

**Correction:** In yesterday's report we inadvertently misreported the slaughter capacity of the cattle processing plants in Texas. The figures we provided were for the total 2015 slaughter ('000 head). The daily capacity, based on data collected and reported by Steve Kay of Cattle Buyers Weekly, is as follows:

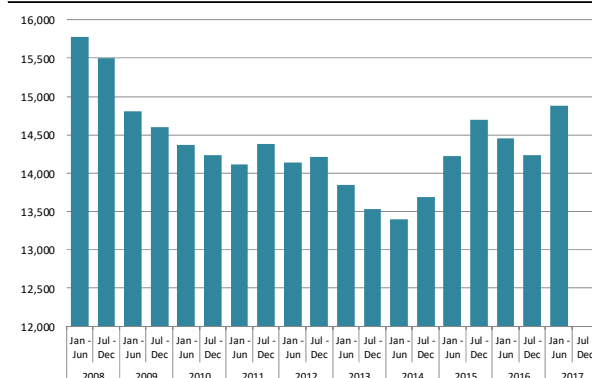
- Caviness Beef Packers in Hereford, TX = 1,800/day
- Kane Beef in Corpus Chsisti, TX = 1,400/day
- Lone Star Beef Processors, San Angelo, TX = 1,275/day
- Preferred Beef Group, Booker, TX = 750/day

## Hog supplies in Canada and implications for US production in second half of 2017

USDA last week issued a report on the combined inventory of hogs and pigs in US and Canada. Over the years the pork industry in both countries has become tightly integrated, with many Canadian hog farms focusing on breeding pigs and then sending feeders to US finishing operations. Lower feeding costs and benefits from economies of size have contributed to this division of labor. Looking at the combined US/Canada breeding herd makes a lot of sense and you can review the report [following this link](#). Unfortunately, the report only provides the total combined inventory rather than showing a breakdown for US and Canada. This makes it difficult to recognize what has been happening in Canada in recent years. According to the latest report from Statistics Canada, Canadian producers are doing the same thing as their US counterparts—they are growing. The rate of growth may be slower than in the US but they are expanding nonetheless, and this means **more feeder pigs available from Canada in the next 12-18 months**. The total breeding herd in Canada as of July 1 was 1.275 million head, 1.2% higher than the previous year. The US breeding herd inventory on June 1 was 6.069 million head, 1.5% larger than last year. The combined US/Canada breeding hog inventory is 7.344 million head, 1.4% larger than the previous year. The increase in Canadian breeding hog numbers combined with steady gains in the number of pigs saved per litter has bolstered hog numbers in recent years. The pig crop during the period Jan-Jun of 2016 was 14.460 million head, 2.9% higher than the previous year. Keep in mind when looking at the Canadian data that StatCan reports both the number of pigs born and the size of the pig crop, which is not the same number. The pig crop is defined as the number of pigs that either were on hand or were sold during a six month period. We cannot calculate the number of pigs saved per litter the same as we do in the US but one can look at the ratio of the pig crop relative to the breeding herd to get a sense of the improvements in productivity. For the Jan - Jun period, the ratio stood at 11.7, a 1.7% improvement compared to the previous year. Curiously, the ratio was down 4.7% in the previous period, indicating either data problems or disease pressures (maybe one of our Canadian readers has a better sense of why this was). **The larger pig crop so far this year has bolstered Canadian hog exports, which come for the most part to the US as feeder pigs.** Exports during Jan-Jun were 2.939 million, 58,000 head (+2%) higher than a year ago. US hog supplies have increased at a faster pace, which explains why the share of Canadian hogs in US weekly slaughter is lower than a year ago. But the larger crop and higher exports have bolstered supplies relative to 2015 & 2014, contributing to US growth.

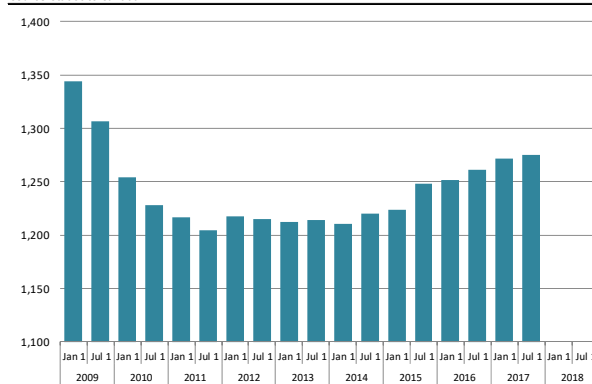
## CANADA PIG CROP. SEMI-ANNUAL PRODUCTION

Source: Statistics Canada



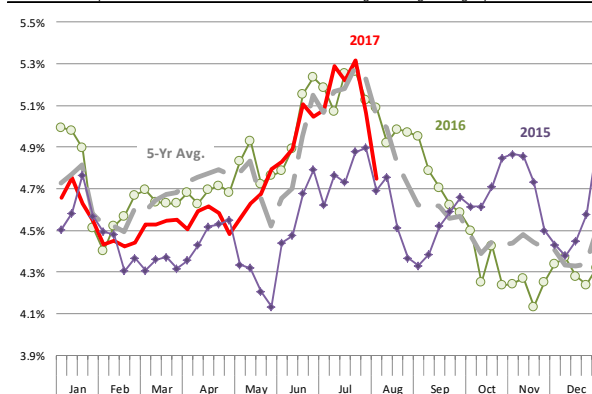
## CANADA BREEDING STOCK. SOWS + BOARS.

Source: Statistics Canada



## Share of Canadian Born Hogs in US Weekly Hog Slaughter. 4-wk MA

Source: USDA Import Data. Steiner Calculations. Based on Feeder Pig and Slaughter Hog Imports



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