

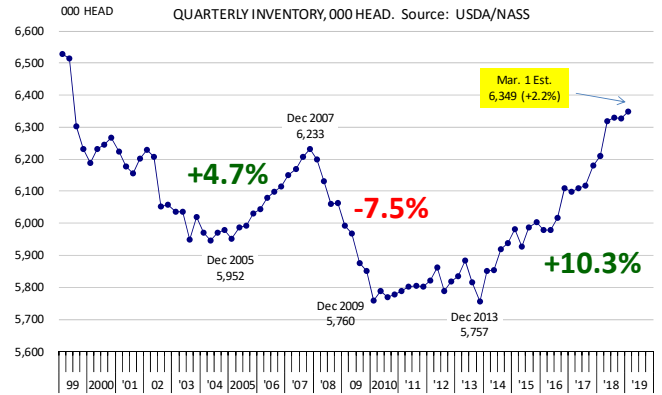
The table on page 2 provides a summary of the latest USDA 'Hogs and Pigs' report as well as comparisons to pre-report analyst estimates. Below is a brief discussion of key numbers from the report.

Most key numbers in the report were near analyst estimates and should have little effect on overall slaughter/production forecasts. The US hog industry has been expanding since 2010 and the latest report suggests that the industry remains on a growth track. Extreme volatility in hog and pork prices suggests that the industry has become even more dependent on export demand to sustain this growth. The outlook for US pork trade later this year is by far the most critical variable affecting prices.

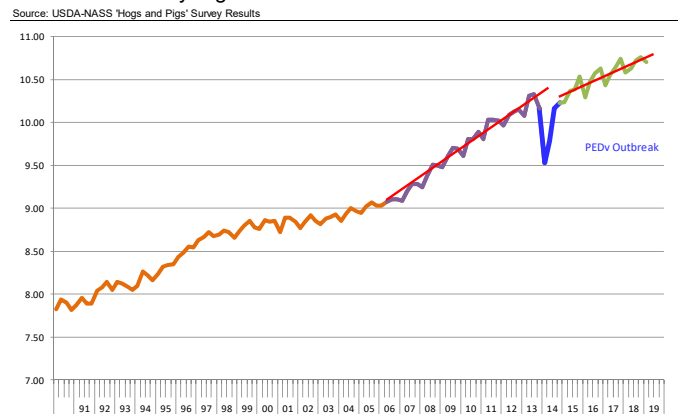
USDA estimated the total number market hogs as of March 1 at 67.948 million head, 2.1% higher than the previous year. This was very much in line with analyst estimates prior to the report. But while the increase in the market hog inventory was exactly as expected, there was some variation between USDA survey and expectations regarding the various weight categories. Analysts expected the inventory of +180 pound hogs, basically hogs to be slaughtered in March and first half of April, to be 2.4% higher than the previous year. This increase would be consistent with the projections from the December 'Hogs and Pigs' report. Interestingly, USDA noted that the inventory of 180 pound hogs was only 1.6% higher than the previous year. In the first four weeks of March hog slaughter has averaged about 3.4% higher than the previous year. Does this mean that packers have been pulling hog supplies forward and we should see lower slaughter numbers in April? While the front end supply of market hogs was on the low end of expectations, the back end of market hogs, i.e. feeder pigs under 50 pounds, was higher than expected. The survey pegged this category of hogs up 2.5% than a year ago compared to analyst estimates expecting a 2% increase.

The total number of breeding pigs as of March 1 was estimated at 6.349 million head, 2.2% higher than a year ago. This is the largest hog breeding herd since the summer of 1999. According to the USDA survey, producers expected farrowings during March-May to be up only 0.6% compared to the previous year. This appears a bit low considering the size of the breeding herd. The ratio of the farrowing intentions for this period vs. the breeding herd on March 1 was 49.1% compared to 49.6% average in the previous three years. The survey was conducted prior to the big rally in hog prices and it may reflect some of the pessimism prevalent in the market during that time. If the survey farrowing estimate is correct, then the pig crop during March-May could be less than 2% higher than a year ago. This is a bit lower than the current slaughter forecasts for that time period and could be construed as supportive. However, **the big caveat is whether the farrowing number will prove correct given the size of the breeding herd and very profitable prices for October hogs.** The survey offered a rather pessimistic assessment of farrowings for the Jun-Aug period. Producers said they expect farrowings for that quarter to actually be down 0.3% compared to the previous year, clearly an assessment that would reflect some reduction in the size of the breeding herd.

