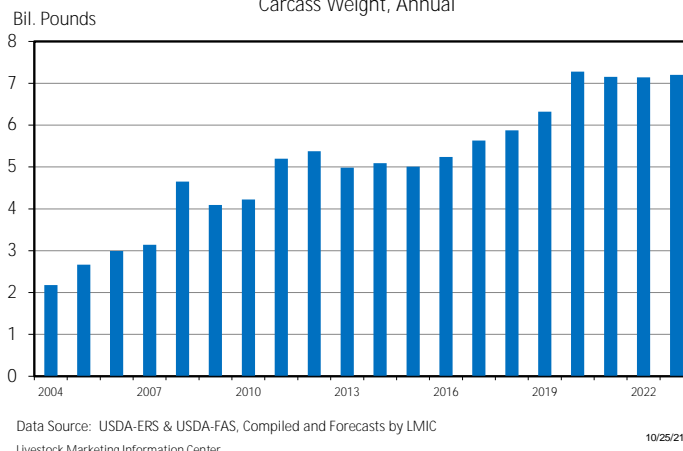


Yesterday's DLR discussed the outlook for domestic per capita consumption which is expected to remain historically large in the near term. Recall that the equation to calculate per capita consumption is total supply (production + beginning stocks + imports) minus exports and ending stocks divided by population. A growing component of the equation has been exports due to rising foreign demand in recent years.

LMIC is expecting beef production to increase marginally in 2021 which will be partially offset by a forecasted record beef export level of 3.4 million pounds (carcass weight equivalent). In 2021, 12.4% of beef production is expected to be exported, slightly higher than the five year average of about 11%. In 2022 and 2023, beef production is forecast to decline about 2% while exports are expected to decrease about 5%. The combined decreases are factoring into lower forecasted per capita beef consumption of 56 and 55 pounds, respectively for 2022 and 2023. If beef production declines only 2% but exports were to decrease further than 5% U.S. per capita consumption levels could increase.

Pork exports have become an integral part of the pork demand picture as 2020 was a record year at nearly 7.3 billion pounds, 25.7% of pork production. In 2021, pork exports are forecast to dip slightly to almost 7.2 million pounds while 2022 and 2023 are expected to remain at about 7 million pounds. Pork exports will likely account for about 25%-26% of pork production over the next couple of years. The wild card for pork exports will be China as U.S. shipment levels have fallen for the last three months. Higher shipments to Mexico and Japan have partially offset the lower levels to China. If product to

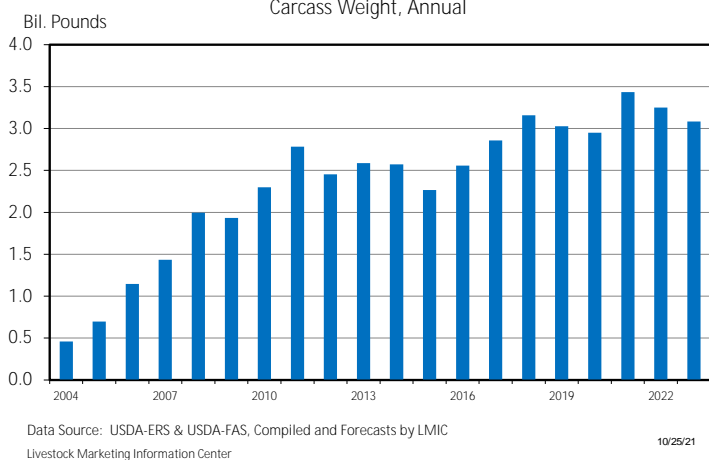
U.S. PORK EXPORTS Carcass Weight, Annual



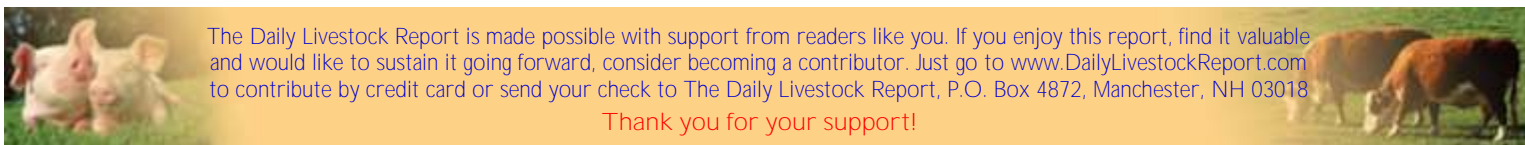
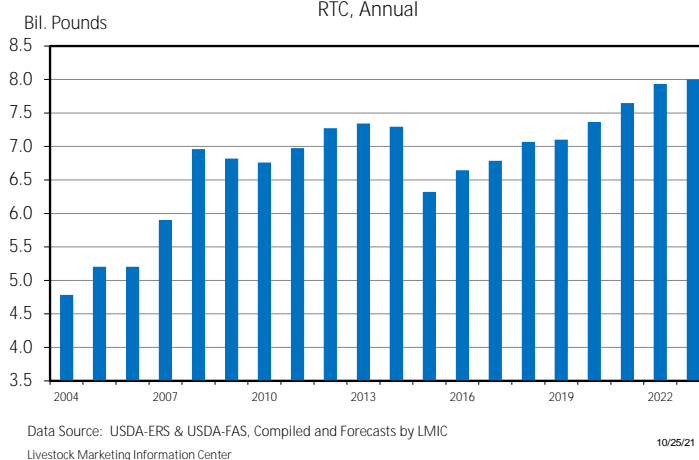
China had not shifted to other markets, then it would have stayed on the domestic market and raised per person consumption. Maintaining export levels over the next few years will be key for the pork sector.

LMIC is forecasting record levels for chicken exports between 7.6-8.0 billion pounds over the next couple of years, which will account for over 17% of U.S. production. Just as with beef and pork, higher chicken exports will help moderate per capita consumption levels. Based on the equation above, for all three meats growing export levels means less product consumed on the domestic market which is price supportive.

U.S. BEEF AND VEAL EXPORTS Carcass Weight, Annual



U.S. BROILER EXPORTS RTC, Annual



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