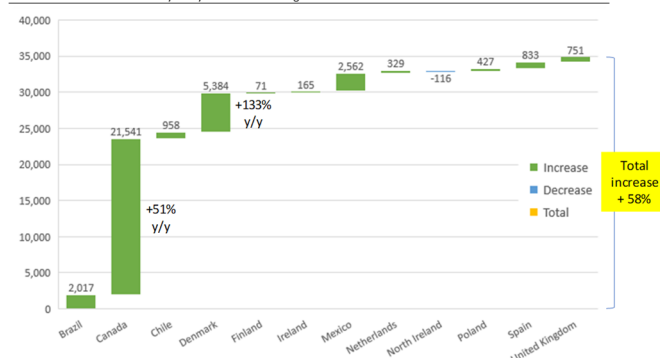


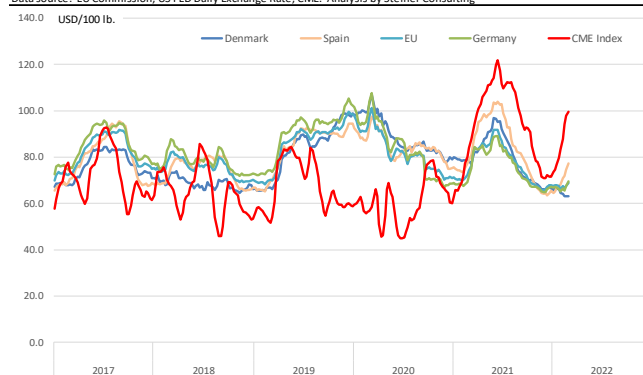
Trade data for January was supposed to be released yesterday but it has been delayed due to technical issues, at least by the time of writing this update. However, USDA-AMS estimates, based on inspector reports, suggest a significant increase in the amount of pork coming in the first two months of the year. **The strong US dollar, a slowdown in Chinese import demand and very strong US prices relative to EU and Canada have all contributed to the increase.** The preliminary data (we need to stress these are not official trade statistics) show that US pork imports in the first two months of the year were about 58% higher than the previous year. Last year US pork imports established a new all time record level at 1.180 billion pounds on a carcass weight basis and the surge of imports so far would suggest another year of very strong import demand and volume. Canada is by far the largest supplier of pork and live pigs to the US market. As a result, higher imports from Canada contributed the most to the overall increase in the first two months of 2022. **Canadian imports rose 51% from the same period a year ago and accounted for 62% of the overall increase in imports.** Imports were higher for almost all other countries that supply pork to the US. Denmark had a 7% market share of imported pork market last year. In the first two months imports from Denmark were up 133% from a year ago and market share increased to 10%. Poland used to be a significant supplier but with part of the country not able to ship due to ASF, imports have been limited. Still, through February imports from Poland were up 13% and imports from the Netherlands were up 37%. US hog prices continue to trade at a significant premium to hog prices in Europe. In the first two months of this year, US CME cash hog index (our proxy for cash hog prices in the US) has averaged \$85/100 lb. carcass basis compared to \$65/100 lb. carcass in Denmark. The 31% premium of US hog carcass prices is a clear disadvantage when competing in Asian markets, be this in Japan, S. Korea or China. US pork has made some significant inroads in South America, with Colombia emerging as a significant market. However, even there US pork is facing some resistance due to cheaper Brazilian and Chilean pork. It is not a coincidence that now we are seeing significant volumes of pork from those two countries going not only to other markets in South America but coming all the way to the US.

As for Canadian supplies, it appears that **the primary reason for the increase in imports is due to the strong prices available in the US as well as a slowdown in demand from China.** We do not have Chinese import data yet but in the second half of 2021 Chinese imports of Canadian pork were down 65% from the previous year. Hog supplies in Canada remain stable and growth is expected to be limited. The breeding herd inventory in July of 2021 was up 1.4% from the previous year but that did little to bolster supplies, with the pig crop for Jul-Dec actually slightly lower than the year before. On January 1 of this year, the breeding herd was about the same as six months ago and pig production is expected to be flat for the first half of 2022.

US Pork Imports through Feb. 26 and Contribution to Growth by Importing Country. Data in MT.
Data source: USDA-AMS. Analysis by Steiner Consulting

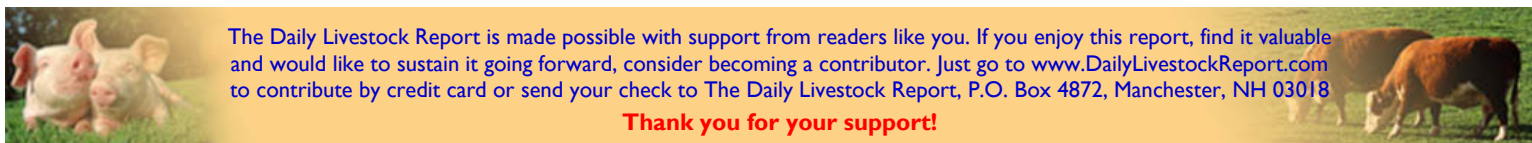
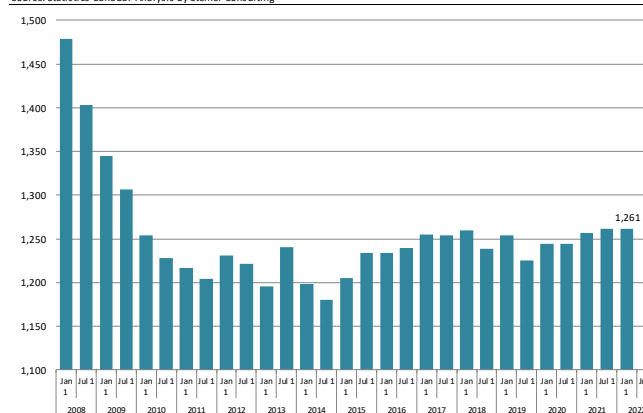


Hog Carcass Prices in US, Denmark, Spain, Germany and EU. US\$/cwt equivalent
Data source: EU Commission, US FED Daily Exchange Rate, CME. Analysis by Steiner Consulting



CANADA BREEDING STOCK. SOWS + BOARS. '000 HEAD

Source: Statistics Canada. Analysis by Steiner Consulting



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