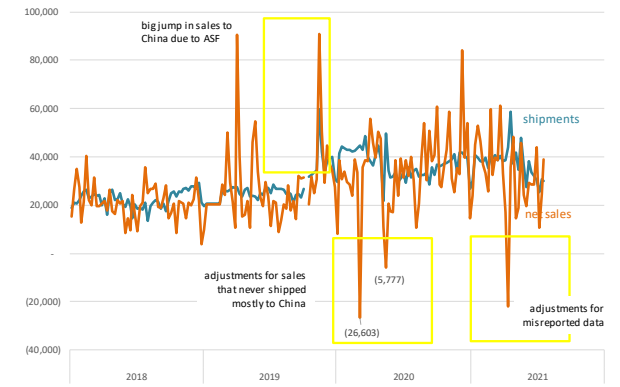


Yesterday we looked at how US hog prices compare with prices in other key exporting countries so it is appropriate to follow up with **an update on export sales**. USDA issued this morning new data on shipments and sales for the week ending July 22, and the results were generally positive for both beef and pork. Our assessment is that beef numbers were generally more bullish as sales numbers were big for a second consecutive week and they were more broad based. On the other hand, net pork export sales were up mostly because of one market - Mexico. Pork sales to other markets have slowed down significantly. A number of news sources last night also reported on **a confirmed case of ASF in the Dominican Republic**. This does not have a material impact on the US market since pork from the Dominican Republic already is not allowed to enter the US due other diseases there. However, it does raise questions as to how the disease was introduced in a country that is quite distant from both Asian and European ASF affected areas. We think the presence of ASF in the Caribbean heightens the risk that the disease could eventually make its way to the US. Proximity to Puerto Rico and travel between Puerto Rico and the US are critical risk factors in the near term. Below is a brief review of the weekly export data.

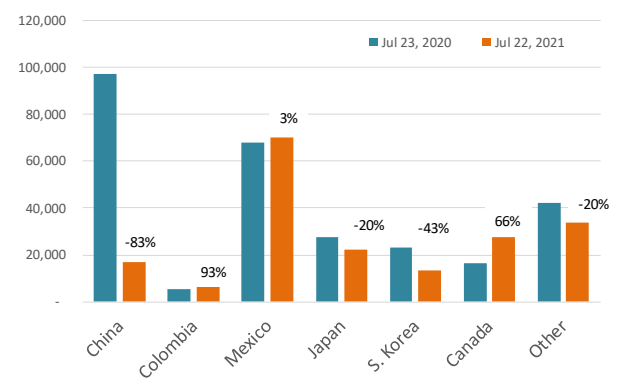
Pork export shipments have slowed down in recent weeks and shipments for the week ending July 22 were under 30k MT. Still this is a robust number from a historical perspective and especially given current slaughter levels. The most bullish number in the report were net sales to Mexico, which surpassed 25,000 MT last week, 159% above the average of the last four weeks and a record high. The big sale to Mexico helps explain why the ham market has traded so firm in the last two weeks. Last night the ham primal value was pegged at \$110/cwt. While sales to Mexico lifted the total number, **sales to other markets remain disappointing**. Sales to China, last year our top market, were a mere 807 MT and in the last five weeks sales to China have averaged under 3,500 MT. Sales to Japan at 3,175 MT were 43% lower than the average of the last four weeks and sales to S. Korea were just 307 MT, 19% lower than the four week average. Shipments to S. Korea last week were 2,061 MT. The recent decline in sales should cause shipments to trend lower in the near term. Sales to Canada were also light at 654 MT, down 67% from the average of the last four weeks and well below current level of export shipments. Overall net pork export sales were a robust 38,502 MT, with Mexico accounting for an outsize share of this total.

This latest report was **very positive for beef exports all around**. Shipments picked up and were pegged at 19,135 MT, 4% higher than the average of the last four weeks and 5% higher than last year's levels. Beef prices are lower than in June but still very high from a historical perspective (28% vs. five-year average). Beef demand in the world market continues to improve, evidenced by the fact that US exports are gaining ground despite these high prices. Net sales were especially strong following the big sales booked the week before. Total net sales were 22,467 MT, 28% higher than the last four weeks. Sales to Japan were 6,050 MT, almost 40% higher than the four-week average while sales to S. Korea were big once again at 8,222 MT, 48% higher than the four-week average. China remains the third largest market, with sales last week near 4,500 MT and outstanding sales of 38,112 MT, almost as high as those to Japan.

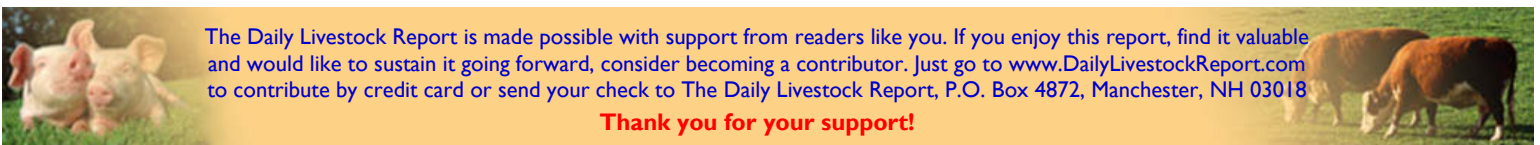
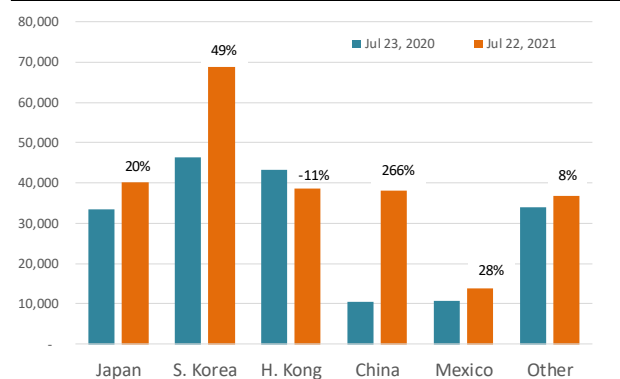
Weekly Pork Export Shipments and Net Sales. All Markets. Thru 7/22
Source: USDA-FAS. Analysis by Steiner Consulting



Outstanding Pork Export Sales as of July 22 vs. Year Ago
Data in Metric Ton, Product Wt. Basis. Source: USDA-FAS. Analysis by Steiner Consulting



Outstanding Beef Export Sales as of July 22 vs. Year Ago
Source: USDA-FAS. Analysis by Steiner Consulting



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