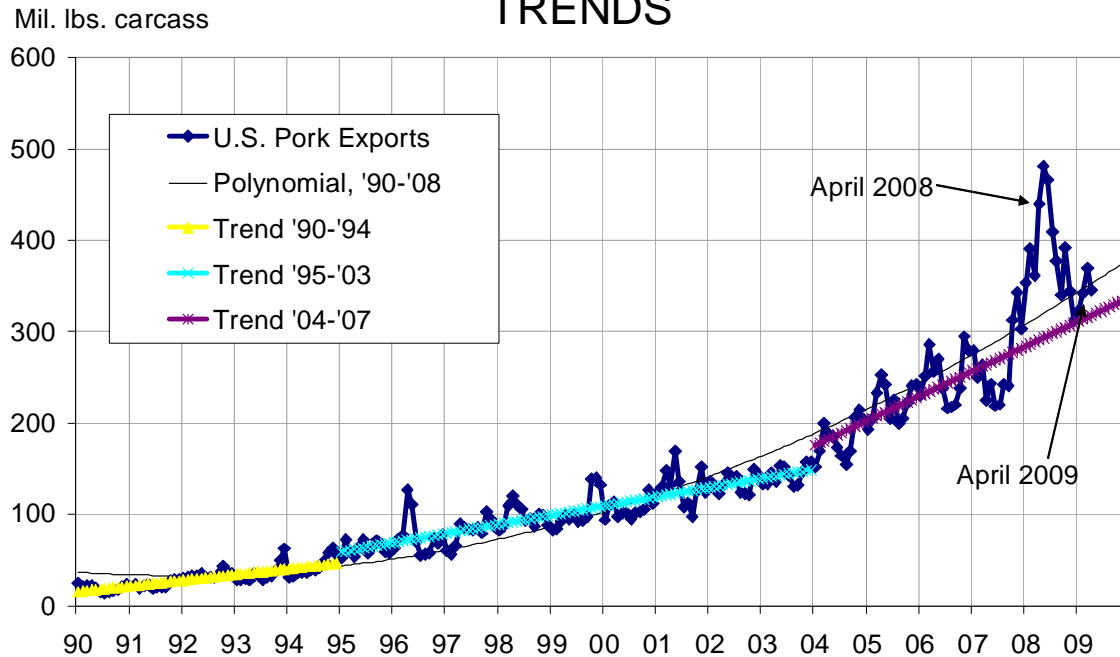


## Daily Livestock Report

### MONTHLY U.S. PORK EXPORTS & TRENDS



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E-Livestock Volume	6/11/09	6/10/09	6/4/09
LE (E-Live Cattle):	8,827	8,400	12,483
GF (E-Feeder Cattle):	1,905	1,662	2,067
HE (E-Lean Hogs):	28,989	26,304	19,551

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**USDA's Foreign Agricultural Service release export data for April today and, as expected, they indicated pork shipments substantially lower than one year ago .** Beef exports were barely higher (0.7%) this April versus one year ago but remained 5% higher year-to-date versus 2008. We caution readers to jump to few conclusions about the current situation based on these April data as the H1N1 situation broke late in that month so the full impact of H1N1 will not be seen until May data are published in July.

First a bit about pork exports, their history and "reasonable" expectations for 2008. The chart at left shows historical monthly pork exports back to January 1990. The black line is a fitted trend line that reflects the growing pace of export growth. But the data fit nicely along three separate linear trends as well and each of those trends corresponds to some major trade developments. The first trend ends in 1994 — when the NAFTA was signed and tariffs for shipments to Canada and Mexico began to decline. The second trend ends in 2003, the same time that NAFTA tariffs went to zero and about the time that Russia granted the U.S. a country-specific tariff rate quote and free trade agreements with Australia and Columbia went into effect. The impacts of these developments on the trends' slopes are dramatic.

2008 was the clear outlier and April 2008 was the first explosive growth month. Those huge months last summer were driven, of course, by a record-low U.S. dollar and huge shipments to China/Hong Kong that, judging by the way they stopped when the Olympics were over, were almost certainly driven to some degree by China's desire to have happy citizens when the world came calling. Our thought was that keeping U.S. pork exports above the '04-'07 trend, this year would be a victory for sure.

And the industry did so through April. Though April shipments were 21% lower than last year's huge number, they were still above the most recent trend and left YTD shipments only 10.8% lower than those of 2008. Yr/yr growth in April was led by Mexico (+36%), Korea (+10%) and Japan (+5%) while China/Hong Kong, Russia and Canada saw large percentage losses versus April of last year. Note that, even though Mexico took more pork this April than last, April 2008 shipments were about 14% smaller than those of March, very likely due to H1N1 influenza impacts late in the month.

**The small growth of beef exports in April was driven by shipments to Korea (+1562% from last year's small numbers), Japan (+11%) and the Caribbean (+15%).** Lower shipments to Mexico (-23%) and Russia (-67%) were the big drags on April performance. For 2008 year-to-date, beef exports 5% above last year represented some lost ground relative to the March figure of +6.5%. Korea, Japan and the Caribbean are the gainers year-to-date while shipments to Russia, Taiwan, Mexico and Canada are all down for the year.

**Note that the discussions above are based on carcass weight equivalent data from USDA's Economic Research Service.** The charts on page 2, which we think are self explanatory, are based on product weight data from the Department of Commerce via USDA's Foreign Agricultural Service. The percentage change numbers will vary somewhat depending on which data one chooses to use.

