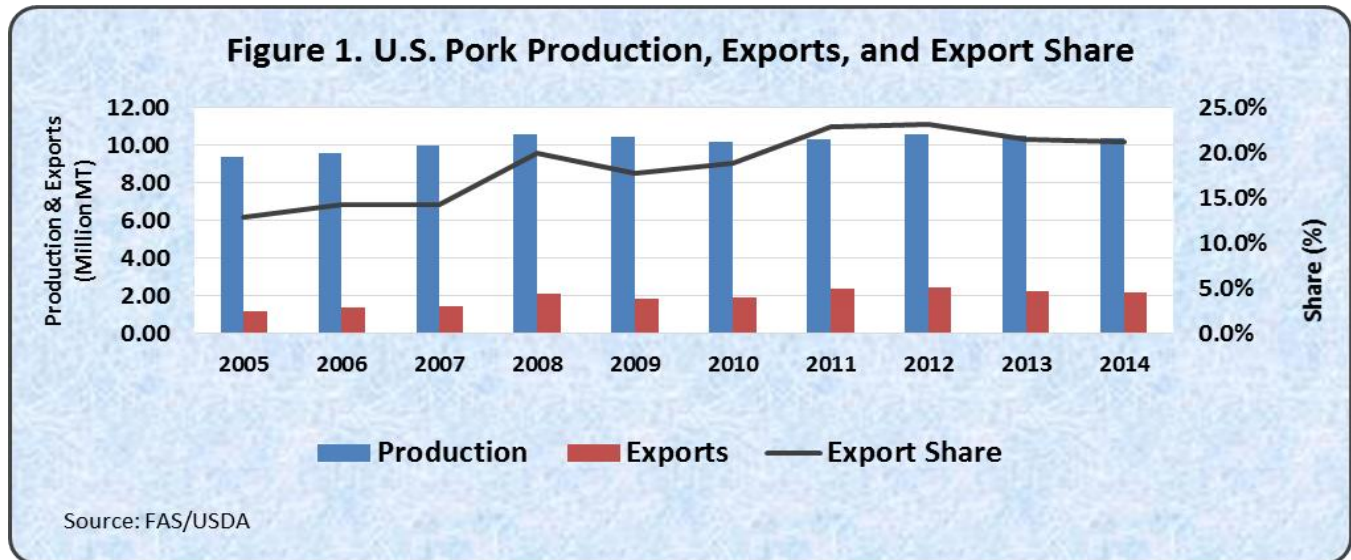
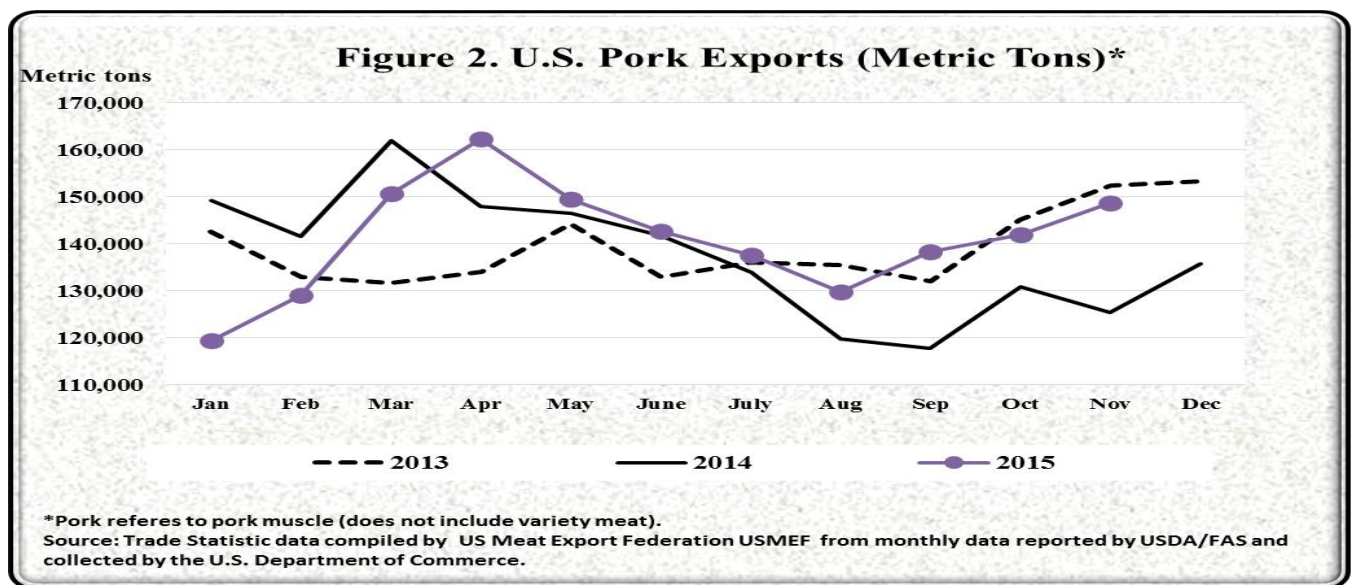


