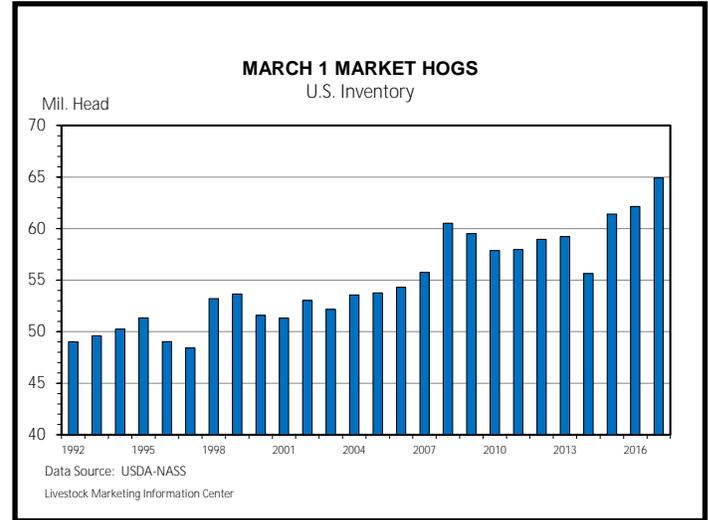


The Quarterly Hogs and Pigs report by USDA's National Agricultural Statistics Service (NASS) was released yesterday and is available [here](#). Overall, in terms of futures market prices, the report is classified as neutral, that is it should not cause significant futures market price changes. All of the numbers were within the range of the pre-report estimates by analysts, except one. That exception was producer reported farrowing intentions for the July-August timeframe, analysts expected a slightly larger number. However, NASS has consistently revised intentions higher for several reports in a row because actual farrowings have been higher than surveyed producers indicated.

Before we review the report, some readers might have a passing thought that the markets don't need the NASS report because pre-report estimates did a reasonably job of anticipation. First, we simply point out that that is not always the case. Further, the analyst pre-report estimates are largely based on prior Quarterly Hogs and Pigs reports by NASS, especially the most recent one, and also they use seasonal and historical statistical evaluations of reported NASS data.

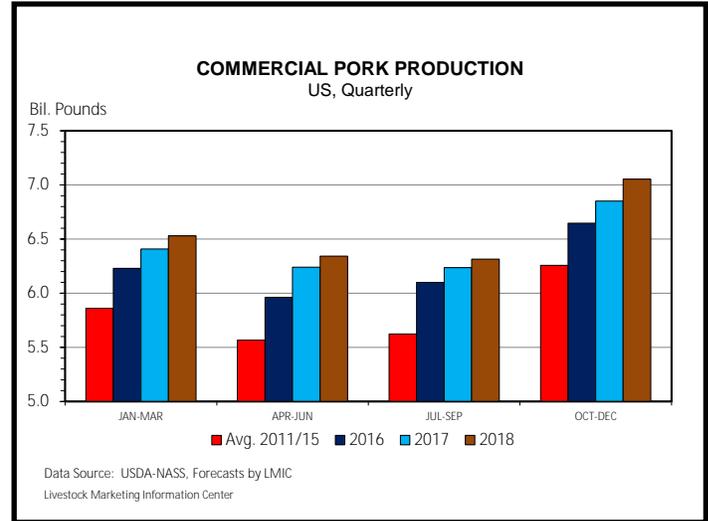
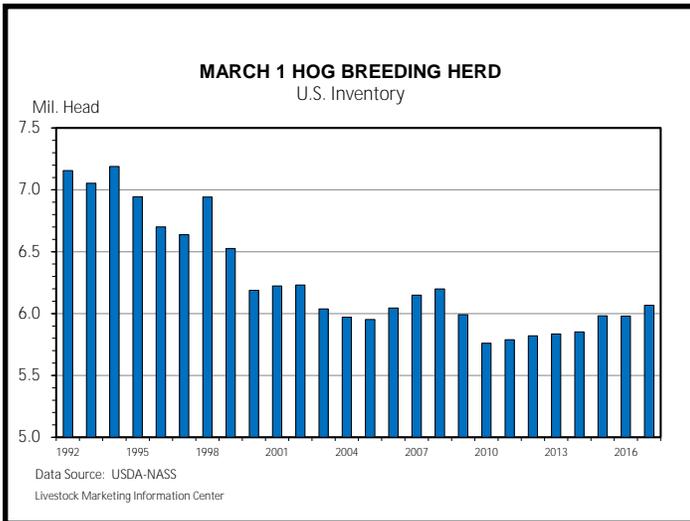
As of March 1, the NASS survey said the national breeding herd was 1.5% above a year ago. Six out of the last seven years have posted breeding herd growth. The number of market hogs was record large at 64.9 million head (up 4.4% year-over-year). That market hog number came from December-February increases in both sows farrowed (up 2.8% year-over-year) and pigs saved per litter (increasing 1.8% from a year ago).

As in all recent reports, NASS made some rather significant upward revisions. For example, the previously reported number of



market hogs (as of December 1, 2016) was raised by 600,000 head or nearly 1%.

In the next WASDE report (to be released April 11th), USDA will update their production and price projections largely based on this latest Hogs and Pigs report. In the meantime, the Livestock Marketing Information Center (LMIC) updated their quarterly hog slaughter and pork production forecasts, which are shown graphically below. Year-over-year increases in U.S. pork production are expected throughout 2017. LMIC suggests that trend could continue in 2018.



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