

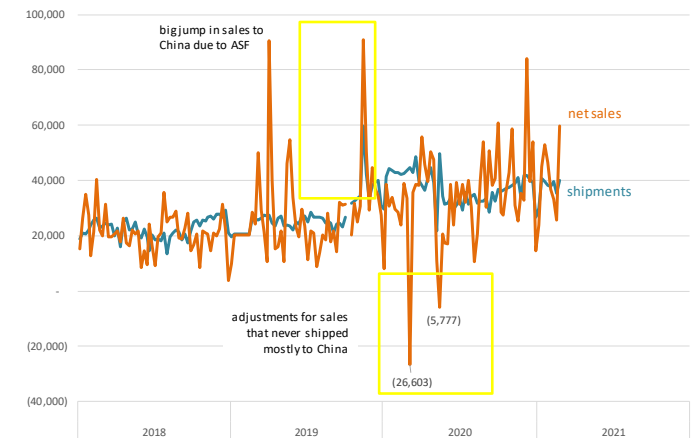
USDA published this morning an update on the volume of pork and beef that was sold and shipped to export destinations for the week ending February 25. Our view is that the report was positive, following three weeks of slowing sales and concerns that high prices may have started to ration out export demand. Below is a brief recap of the highlights for both species:

Pork: We had an inkling that the pork export sales would show an increase given the partial data reported on Monday in the USDA Mandatory Price Reporting system. However, the numbers published today were even better than we initially thought, with total export sales at almost 60,000 MT, 87% higher than the average of the last four weeks and the highest since December 10. What we find particularly positive in the pork export numbers is that export sales in the last few months have been outpacing shipments, bolstering the amount of pork that's been booked but has yet to be shipped. Since October, weekly net sales have averaged almost 40,000 MT/wk. while shipments have averaged 37,700 MT/wk. As of last week, outstanding pork sales were 367,205 MT, representing a 9.1 week supply. This is still lower than the 421,174 MT outstanding for the comparable week a year ago but that gap is narrowing. Net sales to China for the week ending 2/25 were 28,020 MT, a four fold increase compared to the average of the previous four weeks. This was the biggest weekly sales figure since last October. Chinese traders were off due to the Lunar New Year holiday so the increase could also reflect some pent up demand. Shipments to China remain robust, albeit lower than last year. The chart to the right illustrates how official fresh/frozen pork exports (reported by US Census) compare with the data implied from the weekly report. The relationship has been fairly good for the last two years and this gives us more confidence in the weekly numbers. High pork prices appear to be rationing out some demand from other markets. Net sales to Japan and S. Korea were down 25% and 53%, respectively, compared to the average of the last four weeks. On the other hand, Mexican buyers remains extremely active, with net sales last week at 14,517 MT, more than double the average of the last four weeks. Outstanding pork sales to Mexico currently stand at over 100,000 MT. The strong sales to Mexico may underpin US ham values in the near term and help offset the seasonal slowdown that comes once US domestic Easter buying starts to taper off.

Beef: Beef exports were also positive, with both net sales and export shipments improving from what we have seen in recent weeks. Total beef net sales were 22,615 MT, 15% higher than the average of the last four weeks and 76% higher than the comparable week a year ago. As with pork, China was the big story for beef exports last week. Net sales to China were 4,485 MT, 77% higher than the average of the last four weeks. Beef shipments to China were 3,087 MT, almost double the average of the last four weeks. The big sales numbers came after about the cancellation of about 1000 MT from the previous week's ledger. Outstanding beef sales to

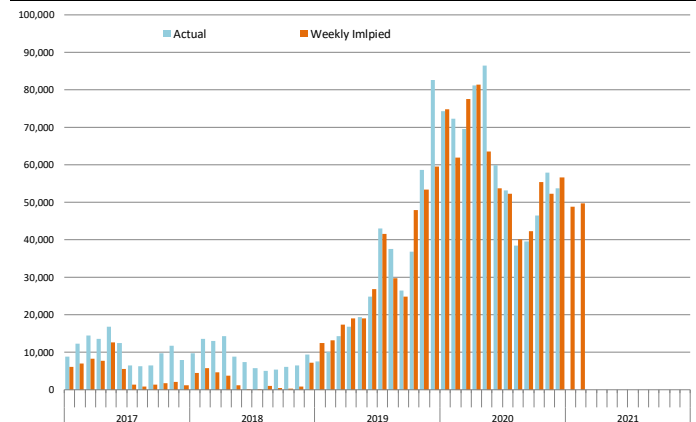
Weekly Pork Export Shipments and Net Sales. All Markets. Thru 2/25

