

It has once again been our honor to have you read and support our work most every working day this past year. We do not take the investment of your time lightly and hope you consider it well spent — and will do so again in 2022!

May you have a Healthy and Prosperous New Year!

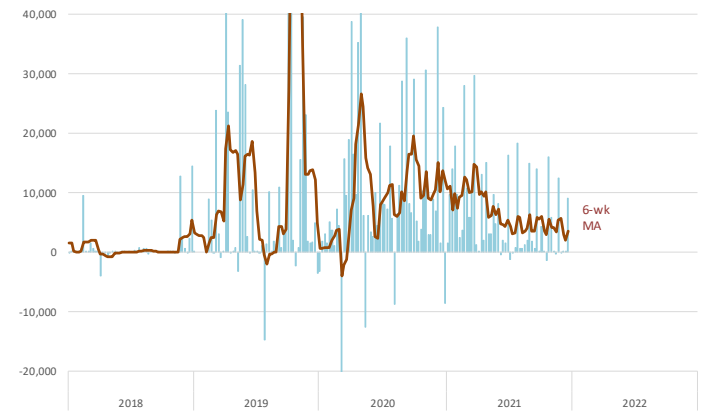
Steiner Consulting Group, L/MIC and CME Group

The weekly export data released yesterday was somewhat positive for pork given that net sales were a combined 40,468 MT. If we were prone to picking a choosing data to support a bullish argument, we would point at this number and say - see this shows demand for US pork remains excellent. The problem is that sales numbers should be viewed in context. Take a look at the chart to the right, for instance. Chinese buyers continue to put orders for US pork, but they are putting orders at less frequent intervals and at lower levels. As a result, the six week moving average, which smooths out the weekly spikes, continues to trend lower. At the start of the year the six week moving average of US pork export sales to China was running at over 10,000 MT/week. Last week it was at around 3,500 MT/week. Mexico continues to lead the pack as the top market for US pork, with sales supported by attractive ham values at this time of year. **Net sales to Mexico were almost 20,000 MT last week, accounting for about half of all the business booked last week.** Shipments to Mexico last week were 15,864 MT, 3.5% lower than the average of the previous four weeks but still as much as 18% higher than a year ago. Interesting that USDA still shows outstanding pork sales for this marketing year to Canada at 27,153 MT, a 17 week supply given current pace of shipments. Those outstanding sales will be transferred to the new year next week but the question remains whether they are overstated and need to be corrected. **Bottom line:** Given all the transfers/adjustments, don't read too much in the latest report although the strong pace of shipments to Mexico remains positive for the market in the near term. Lack of Chinese demand is a concern, especially in the first four months of the year when domestic demand for fresh pork is seasonally weak.

Beef export shipments continue to hold up fairly well and at 17,047 MT they were just 2% lower than the average of the last four weeks. Sales were lower but in recent weeks we have seen a lot of volatility in the week to week pace of export sales. We have yet to see a downward trend in sales to export markets and the latest information should be seen in this broader context. Probably **the more negative number in the report were sales to China, which were just 1,200 MT.** In previous weeks we had seen a significant increase in sales to China at +6000 MT/week. The slowdown could be the market just catching up following big sales packages. **Or it could reflect the effect of China now resuming purchases of Brazilian beef.** With Brazil now back in the Chinese market, after a three month hiatus, we could see Chinese demand for US beef cool off a bit. Sales to Japan and S. Korea were also softer. Outstanding sales to Hong Kong remain huge at 43,000 MT but we don't expect to see these numbers convert to exports, more likely they will be corrected at some point next year.

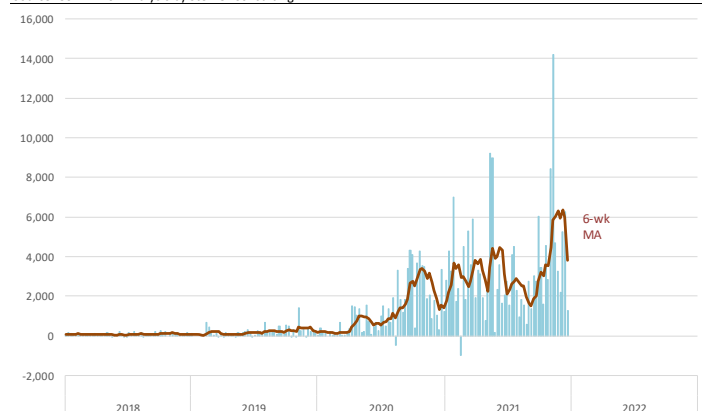
US Weekly Net Pork Export Sales to China. Metric Ton, shipped wt.

Source: USDA-FAS. Analysis by Steiner Consulting. Includes Current and New Marketing Year Sales



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

Source: USDA-FAS. Analysis by Steiner Consulting



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