

Today, we will briefly take a look back at the hog/pork sector for the first half of 2017. For the first six months of this year, U.S. pork production and hog prices averaged near expected levels. However, slaughter hog prices eroded counter seasonally and were lower than anticipated late in the first quarter and into the second quarter. Hog prices rebounded strongly as the second quarter progressed. Behind the hog price pattern were wholesale prices, particularly those for pork bellies, which were volatile and multiple times reached some lofty levels.

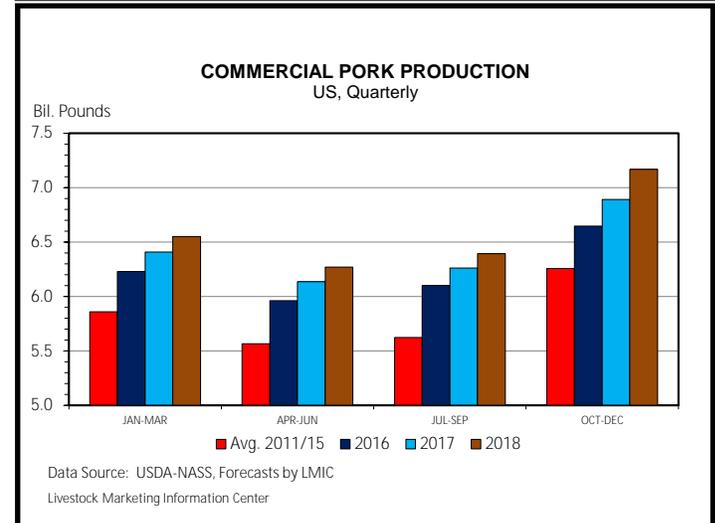
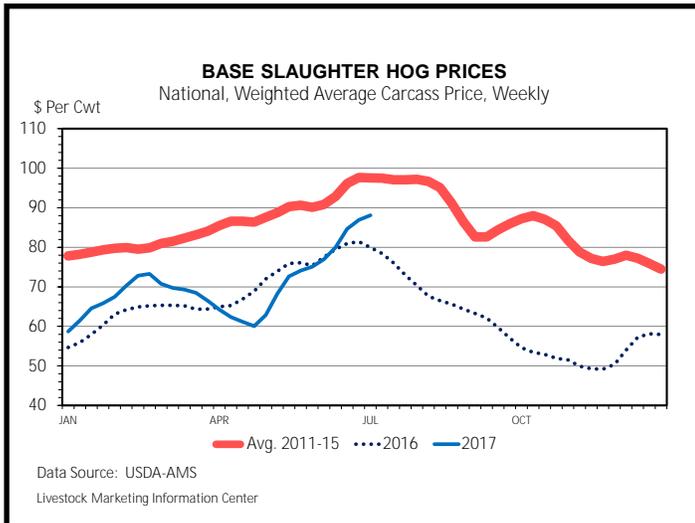
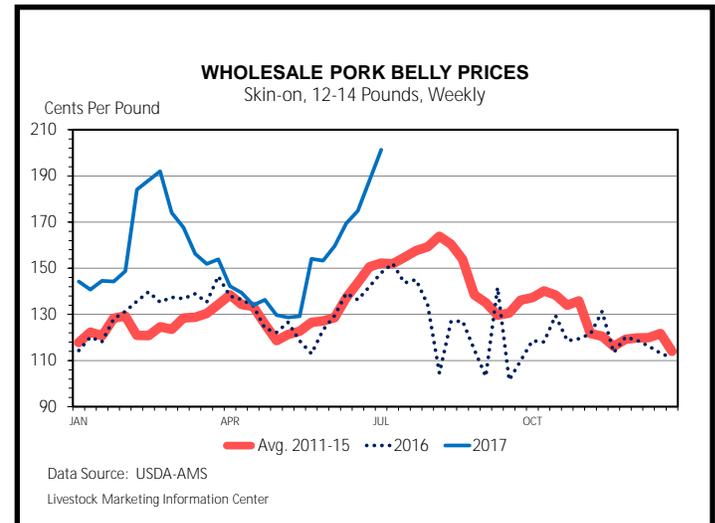
In the first quarter, the national average base carcass price for barrows and gilts averaged about 9% above 2016's. That price was down by about 3% year-over-year in the second quarter. In the provided graphic, note that the last week of data is July.

In the first quarter of 2017, U.S. commercial hog slaughter increased compared to a year earlier by 3.1%. Using projections for June, slaughter in the second quarter was up 3.7% compared to a year ago. On a quarterly basis, hog dressed weights have been declining year-over-year. In the second quarter, the average hog dressed weight was down three pounds (dropped 1%) from a year ago. U.S. hog dressed weight has posted year-on-year declines for nine consecutive quarters. Changing production practices are likely pulling-down hog weights, including reduced use of feed additives (i.e. ractopamine) and antibiotics.

Quarterly U.S. commercial pork production was up 2.9% from 2016's for both the first and second quarter of this year. Importantly, per capita U.S. pork disappearance actually declined

compared to a year ago because of strong exports. Per capita disappearance slipped by 1.9% and 0.6% in the first and second quarters, respectively. The major surprise of 2017 has been the strength in foreign demand for U.S. pork.

Looking ahead, the Livestock Marketing Information Center is forecasting year-over-year increases in quarterly U.S. pork production of 2.0% to 4.5% for the balance of this year and throughout 2018. With production increasing, foreign demand for pork items will likely remain a key to hog prices.



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](http://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](http://www.dailylivestockreport.com). Copyright © 2016 Steiner Consulting Group, DLR Division, Inc. All rights reserved.

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.