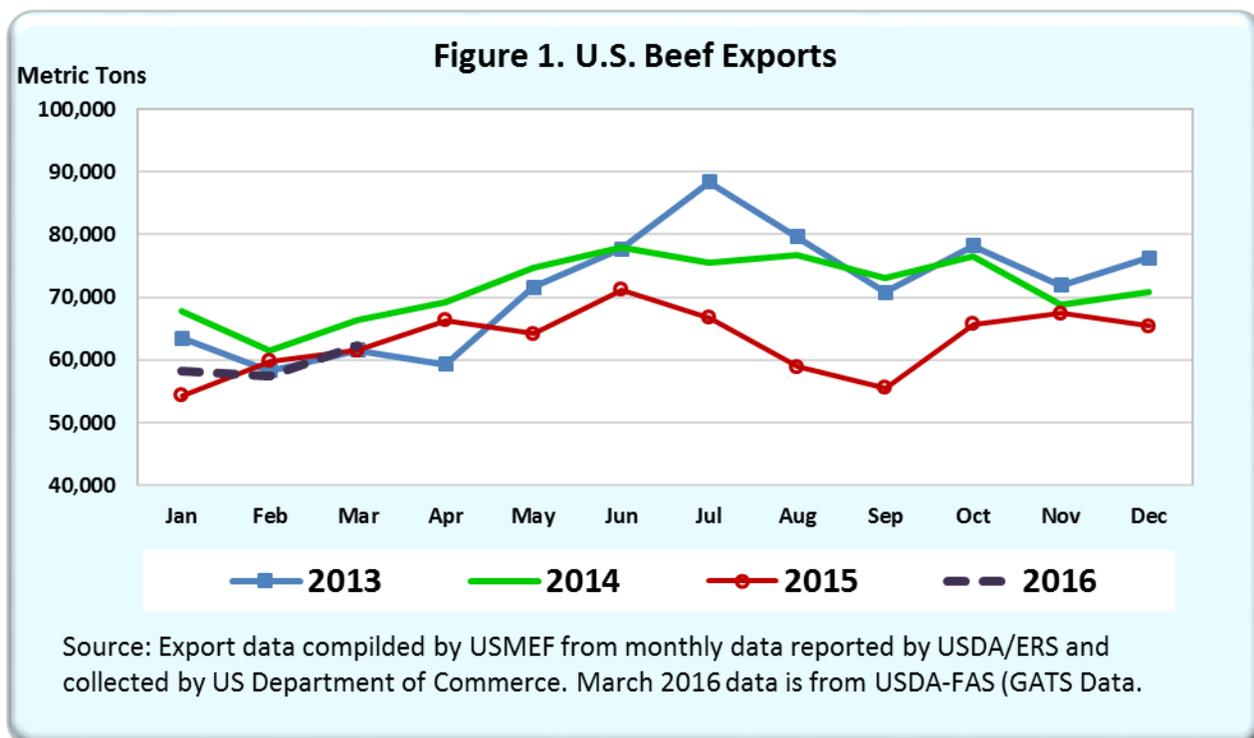


## U.S. Beef Exports: January to March 2016 (05/10/2016)

In March 2016, U.S. beef exports reached a volume of 62,335 metric tons (MT), increasing both year over year (1.3%) and relative to the previous month (8.4%) (see Figure 1). U.S. beef exports during March 2016 were valued at \$411.3 million, down 10.0% relative to the same period last year.



The total volume of U.S. beef exported during the first three months of 2016 (178,053 MT) was slightly above (1.3%) the previous year (see Table 1); however, mainly due to lower U.S. beef prices, the value of those exports (\$1.154 billion) was 14.9% below year ago levels (see Table 2).

Exports to Japan reached a volume of 16,208 MT in March 2016 rising 5.1% compared to the same period last year and 21.8% relative to exports during the prior month. Japan is the leading volume market for U.S. beef this year. The total volume of U.S. beef exported to Japan during the first quarter of this year increased 6.9% to 42,964 MT year over year, as U.S. beef exports grew 20.2% in January 2016 and 5.1% in March 2016, compared with the volume exported a year earlier, respectively. However, exports in February 2016, declined 2.0% relative to the prior year. The value U.S. beef exports to Japan from January to March 2016 (\$230.0 million) fell 13.2% from a year earlier (see Table 2). Despite this decline in value, Japan continues as the main value market for U.S. beef. According to the most recent Livestock, Dairy, and Poultry Outlook (USDA, LDP Outlook, April 18, 2016), U.S. beef exports to top markets such as Japan are expected to increase market share, as Australia is experiencing cattle slaughter decline, which is negatively impacting Australia's beef exports.

