

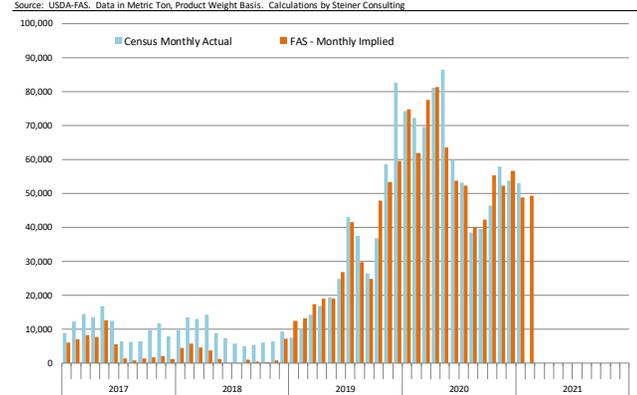
Beef and pork export numbers released this morning were generally positive, showing continued strong export shipments as well as robust sales for product that will deliver going forward. Below are highlights for the two proteins and our thoughts on implications going forward:

Pork highlights: Robust sales to Mexico and a strong export pace suggest pork product market should continue to be well supported in the near term. While talk of big sales to China continue to percolate, so far the shipments and export sales numbers to this market have not been especially large. Some continue to talk about six piece carcass exports not being reported in the weekly data. However, our analysis of official export statistics and weekly shipments suggests that this is blown out of proportion. We showed the chart to the right in our report two weeks ago but it bears showing again. Since 2019, there has been very good correlation between what the weekly numbers suggest and the final export statistics.

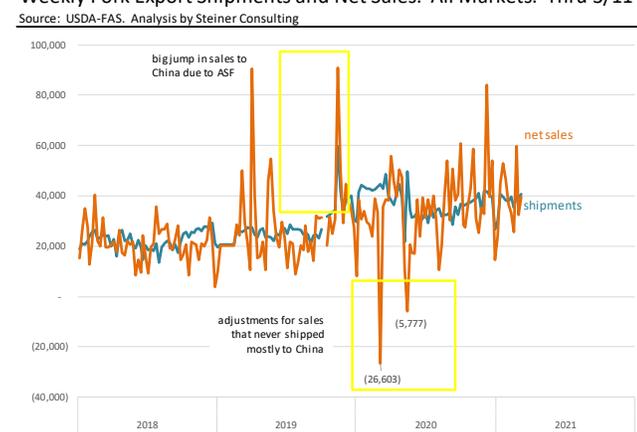
Total pork shipments last week were 40,604 MT, up 4.3% from the average of the last four weeks and the highest weekly shipment volume since mid-January. Weekly slaughter is currently running 100-150k head/wk. below what it was in mid-January so this export number is more consequential. Spot product market is tight, in part because slaughter is down but also because export shipment pace remains robust. Export shipments to Japan were up 10.5% from the previous four weeks and shipments to S. Korea were up 45%. The two main markets for US pork remain China and Mexico. Export shipments to both were stable but **net sales to Mexico last week were an impressive 18,179 MT, 90% higher than the average of the last four weeks.** This was the highest weekly sales figure to Mexico since the third week of January. US ham prices have been especially firm. Easter demand is part of the reason but big sales to Mexico have also contributed to this.

Beef highlights: The situation for beef was somewhat the reverse of pork. **Shipments in the near term are good but not great while net sales continue to trend higher and point to higher exports and tighter domestic availability in Q2.** Total beef shipments last week were 17,789 MT, 4.4% higher than the average of the last four weeks and 7% higher than a year ago. Shipments to Japan showed some improvement, gaining 7% from the average of the previous four weeks. And **Japan was especially aggressive booking over 8,000 MT of net new sales.** Net sales to China and Hong Kong were HUGE. Combined net sales to China/HK were over 7,000 MT, second only to Japan. Sales to Mainland China were over 5,300 MT, the biggest weekly sale since the last week of January. The big question in our mind is **whether China/HK buyers will take all the meat that they have currently booked.** Shipments to Hong Kong remain stable and well below the sales pace. Currently outstanding sales to Hong Kong (product on the books that has yet to ship) represent a 57 week supply. Shipments to China, on the other hand, are increasing, averaging 2,800 MT/wk in the last three weeks. **Current outstanding sales to China are bigger than those to Japan.** The emergence of China as a top three market for US beef has changed the dynamic for US beef exports in recent months. China is by far the biggest beef buyer in the world, with an ever expanding demand for beef. Tighter supplies in Australia leave the US as the only alternative for high quality, grain fed beef in the world.

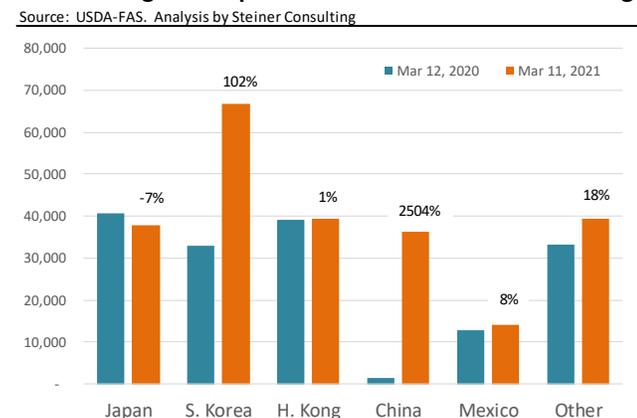
Official Pork Exports to China (Census) vs. Monthly Exports Implied from USDA-FAS Weekly Report



Weekly Pork Export Shipments and Net Sales. All Markets. Thru 3/11



Outstanding Beef Export Sales as of March 11 vs. Year Ago



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