

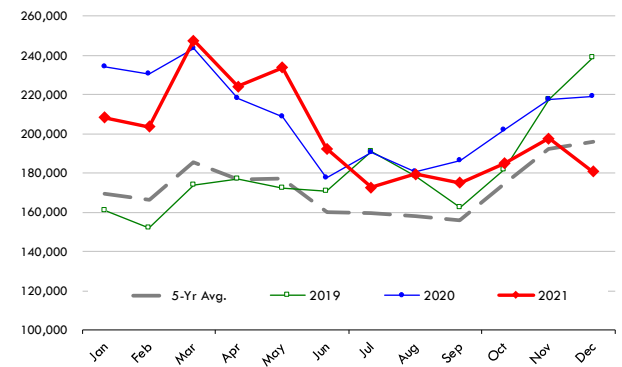
With the trade data for December released yesterday we now have a full picture of US meat trade last year and better context for discussing trade in the new year. Below are a few key numbers from the latest release for beef and pork:

Beef: Beef exports slowed down in December but still managed to register a 2% increase vs. the previous year. High prices and the weak peso have clearly impacted trade with Mexico, with beef shipments to that market in December down 46%. Exports to Hong Kong, once a key gateway to Mainland China, have also fallen off a cliff, another reason why current outstanding exports reported for Hong Kong make little sense. Shipments to Hong Kong in December were down 70% from the previous year and down 44% for all of 2021. Total US exports of fresh, frozen and processed beef and veal in 2021 were estimated at 1.14 million MT, 16.6% higher than the previous year. This was a far better outcome than what was expected when the year started. In January 2021 USDA forecasted beef exports to be 5.3% higher than 2020 levels. The resurgence in Chinese beef demand, which was hard to estimate at the start of 2021, clearly had a significant role last year. US beef exports to China for all of 2021 were up 140k MT, or 351%. **The increase in shipments to mainland China accounted for 86% of the overall increase in US beef exports last year.** Some of the increase was offset by the reduction in exports to Hong Kong, down 33k MT or 44%. South Korea was also a significant growth market in 2021, with export shipments up 38k MT or 16% y/y. USDA is currently forecasting US beef exports in 2022 to be down 5.4% compared to 2021, which limits the decline in per capita beef availability. USDA calculates that high beef prices will tend to limit export demand compared to 2022 but just as important, in our view, is the sustainability of Chinese beef demand. In recent weeks we have seen sales to China slow down. If that trend continues the USDA forecast may not be far off the mark.

Pork: Pork exports started 2021 with a bang but ended with a whimper. That trend was part of the reason why futures were so insistent do price a discount in hog prices for 2022. December shipments were 180,783 MT, down 38.4k MT or 17.5% compared to the previous year. This was the lowest December export volume since 2018, prior to the outbreak of ASF in China. Exports to China in December were just 13,016 MT, 40.8k MT or 76% lower than the previous year. Strong exports to Mexico helped offset only a portion of the lost exports to China, with shipments in December at 71,449 MT, 8.7k MT or 13.9% compared to the previous year. Total US exports of fresh, frozen and cooked pork in 2021 were 2.4 million MT on a product weight basis, 4.3% lower than the previous year. In this regard USDA did catch the direction on pork exports right last year as in January 2021 they forecasted US pork exports for the year to be down 1.9%. Clearly the slowdown in exports to China was far bigger than expected. Last year US pork exports to the Chinese market declined almost 338k MT or 46%. Mexico stepped in and increased imports by 173k MT or 29.6% and exports to other markets were strong as well. It was not enough. This year USDA is forecasting pork exports for 2022 to be down 1.2%, a big change from the December forecast that was still calling for a big increase. This afternoon **updated forecasts will be presented for all red meats and poultry. We'll offer our review in the next update.**

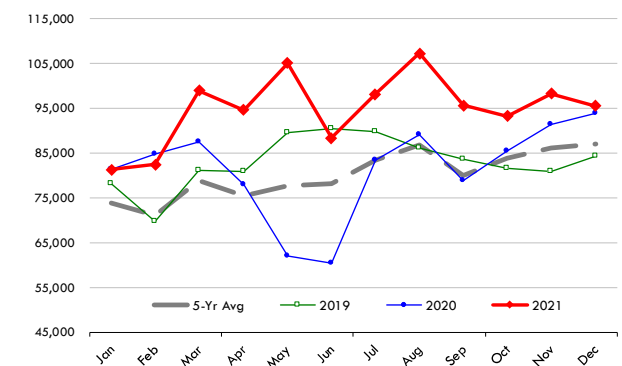
Quantity of US Exports of Fr/Frz/Cooked Pork: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



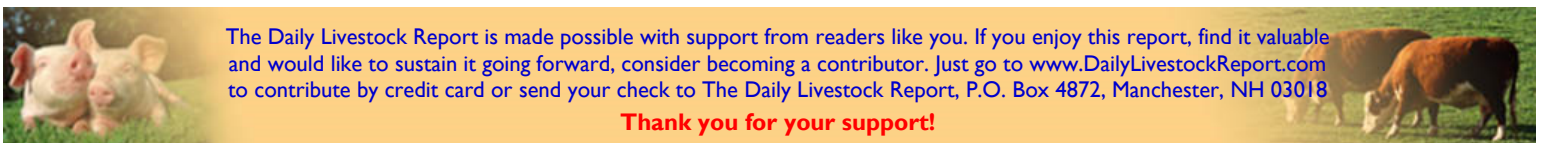
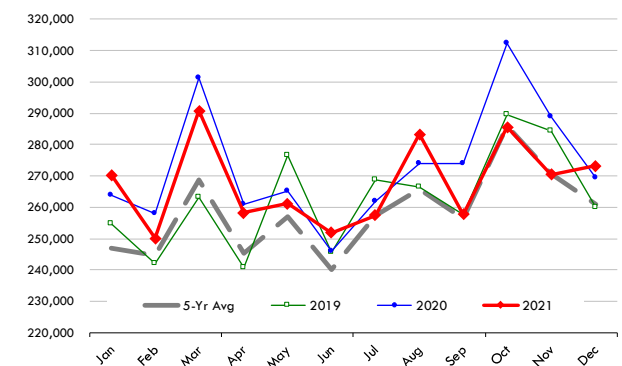
Quantity of US Exports of Fr/Frz/Pres Beef & Veal: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



Quantity of US Exports of Fr/Frz Chicken: World Total

Source: USDA/FAS. Units: Metric Ton. Analysis by: Steiner Consulting (800.526.4612)



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