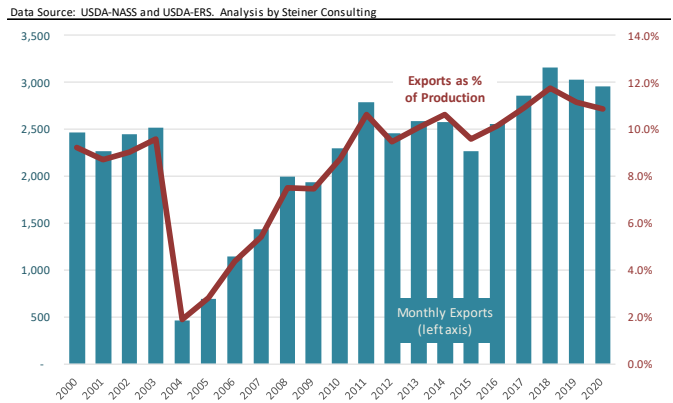


Trade data for the month of the December was released a few days ago and we can now close the book for all of 2020 and recognize the impact that trade had on domestic supply availability.

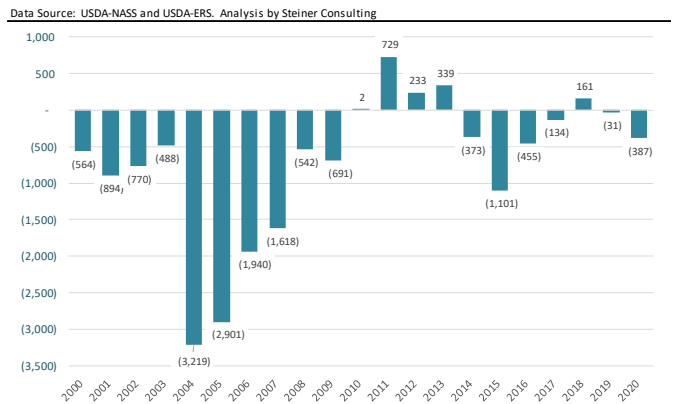
Beef: Total beef exports in December were estimated at 285.8 million pounds on a carcass weight basis, 12.1% higher than the previous year. This was the second highest monthly export volume (Aug 2018 is the highest) and it represented 12.3% of total beef production for the month. The share of production was also the second highest on record. Beef imports in December were 209.4 million pounds, 8.3% lower than a year ago. While beef exports were higher in the last quarter of the year, and imports declined, this was not enough to make up for what happened last spring and summer. The start of the pandemic significantly limited the amount of beef produced in April and May, causing a dramatic spike in prices. For a couple of months this resulted in a sharp decline in exports while record prices “bought” more beef from other markets. As a result, **US beef exports for all of 2020 were 2.956 billion pounds, 2.3% lower than a year ago.** Exports were clearly lower than what was expected at the start of the year but, at the same time, they came in much higher than what was feared in June of 2020. The share of exports vs. national beef production dropped to 10.9% in 2020, down from 11.1% in 2019 and 11.8% in 2018. USDA is currently forecasting US beef exports to be 3.090 billion pounds in 2021, an increase of 155 million pounds or 5.3% (see a report later today for updated forecasts). If correct, this level of exports would be the second highest on record and represent an 11.4% share of production, also the second highest on record. The global economy is expected to rebound in 2021, which should bolster beef demand. Just as important, however, is the emergence of China as the biggest beef buyer in the world. While China has expanded its hog inventories in order to shore up meat protein production, Chinese beef production remains stagnant and China is expected to rely on exports to fill its growing beef demand. US beef exports to China in December were 26.9 million pounds and exports to Hong Kong were 22.6 million pounds. The combined volume to the China/HK market was similar to the amount of beef we sell to Mexico and S. Korea and almost double what we sold to Canada last month. In December, a little over 2% of all beef produced in the US went to China/Hong Kong.

Pork: The chart to the right illustrates **the impact of the increase in US pork exports to China/Hong Kong.** Total US pork exports in 2020 were estimated at 7.282 billion pounds, 961 million pounds or 15.2% higher than the previous year. Exports to China/HK were 1.067 billion pounds, double what was exported the previous year. This market accounted for all the increase in US pork exports in 2020 and it was achieved despite the impact of the pandemic in May and June. Exports accounted for 25.7% of US pork production last year and China/HK alone represented 7.5% of all US pork produced. The big question for market participants is whether the current pace of exports will be sustained in 2021. USDA in January forecasted US pork exports for all of this year at 7.175 billion pounds, just a 1.5% reduction from 2020. Exports to China were lower in January and they will likely be lower y/y for much of the spring. Other markets, however, are showing robust growth. For now, the bet is that higher global feed grain prices, limited supply growth in the EU and a recovery in the global economy will continue to underpin export demand.

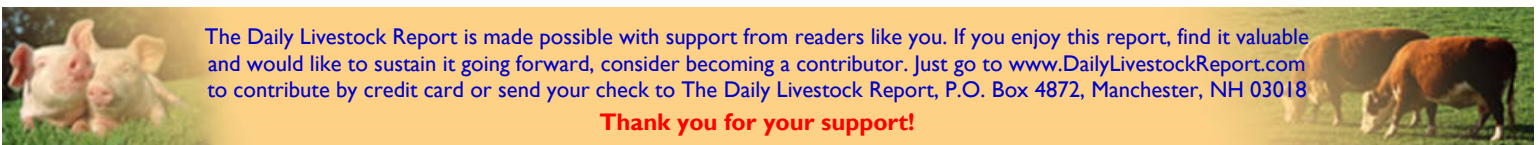
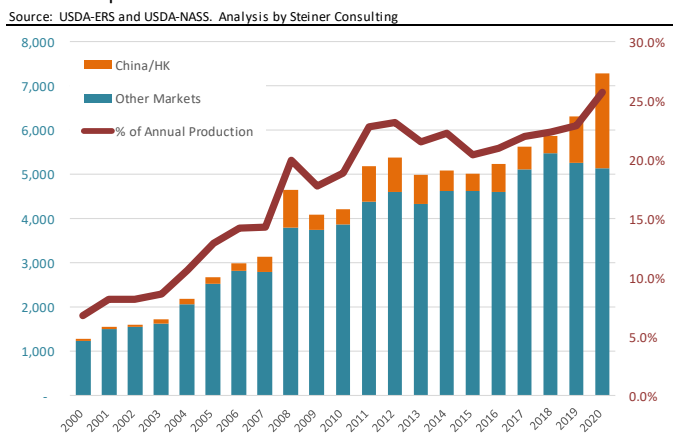
US Annual Beef Exports and Share of US Beef Production



Beef Trade Balance (Exports minus Imports)



US Pork Exports & China Share vs. US Pork Production



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