Source: USDA-FAS. Analysis by Steiner Consulting

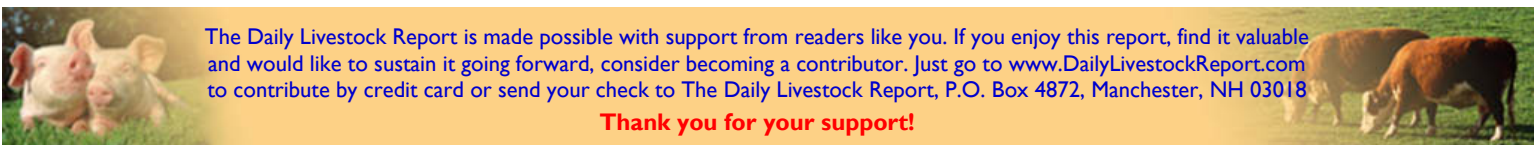


Official Pork Exports to China (Census) vs. Monthly Exports Implied from USDA-FAS Weekly Report

Source: USDA-FAS. Data in Metric Ton, Product Weight Basis. Calculations by Steiner Consulting



China currently represent a 22 week supply based on a weekly ship level of 1,600 MT/wk. It remains to be seen if Chinese buyers are simply front loading or if we will see shipments start to ramp up. Net sales to Hong Kong were 1,364 MT and export shipments to Hong Kong also increased over 1,000 MT. Sales to Mexico also improved and export shipments to Mexico last week were 1,655 MT, 10.4% higher than the previous four weeks. Export shipments to Japan were 5,736 MT, up 17% from the previous four weeks but behind last year's pace. Shipments to S. Korea were 5,017 MT, 8.4% higher than the previous four weeks and 16% higher than a year ago. The pullback in cattle/beef prices the last couple of weeks appears to have created some opportunities and world buyers seem willing to step in.



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

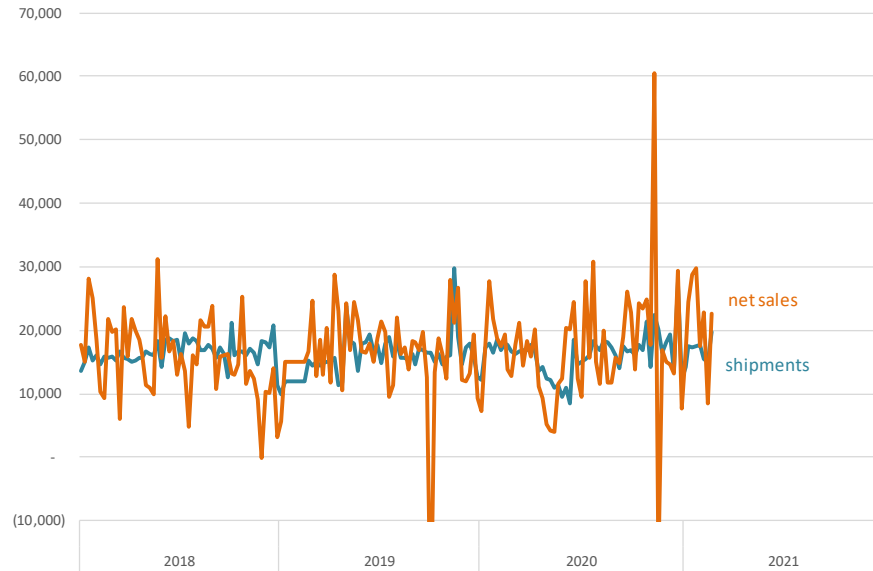
The **Daily Livestock Report** is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME™ and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The *Daily Livestock Report* is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

Weekly Beef Export Shipments and Net Sales. All Markets

Source: USDA-FAS. Analysis by Steiner Consulting



Weekly Beef Export Shipments. Source: USDA-FAS. Analysis by Steiner Consulting

	28-Jan	4-Feb	11-Feb	18-Feb	4-wk Avg.	25-Feb	% ch vs. 4-wk avg.
Metric Ton, Shipped Weight Basis							
Japan	5,623	4,928	5,128	3,906	4,896	5,736	17.2%
S. Korea	4,889	5,012	3,854	4,750	4,626	5,017	8.4%
Mexico	1,803	1,477	1,436	1,279	1,499	1,655	10.4%
H. Kong	916	1,367	501	565	837	1,059	26.5%
China	1,221	1,490	1,753	1,903	1,592	3,087	93.9%
Other	3,122	3,354	2,863	2,702	3,010	3,120	3.6%
Total	17,574	17,628	15,535	15,105	16,461	19,674	19.5%

