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## Exports Boost Livestock Prices

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# Exports boost livestock prices

**S**TRONG domestic meat and poultry demand plus husky exports have bolstered livestock prices over recent years. Exports, on a value basis, set a record high in 2014.

According to the U.S. Meat Export Federation, the U.S. beef export value equated to \$300.36 per head of each steer and heifer processed, and the U.S. pork export value equated to \$62.45 for each hog processed in 2014. Exports absorbed about 14% of U.S. beef and variety meat and 26% of U.S. pork and variety meat production in 2014.

## Exports: middle vs. end cut

While the U.S. is a huge middle meat market, the export market for the most part is an end cut (e.g., rounds and chucks, and thin meats) and variety meat market. Export demand for these products is especially important because U.S. production is large, compared with domestic demand. Together, the two markets create good value for the entire carcass for U.S. producers.



## Livestock Outlook

BY LEE SCHULZ

International trade has been a bit of a drag on the U.S. red meat and poultry market so far in 2015. Exports started this year slowly due to the West Coast port disruption. Extended impacts on exports from outbreaks of highly pathogenic avian influenza (HPAI) have further curtailed poultry trade. High prices and tight supplies limit beef exports. Plus, the strong U.S. dollar continues to work against all U.S. exports and stimulates higher imports.

Pork export volumes have been below year-ago levels for 10 of the last 13 months. July pork exports totaled 395 million pounds, down 0.5% compared to a year ago. Through the first seven months of 2015, pork exports have been down 4.3%, with the biggest decline being shipments to mainland China, Japan and Canada. Demand still remains strong among some U.S. trade partners, including higher 2015

exports to Mexico (up 12.0%), South Korea (up 44.4%) and Taiwan (up 2.4%).

In a positive sign, mainland China bought the most U.S. pork in July than for any month since March 2014. Expected higher pork supplies and lower pork prices should help overcome the negative impacts of the strong U.S. dollar to lift pork exports. Pork exports are forecast to rise 2.9% and 4.5% in 2015 and 2016, respectively.

## Beef volume below year ago

Beef export volumes have been below year-ago levels for 10 months in a row. July U.S. beef exports totaled 200 million pounds, down 12.7% from July 2014. Year-to-date beef exports are down 9.9% compared to 2014.

Higher year-over-year July exports to South Korea (up 31.1%) and Taiwan (up 17.3%) contributed to year-to-date increases in U.S. beef exports to both countries. However, North American beef trade is more troubling, with July decreases to Canada (down 10.2%) and Mexico (down 21.8%) contributing to lower year-to-date beef exports to both countries.

The looming threat of tariffs related to country-of-origin labeling adds to the prospects for weaker exports to Canada and Mexico in coming months.

Exports of all poultry and poultry products (broilers, turkeys and eggs) have declined year to date in 2015. Broiler exports totaled 502 million pounds in July, down 20.6% from last year. Turkey exports tumbled 47.8% from a year ago, totaling 40 million pounds. July egg and egg product exports totaled 22 million dozen in July, down 30% from the previous July.

Moving forward, trade flows will depend on the gradual resumption of exports to several countries and restart of production at HPAI-impacted facilities.

Despite recent challenges, trade remains an important, growing and supportive component of the U.S. livestock meat and poultry industry. Currently, these markets are working as expected, and adjustments will moderate as supply-and-demand conditions equalize, and relative meat and poultry prices rebalance.

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BY WILLIE VOGT

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