U.S. beef export volume to South Korea during the first quarter of this year (2016) was 18.4% above last year (see Table 1), but the value of those exports declined 3.6% to \$187.5 million compared with the first quarter of 2015 (\$194.5 million) (see Table 2). The volume of exports to South Korea declined 2.5% in March 2016 from the February 2016 volume (10,511 MT).

**Table 1. U.S. Beef Exports to Selected Destinations (Metric Tons)**

| Destination      | Jan-16 | Feb-16 | Mar-16 | Jan-Mar 2015 | Jan-Mar 2016 | % Change |
|------------------|--------|--------|--------|--------------|--------------|----------|
| US Total Exports | 58,206 | 57,512 | 62,335 | 175,682      | 178,053      | 1.3%     |
| Japan            | 13,452 | 13,304 | 16,208 | 40,195       | 42,964       | 6.9%     |
| Mexico           | 7,245  | 8,091  | 9,103  | 28,507       | 24,439       | -14.3%   |
| Canada           | 8,067  | 7,261  | 7,599  | 25,450       | 22,927       | -9.9%    |
| South Korea      | 9,927  | 10,511 | 10,246 | 25,924       | 30,684       | 18.4%    |
| Hong Kong/China  | 9,586  | 9,142  | 8,955  | 25,484       | 27,683       | 8.6%     |
| Other            | 9,929  | 9,203  | 10,224 | 30,122       | 29,356       | -2.5%    |

Source: US Meat Export Federation (Compiled from USDA Data)

**Table 2. U.S. Beef Exports to Selected Destinations (US \$000)**

| Destination      | Jan-16  | Feb-16  | Mar-16  | Jan-Mar 2015 | Jan-Mar 2016 | % Change |
|------------------|---------|---------|---------|--------------|--------------|----------|
| US Total Exports | 369,494 | 373,165 | 411,309 | 1,355,628    | 1,153,968    | -14.9%   |
| Japan            | 69,420  | 67,863  | 92,751  | 265,061      | 230,035      | -13.2%   |
| Mexico           | 48,160  | 53,754  | 56,530  | 209,874      | 158,444      | -24.5%   |
| Canada           | 52,594  | 47,950  | 54,058  | 194,227      | 154,602      | -20.4%   |
| South Korea      | 61,367  | 62,839  | 63,246  | 194,513      | 187,452      | -3.6%    |
| Hong Kong/China  | 55,419  | 56,606  | 53,360  | 201,578      | 165,384      | -18.0%   |
| Other            | 82,534  | 84,153  | 91,364  | 290,375      | 258,051      | -11.1%   |

Source: US Meat Export Federation (Compiled from USDA Data)

From January-March 2016, South Korea has imported about 71% of the amount of U.S. beef imported by Japan during the same period, which is placing that market as the second largest importer of U.S. beef, a status it gained last year also. In contrast, the total volume of U.S. meat exported to Mexico from January to March 2016, fell 14.3% to 24,439 MT, relative to the first three months of 2015. Lower U.S. beef prices have not stimulated enough imports from Mexico, due in part to Mexico's weak peso, although imports during March 2016 were up 12.5% (9,103 MT) from the preceding month.

U.S. beef exports to Canada decreased 17.7 % in January and 10.0% in February 2016 compared with the corresponding previous months. But the latest data show that March shipments grew 4.7% to 7,599 MT compared to those in February (7,261 MT). Year over year, the volume of U.S. beef exports to Canada from January to March 2016 (22,927 MT) was down 9.9%, while the value of those exports fell 20.4% to \$154.6 million.

Exports to Hong Kong during the first quarter of 2016 rose 8.6% to 27,683 MT from the volume shipped during the same period a year earlier (see Table 1), but the value of those exports dropped 18.0% to \$165.4 million (see Table 2 above).

2016 total U.S. beef production is forecast at 24.8 billion pounds (USDA, LDP Outlook, April 18, 2016), up 4.8% from 2015 (23.7 billion pounds). Beef production is forecast to increase on account of expected relatively high carcasses weights in response to lower feed prices. Meanwhile, despite constrained U.S. beef imports from Mexico and Canada so far this year, total U.S. beef exports are forecast up 8.3% (to 2.5 billion pounds) in 2016 compared to last year, as U.S. beef is expected to gain market share in the Asian market, particularly in Japan, the top market for U.S. beef. Declining cattle slaughter and shipments from Australia are opening export opportunities for U.S. beef in 2016. According to USDA, larger forecasted beef supplies, coupled with lower wholesale prices this year, are expected to encourage foreign demand for U.S. beef products. Roughly 10% of U.S. beef production is expected to be exported this year. 2016 U.S. beef imports, on the other hand, are forecasted at 2.9 billion pounds, down 13.9% from last year as the reduction in the volume of imports from Australia is offsetting imports from other countries such as New Zealand.