

# Daily Livestock Report

Published daily by Steve Meyer and Len Steiner

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## Market Comments

U.S. pork exports increased sharply in July from month-earlier levels as trade with Mexico continued to rebound from the damage inflicted by H1N1 influenza back in April and May. Pork exports were still far below the levels of July 2008 but, as can be seen at right, were closer than at any time since March. Beef exports were slightly lower than in June and sharply below year-ago levels. Shipments to Japan were higher than in July 2008 but trade with Mexico and Canada were lower and shipments to Russia were down nearly 75%.

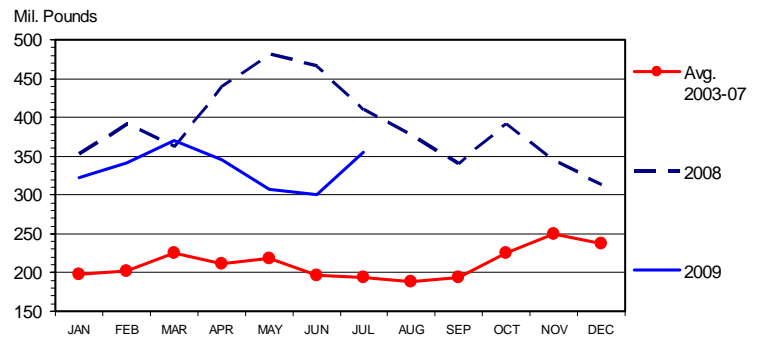
Pork exports, of course, have looked awful this year because they have been compared to last year's phenomenal summer performance. Recall that pork exports for all of 2008 were 49% higher than the year before, establishing the 15th straight record for the industry and accounting for 20% of total carcass-weight pork production. There was little hope that this year's exports would reach those levels and they certainly have not. But July's totals were impressive given the circumstances — and were 62% larger than July 2007 export totals. We have argued all along that a reasonable goal for this year is to stay at or above the trend based on 2004-2007 data. The chart on page 2 shows that July shipments were well above that trend and have put YTD 2009 exports 5.2% above the trend as well. No one is happy with exports that are 19% lower than last year but a bit of realism tells us that is not a terrible result when the longer term is considered.

Through July, the star market for U.S. pork exports is — MEXICO at +35% for the year. While recent months have not been as good as January-March, the rebound has been rapid and relatively large considering the hit that Mexican pork demand took in late April. Japan is virtually even with year-ago shipments at the end of March while China/Hong Kong is down 72% and Russia is down 30% for the year.

Among the major U.S. beef markets, the most noteworthy July performance was that of Japan — up 10.8% from last year and, at 33.7 million pounds, carcass, the second straight month of record post-BSE shipments. Beef exports to Japan are now up 12% YTD. The only other major market that saw a year-on-year increase in beef exports was South Korea — up 62.5% from a very low July total (4.7 million pounds, carcass) last July. It was in August 2008 that shipments to Korea began to grow sharply when BSE restrictions were finally relaxed. Korean exports topped out at 46.9 million pounds in September before falling all the way to just 4.9 million pounds in April of this year. So, the +104% figure for Korea for 2009 YTD will begin to get much smaller each month unless beef exports increase sharply.

