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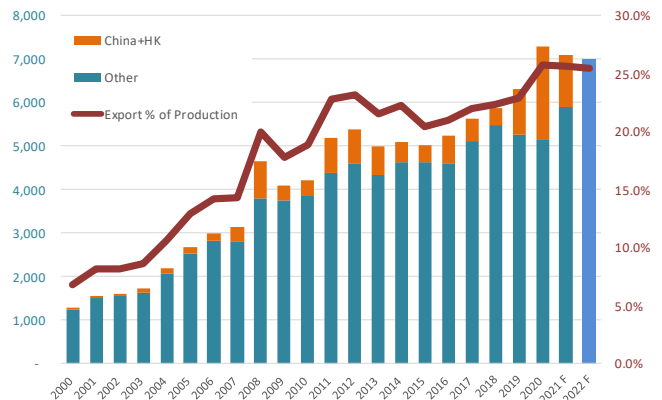
CME Holiday Notice: Livestock futures will not trade on Monday, January 17 in observance of the Martin Luther King holiday.

Weekly export data were released yesterday and as expected the volume of both export shipments and sales was light. Pork export shipments for the week ending January 6 were 23,439 MT, down about 19% from the average of the previous four weeks and also 22% lower than the comparable week a year ago. Shipments were light across the board, again not a surprise given this was a holiday shortened weeks. But light exports to China stand out and highlight the fact that Chinese pork import demand has shifted. Hog prices in China have returned to pre-ASF levels and there are no indications that demand will rebound anytime soon. While some market participants still think that ASF is a major problem in China, the evidence so far is that large producers there have managed to ramp up production enough to fill a significant portion of domestic demand, they have done this much faster than most expected. We think this is the reason why USDA finally gave up on their bullish forecasts for US pork exports in 2022, lowering them by 405 million pounds or 5.5%. Rather than increasing in 2022, USDA is now forecasting pork exports in 2022 to be about 88 million pounds or 1.2% lower than in 2021. Could port exports decline even more in 2022? Much will depend on Mexican pork demand. In 2021 Mexico became by far the biggest market for US pork, accounting for about 29% of all US pork exports for the year. This was an 8 point gain from the previous year. Exports accounted for about 25.6% of total US pork production in 2021 and the latest USDA forecast suggests exports will be 25.4% of all exports.

Beef export shipments and sales were down last week as well, with holiday disruptions likely accounting for some of the decline but not all. Even if we adjust for the holiday, the numbers were light. With that said, there is still a significant amount of beef currently sold but that has not been shipped out yet. According to USDA, outstanding beef sales at the start of the year were almost 155,000 MT. However, the outstanding sales to Hong Kong may not be real, for the past couple of years we have seen a similar situation only to have USDA come back and correct the number lower. Currently the biggest volume of beef sold but yet to deliver has been to China, with almost 40,000 MT on the books or a 15 week supply. Will China take all this beef? We think they will given ongoing restrictions on exports in Argentina and limited availability in Uruguay, New Zealand and Australia. USDA is currently forecasting US beef exports in 2022 to decline 5% from the previous year. But with global beef supplies tight and global economy expected to rebound from COVID, that may prove to be a fairly conservative estimate.

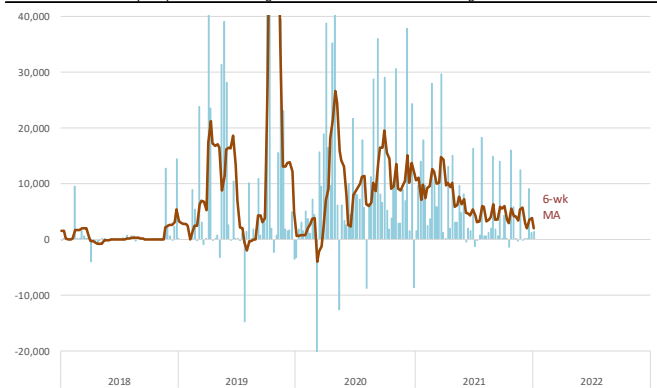
US Pork Exports & China Share vs. US Pork Production

Source: USDA-ERS and USDA-NASS. Analysis by Steiner Consulting



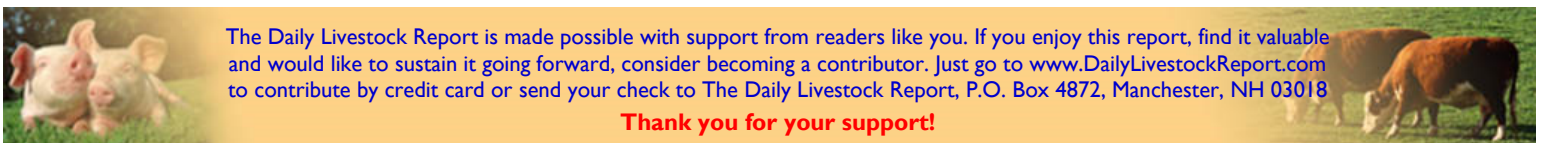
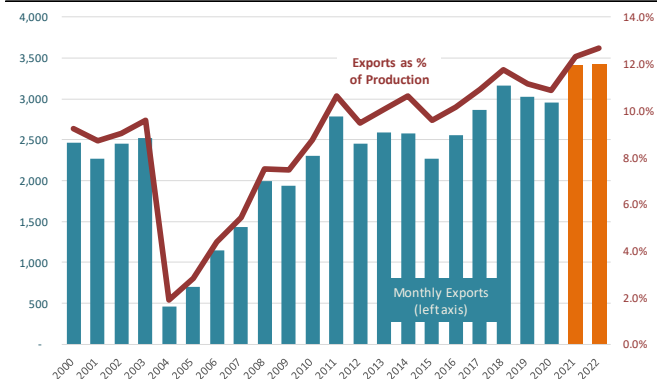
US Weekly Net Pork Export Sales to China. Metric Ton, shipped wt.

Source: USDA-FAS. Analysis by Steiner Consulting. Includes Current and New Marketing Year Sales



US Annual Beef Exports and Share of US Beef Production

Data Source: USDA-NASS and USDA-ERS. Analysis by Steiner Consulting



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