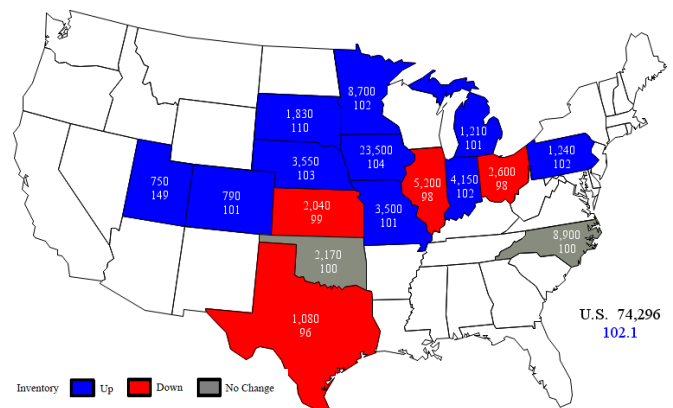
US HOGS KEPT FOR BREEDING:



Trend in Quarterly Pigs Saved Per Litter



March 1 Hogs and Pigs: Change in Inventory. Source: USDA-NASS



The Daily Livestock Report is made possible with support from readers like you. If you enjoy this report, find it valuable and would like to sustain it going forward, consider becoming a contributor. Just go to www.DailyLivestockReport.com to contribute by credit card or send your check to The Daily Livestock Report, P.O. Box 4872, Manchester, NH 03018

Thank you for your support!

The Daily Livestock Report is published by Steiner Consulting Group, DLR Division, Inc.. To subscribe, support or unsubscribe please visit www.dailylivestockreport.com.

The Daily Livestock Report is not owned, controlled, endorsed or sold by CME Group Inc. or its affiliates and CME Group Inc. and its affiliates disclaim any and all responsibility for the information contained herein. CME Group®, CME® and the Globe logo are trademarks of Chicago Mercantile Exchange, Inc.

Disclaimer: The Daily Livestock Report is intended solely for information purposes and is not to be construed, under any circumstances, by implication or otherwise, as an offer to sell or a solicitation to buy or trade any commodities or securities whatsoever. Information is obtained from sources believed to be reliable, but is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Futures trading is not suitable for all investors, and involves the risk of loss. Past results are no indication of future performance. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money initially deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyle. And only a portion of those funds should be devoted to any one trade because a trader cannot expect to profit on every trade.

USDA HOGS AND PIGS REPORT: MARCH 1, 2019

Urner Barry Survey ANALYST PRE-REPORT ESTIMATES

CATEGORY	2017	2018	2019	2019 AS % OF		Urner Barry Survey			USDA vs. Est.
				2017	2018	Range	Avg.		
ALL HOGS AND PIGS	70,916	72,748	74,296	104.8%	102.1%	102.0	101.5	102.5	-0.4
KEPT FOR BREEDING	6,098	6,210	6,349	104.1%	102.2%	101.9	100.9	102.3	-0.1
KEPT FOR MARKET	64,818	66,538	67,948	104.8%	102.1%	102.1	101.5	102.6	-0.5
UNDER 50 POUNDS	20,422	20,942	21,456	105.1%	102.5%	102.0	101.0	102.6	-0.1
50-119 POUNDS	17,942	18,212	18,639	103.9%	102.3%	101.9	101.0	102.7	-0.4
120-179 POUNDS	14,485	14,996	15,268	105.4%	101.8%	102.1	101.3	102.8	-1.0
180 POUNDS AND OVER	11,969	12,387	12,585	105.1%	101.6%	102.4	101.4	103.4	-1.8
<u>SOW FARROWINGS</u>									
DEC - FEB	2,990	3,034	3,084	103.1%	101.6%	102.3	101.8	102.6	-1.0
MAR - MAY ¹	3,018	3,100	3,119	103.3%	100.6%	101.6	101.5	101.7	-1.1
DEC - MAY ^{2, 3}	6,007	6,134	6,203	103.3%	101.1%				
JUN - AUG ¹	3,106	3,200	3,191	102.7%	99.7%	101.1	100.5	102.0	-2.3
SEP - NOV	3,103	3,158							
JUN - NOV ³	6,209	6,358							
<u>PIG CROP</u>									
DEC - FEB	31,187	32,101	32,999	105.8%	102.8%	102.8	102.2	103.4	-0.6
MAR - MAY	31,839	32,942							
DEC - MAY ³	63,025	65,042							
JUN - AUG	33,075	34,320							
SEP - NOV	33,328	33,978							
JUN - NOV ³	66,402	68,298							
<u>PIGS PER LITTER</u>									
DEC - FEB	10.43	10.58	10.70	102.6%	101.1%	100.4	100.2	100.8	0.3
MAR - MAY	10.55	10.63							
DEC - MAY	10.49	10.6							
JUN - AUG	10.65	10.72							
SEP - NOV	10.74	10.76							
JUN - NOV	10.69	10.74							

1. Intentions for 2019

2. Actual farrowings for December 2018-February 2019 plus intentions for March-May 2019

3. May not add due to rounding