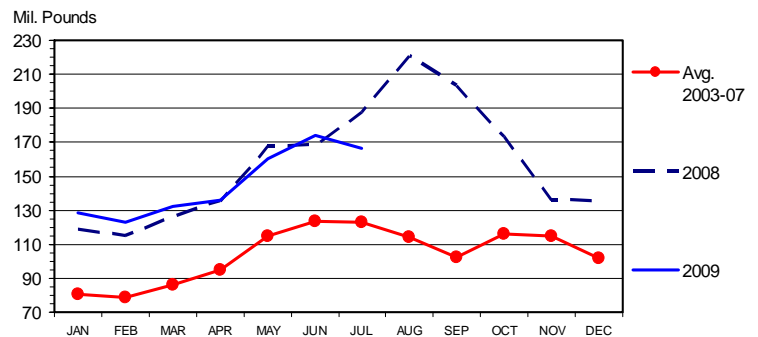
### U S PORK EXPORTS

Carcass Weight, Monthly



### U S BEEF AND VEAL EXPORTS

Carcass Weight, Monthly



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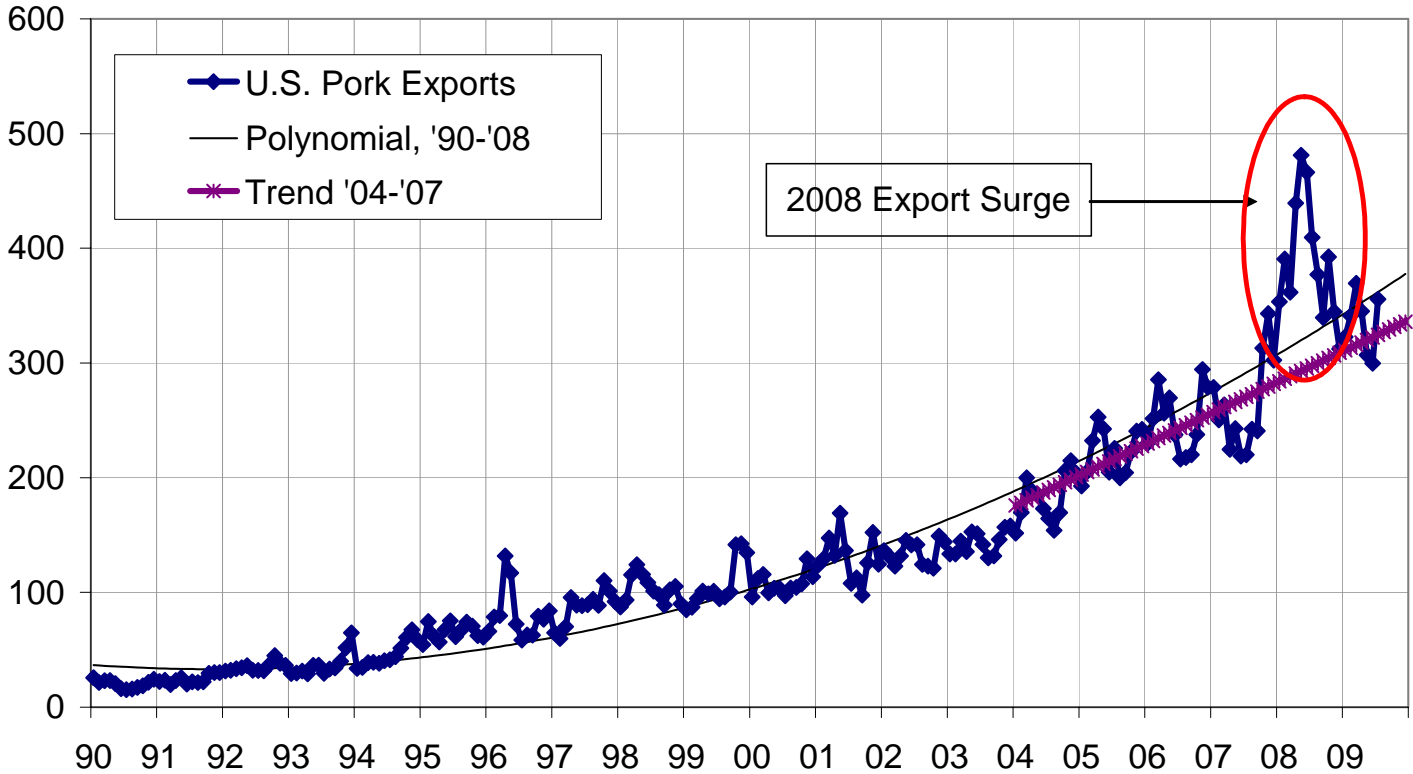
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## MONTHLY U.S. PORK EXPORTS & TRENDS

Mil. lbs. carcass



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