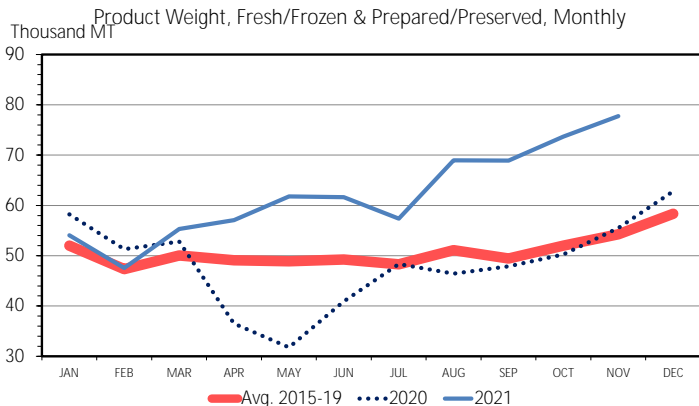


Yesterdays, DLR discussed the relative discount of bone-in hams to boneless hams and that limited labor issues are likely a factor in pressuring bone-in ham prices lower. This has created an opportunity for bone-in pork products to move south to Mexico. There is some speculation that Mexico is importing bone-in product and further processing it, taking advantage of the larger than normal price spread between bone-in and boneless ham products.

## US PORK EXPORTS TO MEXICO



Data Source: USDA-FAS  
Livestock Marketing Information Center

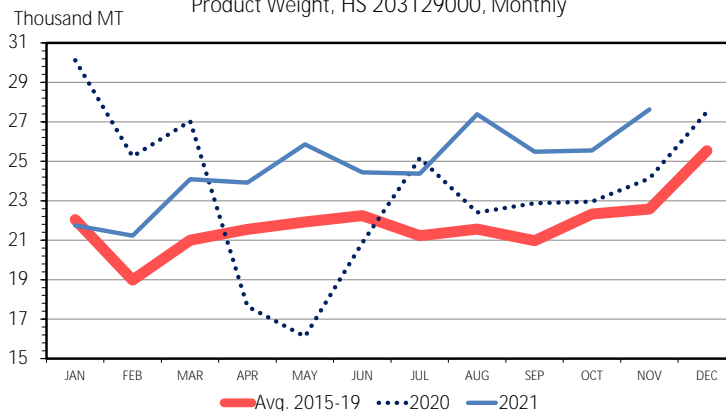
USDA FAS GATS does not break out pork export data by specific primals or cuts, but it does have Harmonized System (HS) codes that include hams. Specifically, the primary HS categories exported to Mexico in 2021 were HS 0203121000 (Hams, Shoulders and Cuts Thereof, of Swine, Bone in, Processed, Fresh or Chilled) and HS 0203129000 (Hams, Shoulders and Cuts Thereof, of Swine, Bone in, Except Processed, Fresh or Chilled). On average in each month of 2021, HS codes 0203121000 and 0203129000 accounted for 36.1% and 41.5%, respectively, of total fresh/frozen & prepared/preserved pork exports to Mexico.

U.S. pork (fresh/frozen & prepared/preserved) exports to Mexico have been on a strong upward trend since May 2020. Since that point, monthly pork exports have increased 145% with November pork exports (the most recent available) at 77,753 MT (metric ton, product weight). November pork exports to Mexico were the highest single month on record. Year-to-date shipments to Mexico were 684,112 MT, up 31.6% from the same period in 2020 and already higher than the record annual export level of 657,517 MT set in 2017.

The relative discount for bone-in hams can also be seen in the unit value data available from USDA FAS. In 2021, the year-to-date average unit value for HS codes 0203121000 and 0203129000 has been almost \$1,800 per MT or about \$0.81 per pound, which is slightly higher than the \$0.70 per pound

## US PORK EXPORTS TO MEXICO

Product Weight, HS 203129000, Monthly



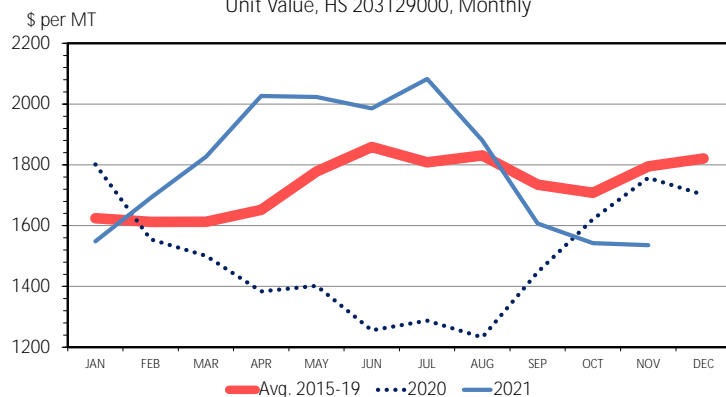
Data Source: USDA-FAS  
Livestock Marketing Information Center

average weekly price for 23-27# hams in 2021 (one U.S. dollar per MT equals 0.00045 U.S. dollar per pound).

Is spread in the ham market large enough to warrant shipping boneless hams back to the U.S.? The import data from USDA FAS GATS does not definitively suggest that, but pork imports from Mexico are up 33% year to date (Jan-Nov 2021 vs Jan-Nov 2020). The increase has been in somewhat of a catchall category: HS 0203294000 Meat of Swine, NESOI, Except Processed, Frozen. Whether Mexico is processing pork and shipping it back to the U.S., and/or using the imported product domestically, it seems clear that if ham prices remain low in 2022, Mexico will likely continue to actively purchase U.S. pork.

## US PORK EXPORTS TO MEXICO

Unit Value, HS 203129000, Monthly



Data Source: USDA-FAS  
Livestock Marketing Information Center

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