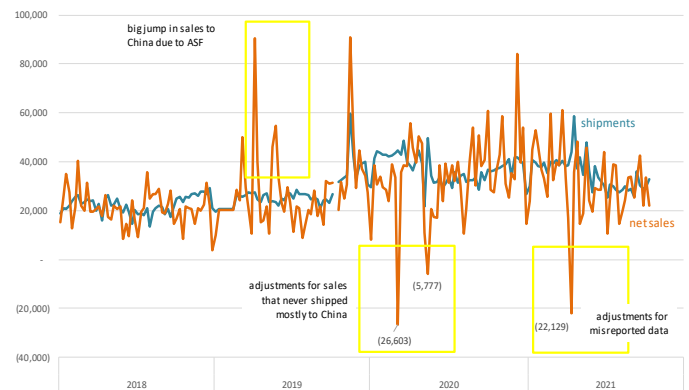


The weekly export update was issued by USDA this morning and it was hard to view it as anything but bearish. We do have some doubts regarding the data quality (especially beef) because sales for many countries were down dramatically. Normally we see pork export sales improve during this time of year as supply availability increases. Last week hog slaughter was over 2.6 million head and it will be close to that level again this week. And yet, **last week pork export sales were just a little under 21,000 MT and they have averaged 25,500 MT in the last three weeks.** This is well below the current shipment pace of 31-32,000 MT/week and last year at around 36,000 MT per week. **Sales to China have fallen off a cliff and not showing any signs of recovery.** Last week sales to China were just 175 MT and in the last three weeks they averaged just 1,500 MT/week. Shipments to China last week were 4,083 MT, down 5.4% from the average of the previous four weeks and 67% lower than last year. Given the current pace of sales, shipment to China will move lower. **Mexico continues to pull good volumes, but it's not enough to keep the market afloat all by itself.** Shipments to Mexico last week were strong at near 15,000 MT, 35% higher than the previous year. Sales for the week were 10,171 MT, down 32% from the average of the previous four weeks. A slowdown in sales to Mexico and dearth of sales to other markets appears to have pushed more product in the domestic market. With limited labor, this means extreme downward pressure on bone-in products, whether loins, butts, picnics or hams. Sales to other markets were also weak. So even as overall pork shipment were higher than the four week average and only 10% lower than last year, the slowdown in sales does not bode well for the pork wholesale market in the next two months.

Beef shipments continue to hold together well but the sharp slowdown in sales last week may be a warning shot that demand has started to shift. Still early to talk about this, however. We would need to see a second and third week of poor beef export sales before calling for a significant slowdown. Total shipments last week were 17,053 MT, about the same as the four week average and just 4% lower than a year ago. Net sales for the week were just 7,800 MT, however, a 50% decline from the pace of the last four weeks. Sales were lower across the board, which makes us think that maybe USDA did not receive a report from a major exporter. If that's the case, then the numbers will be included in next week's update, which is why we are saying we want to see a second and third week before calling a slowdown. Sales to China were down 58% from the four week average and sales to S. Korea were down 68%, which is a red flag that there may be some issue with the data. Shipments to China are holding steady at around 3,000 MT/week and shipments to S. Korea at 5,400 MT were 26% higher than the four week average and 27% higher than a year ago.

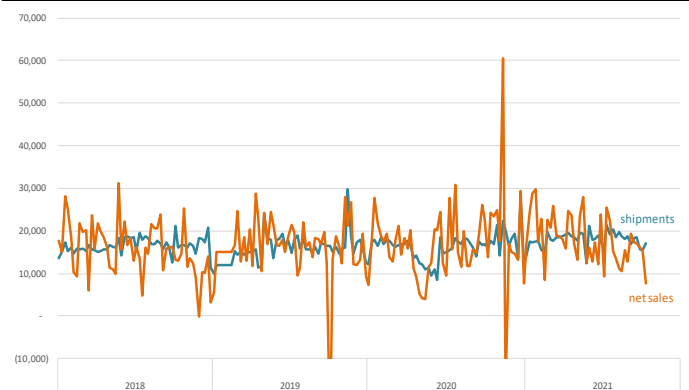
Weekly Pork Export Shipments and Net Sales. All Markets

Source: USDA-FAS. Analysis by Steiner Consulting



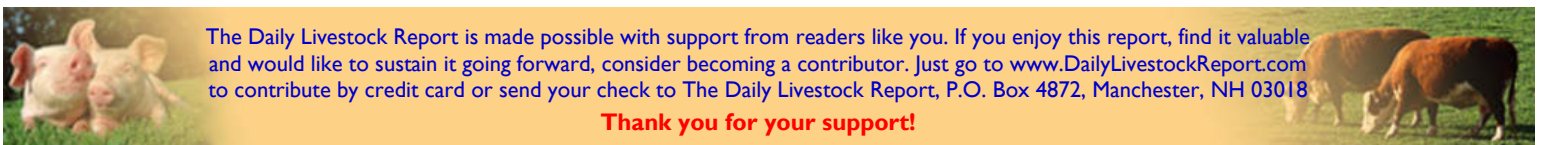
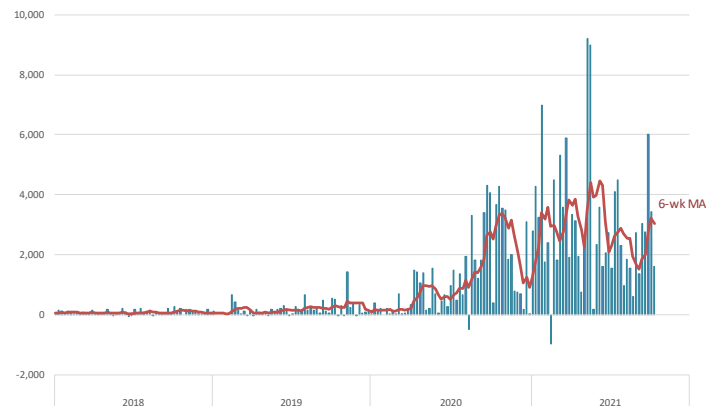
Weekly Beef Export Shipments and Net Sales. All Markets

Source: USDA-FAS. Analysis by Steiner Consulting



US Weekly Beef Export Sales to China. Metric Ton, shipped wt.

Source: USDA-FAS. Analysis by Steiner Consulting



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