Figure 1

YTD PORK EXPORTS - PRODUCT WT.  
JANUARY - APRIL

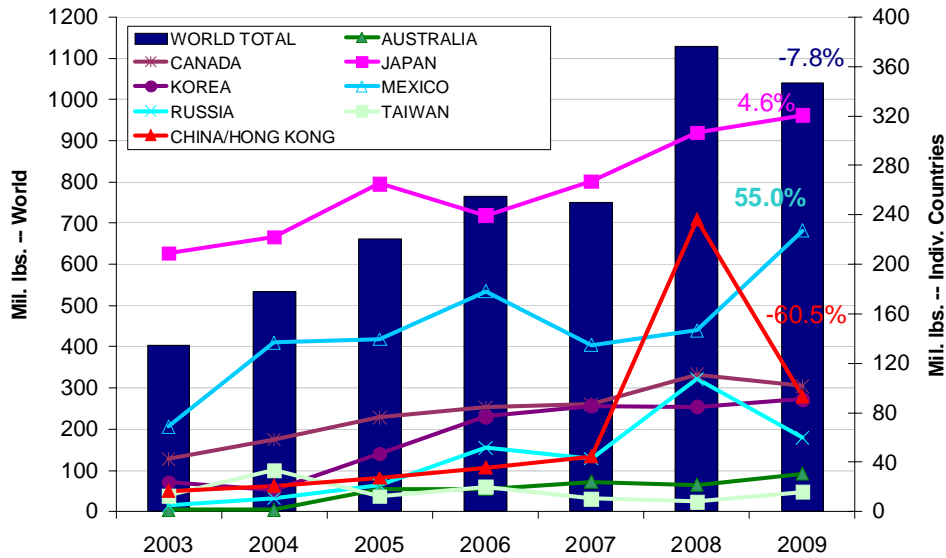


Figure 2

YTD PORK VARIETY MEAT EXPORTS - PRODUCT WT.  
JANUARY - APRIL

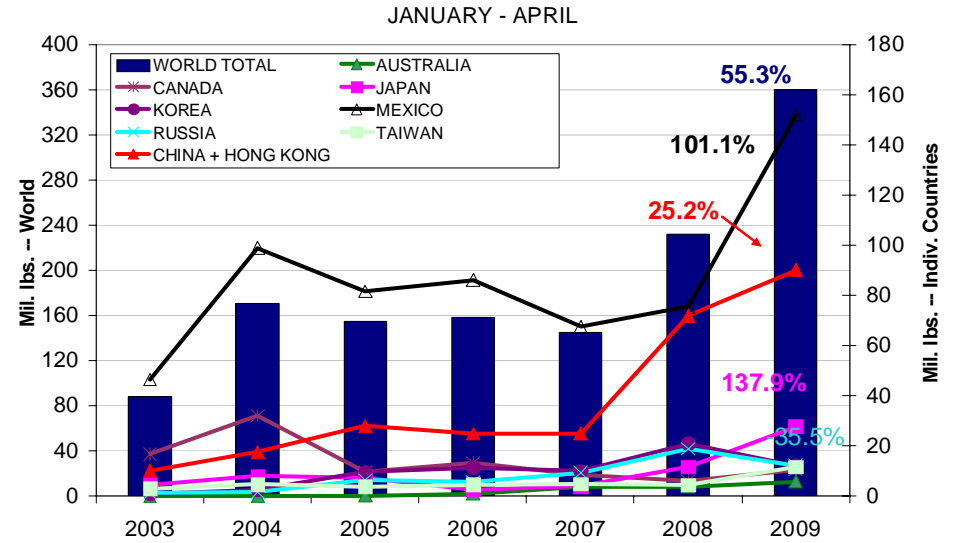


Figure 3

YTD BEEF EXPORTS - PRODUCT WT.  
JANUARY - APRIL

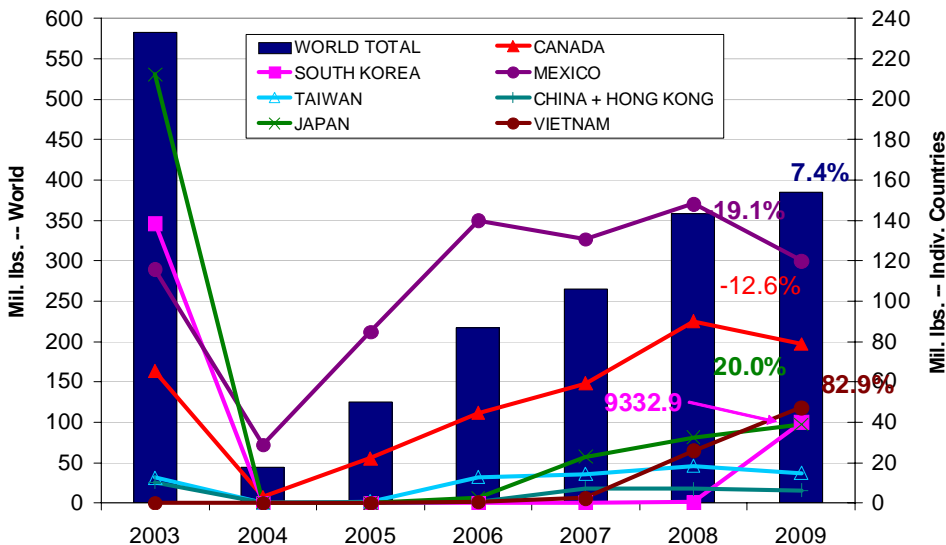


Figure 4

YTD BEEF VARIETY MEAT EXPORTS - PRODUCT WT.  
JANUARY - APRIL

