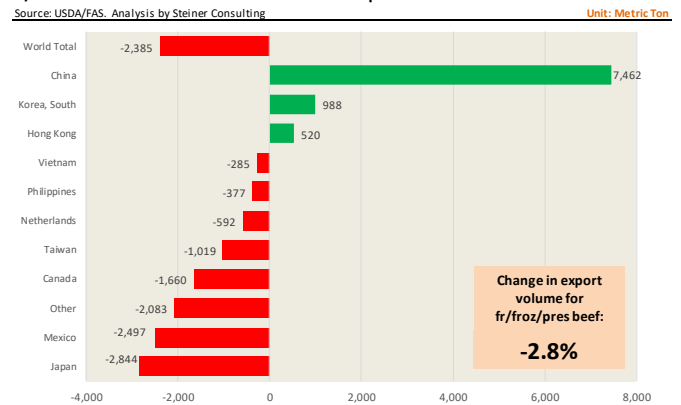


US official export data for beef, pork and poultry products was released yesterday. This data set is collected by the US Census Bureau and the data is reported on a shipped weight basis, i.e. the weight of product inside the container. Below is a brief recap from this latest update:

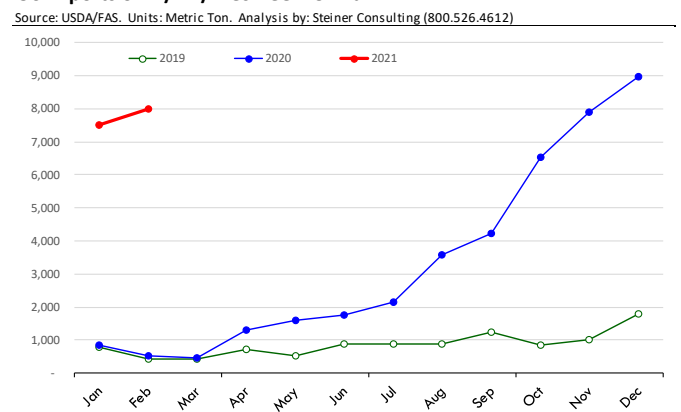
Total **exports of fresh/frozen and cooked US beef in February were 82,531 MT, 2.8% lower than the previous year.** Extreme winter weather affected production and thus export shipments in the second half of February. Delays at ports have also negatively impacted US exports recently. Export shipments have recovered in recent weeks and we expect to see a notable improvement when March data comes out. **Higher beef exports to China managed to offset much of the reduction in exports to other countries.** As we have pointed out repeatedly, China has now become a major destination for US beef and we think this is expected to persist going forward. As buyers from other markets step in and look to cover their needs, as was the case last week with S. Korea and Japan for instance, then higher prices will be needed to ration out supply. Total exports to China in February were 7,995 MT compared to 532 MT a year ago. In the first two months of the year, US beef and veal export shipments to China were 15,502 MT, similar to the volume currently going to Canada. Shipments to South Korea were higher in February despite the supply disruptions, pointing to continued demand strength in that market. Total shipments for the month were 23,016 MT, 4% higher than the previous year and the top market for US beef in the first two months of the year. Based on weekly shipments, S. Korea will continue to offer stiff competition to Japan. USDA reported this morning that net sales to S. Korea last week were 9,059 MT vs. 4,244 MT sold to Japan. In the five weeks ending April 1, net sales to S. Korea have been 28,066 MT vs. 30,031 MT sold to Japan. The value of US beef exports in February was \$597.8 million, only slightly under last year's levels. The value of beef variety meat was \$71.7 million, 13% lower than the previous year.

As expected US pork export shipments were lower in February, largely because we are comparing to the extremely high levels established a year ago. Production disruptions likely played a minor role. More negative, in our view, are the delays in exporting product out of the year, which continue to affect all proteins. Total US exports of fresh/frozen and cooked pork were 203,525 MT, 11.7% lower than a year ago but still as much as 34% higher than in February 2019. China remains the top market for US pork but shipments there declined from 72,244 MT in February 2020 to 49,046 MT this year, a 32% decline. Exports to China will likely show an increase in March but they are again expected to be lower than a year ago. We currently think March exports to China will be around 55,000 MT, 21% lower than a year ago. Exports to Mexico were 47,556 MT, 7.3% lower than last year but now approaching the export volume going to China. Last week, USDA reported net sales to Mexico over 23,000 MT, setting the stage for continued strong export shipments in April and early May.

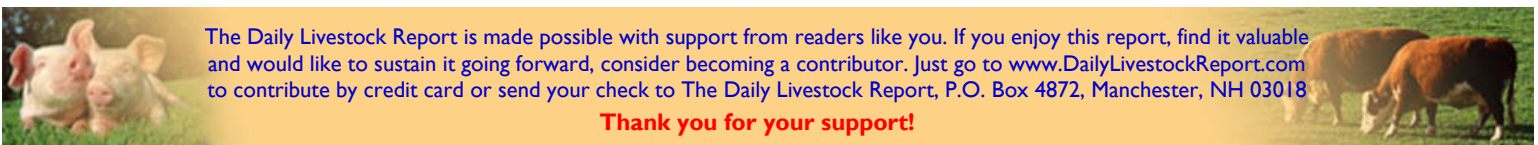
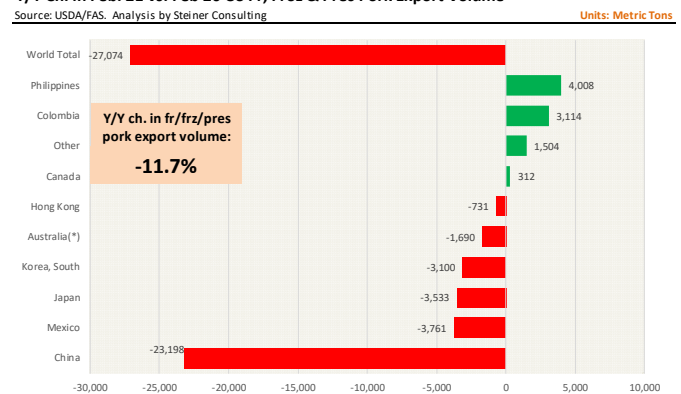
Y/Y Ch. in Feb. 21 vs. Feb 20 US Beef and Veal Export Volume



US Exports of Fr/Frz/Pres Beef: China



Y/Y Ch. in Feb. 21 vs. Feb 20 US Fr, Froz & Pres Pork Export Volume



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