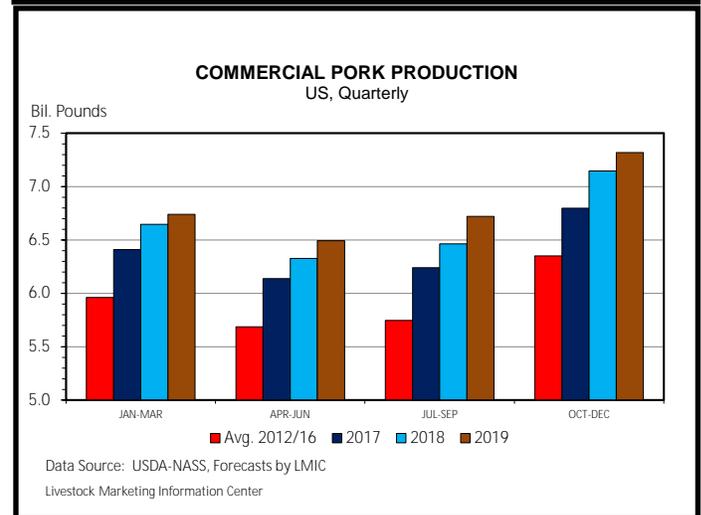
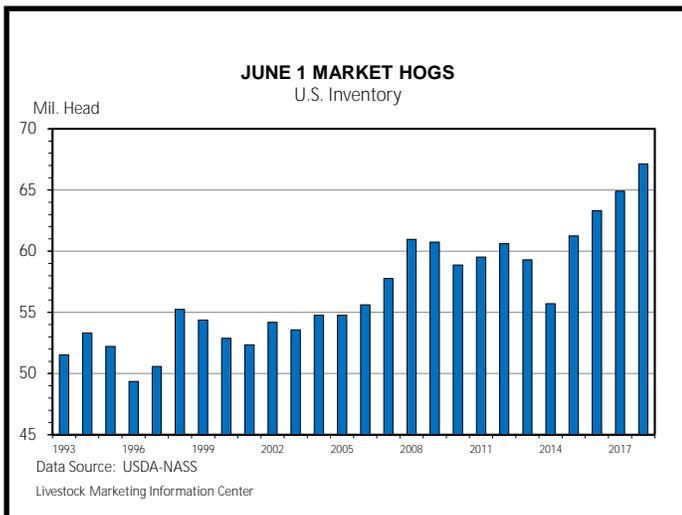
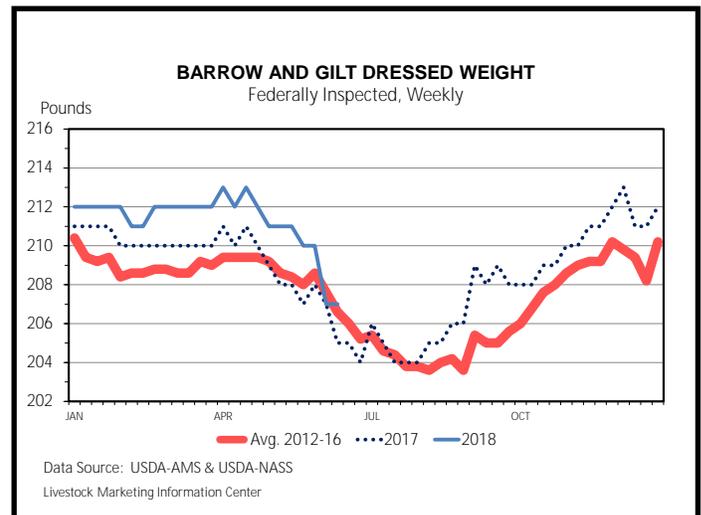


Before we discuss yesterday's Quarterly Hogs and Pigs report by USDA's National Agricultural Statistics Service (NASS), we point readers to two releases regarding the escalating friction caused by new U.S. tariffs on Chinese goods. First, the U.S. Meat Export Federation (USMEF) has prepared an excellent preliminary analysis of how the Chinese retaliatory duties will impact the U.S. pork and beef industries. The USMEF report is available [here](#). Second, for more details on this topic, see the recent GAIN report by USDA's Foreign Agriculture Service (the title is "China Responds to U.S. 301 Announcement with Revised Product List"), the report is available [here](#).

Pragmatically neutral regarding futures market prices is a good descriptor of the Hogs and Pigs report. The NASS survey of producers was generally in-line with analyst pre-report estimates, showing continued U.S. herd growth. As of June 1st, market hogs totaled 67.13 million head, up 3.4% year-over-year. Animals kept for breeding were above the expected level and outside the pre-report range, coming in about 100,000 head above the analyst average. The total U.S. herd was 73.45 million head, rising 3.4% compared to a year ago, the average pre-report estimate was up 3.0%. For the full report select [here](#).

With more hogs coming to market, a key to tonnage produced in the months ahead will be barrow and gilt dressed weights. During the last two weeks of available data (through the week ending June 16th), dressed weight has declined significantly and have returned to the year ago and prior five-year average levels.

U.S. commercial pork production in 2018's first three months increased 3.7% year-over-year. The Livestock Marketing Information Center (LMIC) projects the second quarter's output will be up 3.1% compared to 2017's and forecasts the summer quarter rise at 3.6%. This year's fourth quarter is forecast to be 5.1% above 2017's. However, note that the quarter has one more slaughter day than a year earlier (that represents about 1.6% of the year-over-year change). Year-over-year, the rate of growth in pork production is forecast to moderate during the first two quarters of 2019, but should still post gains.



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