Daily Livestock Report

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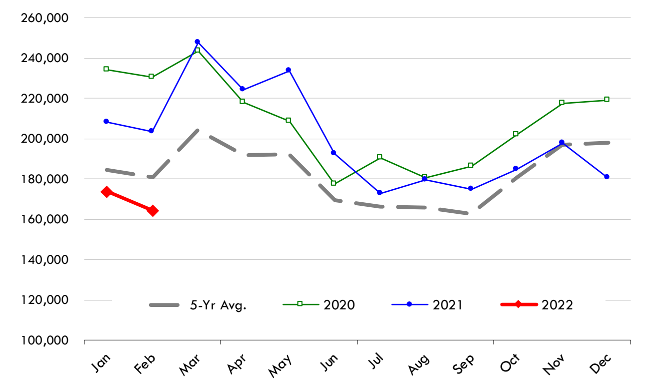
Pork exports are off to a very slow start this year and the latest official statistics for February only confirmed the scale of the decline. Shipments of fresh, frozen and cooked pork were pegged at 164,353 MT, down 19.2% from the previous year and at levels similar to what we saw in 2018, before the outbreak of ASF in China. Indeed, it is the sharp pullback in Chinese demand that has contributed to the decline in exports so far and will likely continue to affect shipments through the spring and summer. **Exports to China in February were 12,718 MT, down 36,328 MT or 74%**. The reduction in exports to China accounted for about 90% of the overall reduction in pork exports in February. Exports to Mexico have so far helped offset lower exports to a number of smaller markets. In February shipments to Mexico were 65,011 MT, 36.7% higher than a year ago. Exports to smaller markets were down as well, a function of the higher prices in January and February. Colombia in recent years has become a significant market but in February shipments were down 25%. The Philippines was another country that was impacted by ASF and increased US pork purchases in 2020. **Shipments to the Philippines in February were just 1,402 MT, down 75% from a year ago**. Canada is also facing a slowdown in exports to China, which means more Canadian pork is staying stateside, more hogs are coming to the US and they are buying less US product. Shipments to Canada in February were 13,493 MT, down 22.5% from a year ago. We do not see much of an improvement in US pork exports for March. Based on weekly data, we project that exports last month were anywhere between 25% to 30% lower than a year ago. The reduction in exports and higher imports have helped offset some of the reduction in slaughter and keeping domestic supplies steady. Freezer inventories have increased for some product, which is critical for the spring and summer market when slaughter seasonally declines. Futures have declined in the last few days but in our view this has little to do with what's happening with exports (we are talking about February data) or product markets, and all to do with money flow, recession fears and speculative activity.

Beef exports slowed down in February compared to January levels, largely a result of the spike in prices at the start of the year. The slowdown in exports to China was a major factor but shipments to other markets were down as well. China has emerged as the third largest market for US beef and exports of fresh/frozen beef in February were 14,347 MT, down from around 16,000 MT in January but still about 80% higher than a year ago. In February China was the third largest export market for US beef but not far from Japan and S. Korea. Based on the current pace of sales, we would not be surprised if in a given month China emerges as a top market, although probably not for the entire year. Shipments to Japan in February were 18,319 MT, down 11% from a year ago and shipments to S. Korea were 18,337 MT, down 20% from a year ago. Exports to a number of smaller markets were higher and total exports for the month were 1.4% higher than a year ago. We expect to see exports rebound in March based on weekly shipments and our current projection is for March exports to be up 10-12% from a year ago.

Poultry exports were mixed in February. The spread of HPAI during that month mostly seemed to affect turkey exports, with cases in a couple of major turkey producing/exporting states. Exports of fresh/frozen chicken in February were 14% higher than a year ago. Mexico remains the top market for US chicken, taking about 24% of all US chicken exports. Shipments to Mexico in February were 67,291 MT, 19,318 MT or 40% higher than a year ago. On the other hand, **exports of fresh/frozen turkey meat in February were 11,843 MT, down 29.4% from a year ago, with exports to Mexico at 7,874 MT, down 32%**. As HPAI continues to spread, we expect to see double digit declines in turkey exports as well as softening chicken exports.

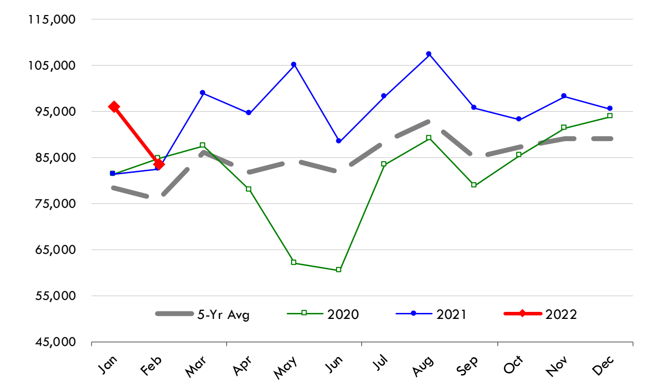
Quantity of US Exports of Fr/Frz/Cooked Pork: World Total

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)



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