U.S. Pork Exports: January to November 2015 (01142016)

U.S. pork production increased 10.4% from 9.4 million Metric tons (MT) in 2005 to 10.4 million MT in 2014 (see Figure 1). At the same time, U.S. pork exports rose from 1.2 million MT in 2005 to 2.2 million MT in 2014, representing an 82% increase during that period. About 13% U.S. pork was exported in 2005, whereas from 2011 to 2014 pork export share grew to an average of 22.2% per year.



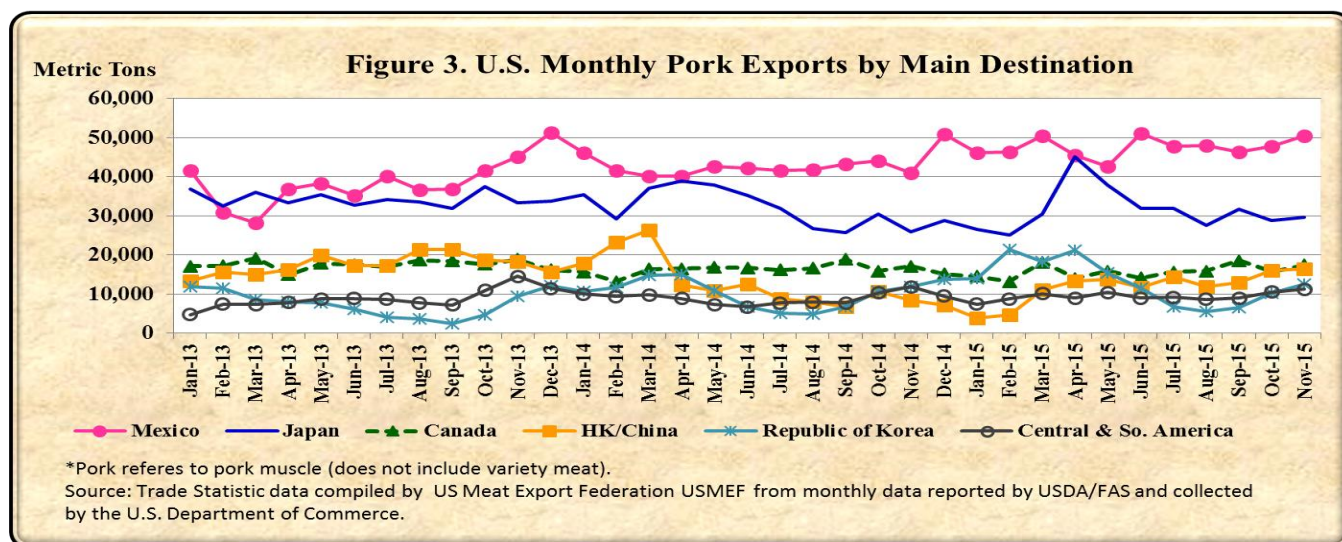
The latest (January 7, 2016) USDA meat trade data indicates that after April 2015, when the year's highest volume of U.S. pork exports was shipped, pork export volumes declined each month until September, when volumes of U.S. pork exports started to increase (see Figure 2). Compared to their corresponding previous months, U.S. pork muscle cut exports rose 6.7% in September, 2.5% in October and 4.8% in November. Pork exports during September and October 2015 increased 17.5% and 8.4% year-over-year, respectively, while exports during November were 18.6% higher than the same period in 2014.



Based on the USDA's Livestock, Dairy, and Poultry Outlook (LDP) report released on December 15, 2015, pork production during the first three quarters of 2015 increased 8.0% to 8.184 million MT year-over-year, indicating a recovery from the impact of Porcine Epidemic Diarrhea virus (PEDv) on the industry in 2014. The recovery from PEDv did not translate into a substantial increase in U.S. pork muscle cut exports in 2015 compared to 2014. From

January to November 2015, exports increased only 2.2% year-over-year. U.S. pork exports in 2015 were negatively impacted by factors such as a strong U.S. dollar, intensified competition from other pork exporters such as the European Union, and temporary traffic congestion in West Coast ports at the beginning of the year. The volume of U.S. pork exports during the first eleven months of 2015 was up 2.0% relative to 2013 (1.520 million MT).

