Daily Livestock Report

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USDA will issue this afternoon (Thursday 2PM CT) **the results of its quarterly survey of hog producers**. The report will offer an estimate of the supply of hogs and pigs on farms as of March 1, outlining the number of hogs that we should expect to come to market in the next six months as well as the potential supply that could be available into next winter based on the size of the breeding herd and expected farrowings. Below is a brief recap of what analysts expect the report to show and what those expectations imply for supplies through next fall:

- Hog slaughter has been dramatically higher in the first three weeks of March and that will be reflected in the inventory of +180 pound hogs. Analysts think the inventory of hogs in that group will be 5.4% higher than a year ago but given the pace of slaughter so far it is possible USDA may adjust the survey result numbers much higher. Inventories of hogs weighing between 120-179 pounds are expected to be 3.8% higher than a year ago. These should be hogs that will be available for marketing sometime in the second week of April through early May. **Last year weekly slaughter during that period averaged 2.364 million head/wk. If analyst estimates are right, slaughter during this period could average around 2.45 million**. Compare this to weekly slaughter in March that has been running at +2.7 million. One thing to also consider is the fact that USDA has had to revise up the numbers reported in previous surveys. Will that happen again? In December USDA indicated that the inventory of 50-119 pounds hogs was expected to be 1.7% higher than the previous year. Between second week of February and end of March hog slaughter has averaged +6.8% vs. previous year. One could argue that we may be pulling some hogs forward given strong export and retail demand but hog weights have been in line with year ago. Market participants will continue to re-assess whether they continue to take the USDA survey numbers at face value.

- Looking at analyst estimates, it appears **hog supplies should be running about 3% above year ago levels through the summer**. Hog slaughter seasonally declines during that time of year but export and retail demand remain key. Last year weekly hog slaughter in June and July averaged 2.351 million head. Based on what analysts are expecting, it appears that we should be looking for weekly slaughter during the summer to be above 2.4 million head. While lower that what we are seeing now, these are some big numbers for the time of year and export demand remains critical. Weekly export data from this morning shows shipments to China over 23,000 MT last week, 41% higher than the average of the last four weeks and the biggest on record. But Chinese buyers have yet to put in big orders for future exports. This uncertainty will continue to weigh on summer and fall futures.

- **Farrowing intentions for the Mar-May period are expected to be up 0.6%**. Pigs per litter are pegged at +2.5% for the Dec-Feb quarter and in the previous three quarters they averaged 3.4% higher than the previous year. If we assume a 2.5% increase in pigs per litter during the Mar-May quarter, it would **put the pig crop at +3.1% and imply a similar increase in the supply of hogs available for the Sep-Nov period**. The breeding herd is expected to be 1.4% higher than the previous year but 0.4% lower than the December 1 inventory. If correct, this would be the biggest q/q decline in the breeding herd in five years.

Analyst Estimates of USDA March Hogs and Pigs Report

Source: Reuters

	Ranges	Average
All hogs March 1	102.8 - 103.7	103.4
Kept for breeding	100.5 - 102.0	101.4
Kept for market	102.9 - 103.8	103.5
Pig crop		
Dec-Feb	103.0 - 104.6	103.5
Weight Groups		
Under 50 lbs	102.2 - 103.5	102.9
50-119 lbs	100.8 - 103.6	102.7
120-179 lbs	103.0 - 105.3	103.8
Over 180 lbs	104.1 - 106.2	105.4
Farrowings		
Dec-Feb	100.4 - 101.6	101.1
Farrowing intentions		
March-May	99.6 - 102.0	100.6
June-Aug	99.7 - 101.7	100.4
Pigs per litter		
Dec-Feb	101.3 - 103.3	102.5