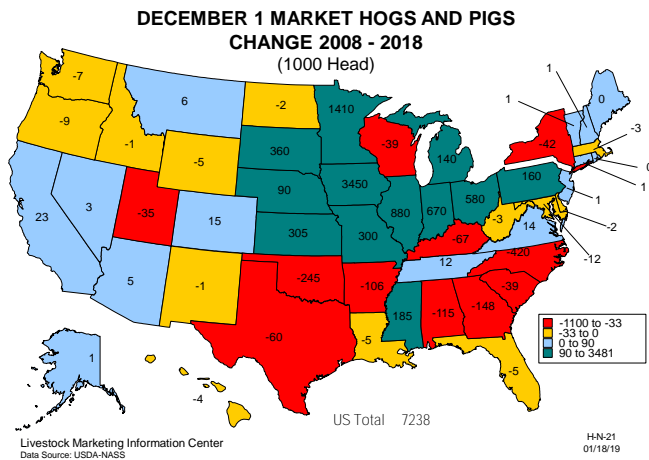


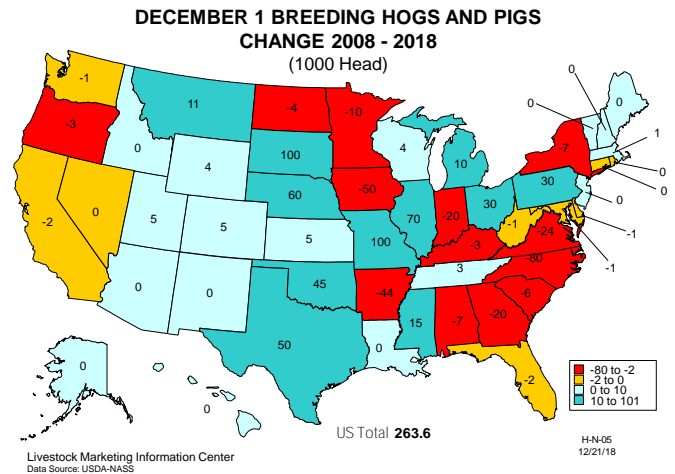
Hog production continues to concentrate in the major U.S. feed growing regions. The latest hogs and pigs report (December 1, 2018) showed 68 million market hogs in the U.S., with the top states being Minnesota, Iowa, Illinois, Indiana, Missouri, and North Carolina. That's a 7.2 million head increase from 2008 figures. Iowa, alone, has increased 3.5 million head during that timeframe, followed by the second largest increase in Minnesota of 1.4 million. The map below highlights the changes in market hog inventory from 2008-2018.



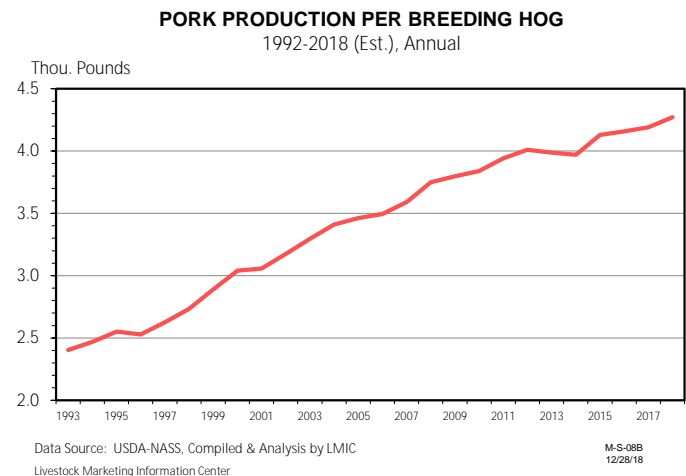
Over this same timeframe, the number of breeding hogs and pigs has expanded, with the U.S. breeding herd increasing 264 thousand head from 2008. The Southeast region of the U.S. continues to lose breeding animals, but changes remain relatively small on a per state basis. North Carolina has seen the largest change, declining of 80 thousand head since 2008, about an 8% smaller. Iowa remains at the top of the breeding herd pile with just over a million breeding animals, followed by North Carolina with 900 thousand head. The changes in those figures by state are to the right.

Breeding hogs have increasingly become more productive. Sows have increased litter rates and the number of pigs per litter, leading to increasing pork production on a per breeding animal basis. In 2018 it is estimated that annual pork production per breeding hog was 4270 pounds compared to 3748 pounds in 2008, a 14% increase.

The growth in pigs per litter has been a primary driver in this production growth rate. It wasn't until 2011 that quarter by quarter



pigs per litter routinely moved above 10 pigs and by 2015 every quarter produced greater than 10 pigs per litter. On December 1, 2008, pigs per litter was 9.5, compared to 10.75 on that same day in 2018. The trajectory is impressive and continues to add cumulatively to productivity. More litters per sow per year have also contributed to rising production per breeding animal. The December 1 figure in 2008 was 1.95 litters per hog, and in 2018 it was calculated to be 1.96 litters.



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