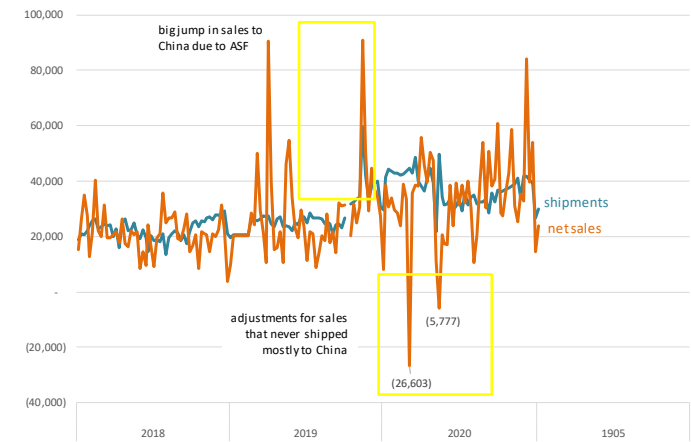
USDA issued this morning an update on pork and beef export shipments and sales for the week ending January 7. Before we look at the highlights for the two commodities, one note on the report transition. This is the first reporting week for 2021. USDA as a rule takes all the outstanding sales volume for the previous calendar year and transfers it to the new marketing year. Over time, if outstanding sales get too far out of whack, USDA will work with exporters and make adjustments. The chart to the right shows some big downward adjustments for pork. The point here is that ultimately the export shipment number is the true measure. However, market participants continue to focus on new sales in order to gauge the potential for future exports.

Key pork export numbers: The latest pork export report was not especially constructive. Shipments last week were 30,008 MT, down 19% from the average of the last four weeks. Holiday shortened weeks usually tend to skew the numbers although it is somewhat disappointing that exports were not better for the first full week of the new year. For the comparable week last year shipments were 41,500 MT. Export shipments to China were ho hum at 11,476 MT. More disappointing was the low level of net new sales to China at a mere 1,565 MT. Outstanding pork export sales as of last week were 89,307 MT. Given current level of export shipments, this roughly represents a 7 week supply. Last year outstanding pork export sales to China at this point in the year were 282,740 MT. Export shipments and net sales to Mexico were also weak. Export shipments to Mexico were 6,920 MT vs. an average of 12,342 MT the previous four weeks. It is not unusual for exports to Mexico to slow down after Christmas but this market helped underpin overall exports in December and the slowdown could negatively impact January/February product movement. Total US net pork export sales last week were 23,782 MT, 34% lower than the average of the previous four weeks.

Key beef export numbers: Export shipments were on the weaker side although one could argue that holiday disruptions may have played a role. It is somewhat disappointing that low prices for key export beef items and a weaker US dollar has not encouraged higher export shipments and sales. Judging from more recent data from Mandatory Price reporting, we think export numbers will be better in the next report. But that remains to be seen. For the week ending January 7, total export shipments were 14,158 MT, down 22% from the average

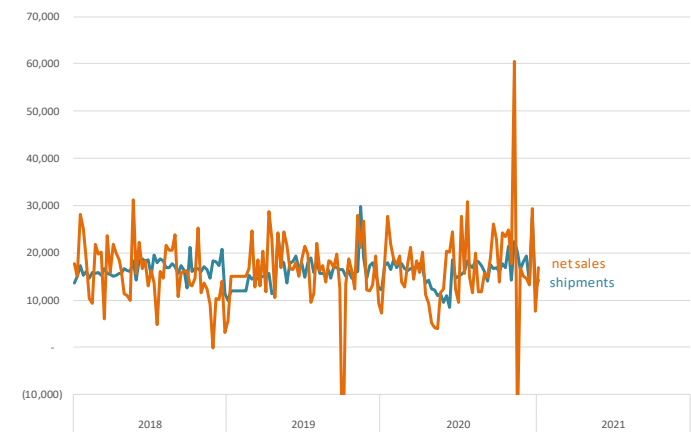
Weekly Pork Export Shipments and Net Sales. All Markets. Thru 1/7

Source: USDA-FAS. Analysis by Steiner Consulting

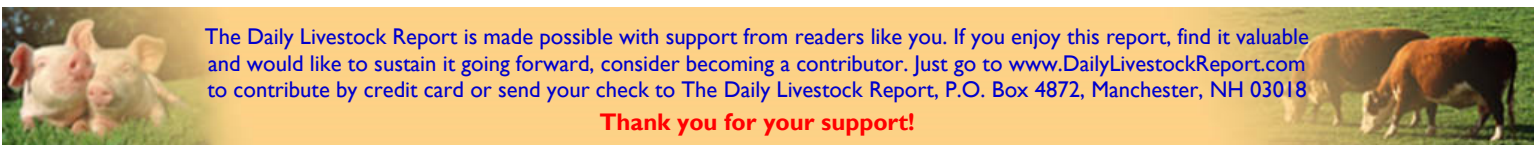


Weekly Beef Export Shipments and Net Sales. All Markets

Source: USDA-FAS. Analysis by Steiner Consulting



of the last four weeks and 18% lower than the comparable week a year ago. Net sales showed some improvement but at 16,254 MT sales were still somewhat soft, especially when we compare to last year. The big bright spot in the export beef numbers remain China, which has helped offset some of the weakness in other markets. Net sales to China last week were near 2,800 MT. The emergence of China as a major market for US beef remains supportive for the market in the near term. With Australia supplies limited and the US dollar losing ground, it is fair to expect some improvement in demand from Japan and S. Korea.



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