Mexico continues as the main importer of U.S. pork. The U.S. exported 522,146 MT of pork muscle cuts to Mexico during the first eleven months of 2015, rising 12.5% from the previous year. November 2015 exports to Mexico rose 5.3% from those in October (2015). Exports in November were 22.7% higher than the same period in 2014 (see Figure 3).



Japan is the second largest market for U.S. pork but the volume exported to Japan has declined since 2011. Exports to Japan fell from 477,677 MT in 2011 to 383,089 MT in 2014, representing a reduction of 19.8%. The volume of U.S. pork shipped to Japan totaled 346,195 MT through the first eleven months of 2015 and was 2.3% below the volume exported during the same period of 2014. The West port congestion at the beginning of 2015 substantially affected pork exports to Japan, hampering the ability of U.S. pork exporters to meet Japan’s pork shelf-life requirements. In addition, due to the Russian ban on meats imposed on several countries (including the U.S. and EU) in 2014, the EU has rerouted its pork exports to other markets; as a result, Japan (among other countries) has seen a large influx of low priced EU pork (largely due to the strength of the U.S. dollar), and in turn has weakened Japan’s demand for U.S. pork.

It is important to mention, that despite the downward trend in the volume of U.S. pork exports to Japan during 2015, Japan was the leading *value* destination for U.S. pork. From January to November 2015, the value of U.S. pork muscle cuts exported to Japan was \$1.411 billion compared to \$967.397 million, the value of U.S. pork exports to Mexico during the same period. The majority of Mexico’s pork imports consist of hams and picnics and mechanically deboned meat (MDM). On the other hand, according to USDA/ERS, Japan imports about the same amount of fresh chilled pork and frozen products, with the U.S. being the main supplier of fresh pork. Fresh pork includes higher priced cuts such as loins. The value of U.S. pork exported to Japan during the first eleven months of 2015 was 15% lower compared to the same period the previous year, reflecting in part, both lower demand for U.S. pork and lower U.S. pork prices in 2015.

Other important destinations for U.S. pork from January to November 2015 were Canada, South Korea, Hong Kong/China, and Central and South America (see Figure 3). Despite the strong U.S. dollar, U.S. pork muscle cut exports to South Korea and Central and South America managed to stay ahead of 2014. The U.S. exported

143,427 MT of pork to South Korea from January to November of 2015, climbing 31.3% relative to 2014. On the other hand, the pork volume imported by Central and South America during the first eleven months of 2015 increased 5.6% compared to a year earlier. From January to November 2015, the U.S. exported 172,951 MT of pork to Canada in contrast to 179,600 MT in 2014 (see Table 1).

Destination	Sep-15	Oct-15	Nov-15	Jan-Nov 2014	Jan-Nov 2015
US Total Exports	138,398	141,923	148,740	1,516,719	1,550,332
Mexico	46,371	47,796	50,312	464,139	522,146
Japan	31,589	28,702	29,550	354,239	346,195
Canada				179,600	172,951
South Korea				109,253	143,427
Central & South America				97,523	102,936

Source: Trade Statistic data compiled by US Meat Export Federation USMEF from monthly data reported by USDA/FAS and collected by the U.S. Department of Commerce.

Based on the latest (January 12, 2016) USDA's WASDE report, the estimated 2015 (January to December) pork production outpaced the previous year production by 7.2% to 11.12 million MT; however, U.S. exports are estimated to rise only 1.8% in 2015 relative to the previous year. The share of export was estimated to decline from 21.2% in 2014 to 20.2% in 2015, as 2015 exports did not keep pace with the increased production in 2015. As of January 2016, USDA projects an annual pork production of 11.33 million MT during 2016, representing only a 1.9% increase compared to the estimate for 2015. As reported in the USDA's Quarterly Hogs and Pigs report, published on December 23, pig crop growth may be constrained in 2016 by producer intentions to farrow a smaller number of sows, on average, during the first half of 2016; however, production expansion in 2016 may be boosted by higher carcass weight. U.S. Pork exports on the other hand, are projected to grow 3.9% in 2016.