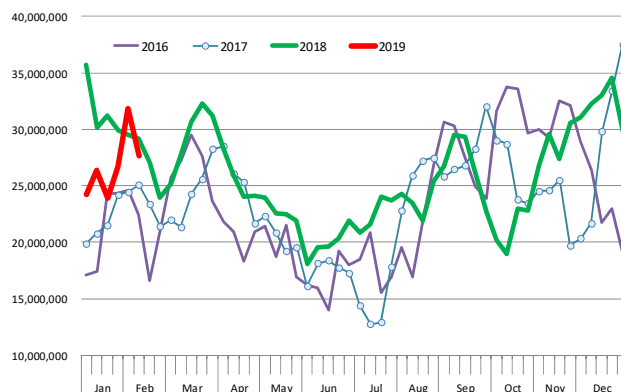


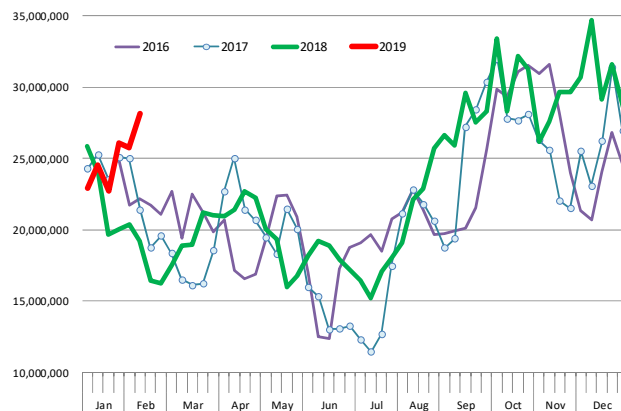
The DLR report published yesterday included on page 2 our regular weekly summary of price and production data. While the table offers a snapshot of current conditions vs. a year ago, sometimes it is hard to **grasp the magnitude of the supply shifts in the US market**. This is particularly true for pork, where **hog slaughter has been above 2.5 million head per week in four of the last five weeks**. During this period hog slaughter was a total of 12.459 million head, 512k head or 4.3% higher than the previous year. USDA reporting may still say hog weights are lower than a year ago but actual data from the Mandatory Price Reporting system tells a different story. According to that data set, barrow and gilt weights in the last five weeks have averaged 0.5% above year ago levels. Overall, it appears **the supply of pork coming from barrows and gilts at this point is running about 4.5% to 5% higher than last year's already very big volume**. You compare current numbers to 2013 and the growth is staggering. Slaughter numbers are running about 14% higher (2.5m/wk vs. 2.19m) and weights are about 3.5% heavier than back then.

With more pork available packers have been more aggressive in trying to sell into export channels and, just as importantly, into forward time slots. Forward pork sales are something that is more commonly done in the fall when packers are confident that they will run full shifts and thus will be able to fill orders. Forward pork sales are sharply higher. This is **encouraging and something that could set the stage for higher pork prices later this spring**. Forward pork sales in the four weeks ending February 9 (see second chart to the right) were **46% higher than the same period a year ago**. Retailers and retail distributors are likely taking advantage of the attractive prices offered and putting in orders for future promotions. What would be helpful, and this is something USDA has promised to do for some time, is a breakout of some of those forward sales by delivery period. This is already done for beef. Indeed, **it is time for USDA-AMS to release a comprehensive pork cutout report similar to the one done for beef**. Pork export sales have also benefited from the low prices although not as much as we had hoped. While US prices are very competitive for some products, pork prices in the EU have also been weaker. Keep in mind that USDA does not report on export sales to Canada and Mexico, which leaves a big hole in our understanding of export business. In the last four weeks, pork export sales to non-NAFTA countries, which includes China and Hong Kong, were 27.7 million lb./wk, (see table), 5% lower than the same four week period a year ago. For all the talk and speculation about export demand lifting prices in 2019, the year has started very slow, especially when you consider the volume of pork coming to market on a weekly basis and double digit price declines for a number of pork products.

Weekly MPR Pork Export Sales Volume, 4-week Moving Avg. - TOTAL
Based on MPR. Does not include NAFTA Sales. Data Source: USDA. Analysis by Steiner Consulting



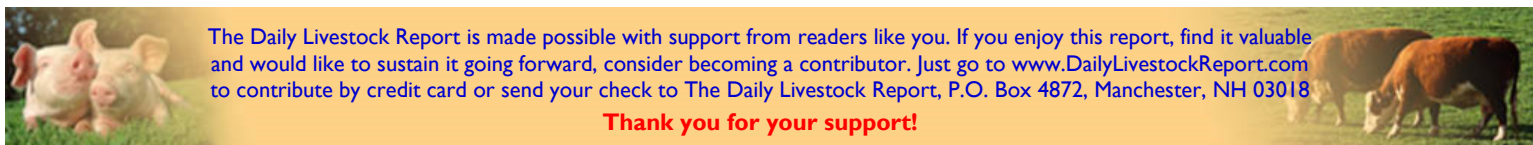
Total Primal - Weekly MPR Forward Sales Volume - 4-week Moving Avg.
Based on MPR. Data Source: USDA. Analysis by Steiner Consulting



Pork Export Sales Reported in Mandatory Price Reporting System

Source: USDA-AMS. Does not include NAFTA sales. Lb./product weight basis

	2019				2018		
	2/8/2019	2/1/2019	1/25/2019	1/18/2019	4-wk Avg.	4-wk Avg.	
Loin	2,573,006	3,190,111	5,677,930	3,490,139	3,732,797	5,574,183	(1,841,387) -33%
Butt	4,509,159	8,730,878	6,380,715	5,185,801	6,201,638	6,715,372	(513,734) -8%
Pic	2,021,574	371,604	853,455	2,596,439	1,460,768	2,345,649	(884,881) -38%
Rib	141,473	617,141	1,752,183	730,464	810,315	521,076	289,239 56%
Ham	1,992,733	7,673,935	2,035,004	4,526,756	4,057,107	2,124,419	1,932,689 91%
Belly	1,421,856	1,319,296	1,803,765	1,084,134	1,407,263	1,193,273	213,990 18%
Trimming	773,142	1,109,985	1,235,238	2,698,885	1,454,313	4,721,243	(3,266,931) -69%
Variety	7,753,770	11,313,932	8,469,831	6,264,671	8,450,551	5,513,966	2,936,585 53%
Added Ingrid.	358,155	7,146	6,412	11,933	95,912	425,473	(329,562) -77%
Total	21,544,868	34,334,028	28,214,533	26,589,222	27,670,663	29,134,654	(1,463,991) -5%



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