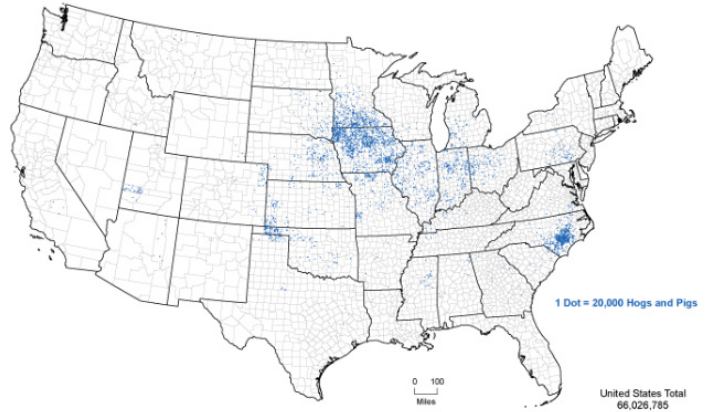


Hurricane Florence is still a few days away from making landfall but the most **recent projections have the eye of the hurricane making direct landfall in a major hog producing region** (see maps to the right). USDA pegged the June 1 inventory of all US hogs and pigs at 72.9 million head, with 8.9 million head or **12.2% located in North Carolina**. As the map illustrates, most of those hogs are concentrated in a few counties not too far from the coast and right on the path of the hurricane. Additionally, the area is home to some very important hog processing facilities. The largest US hog processing facility, the Smithfield plant in Tar Heel NC, is located about 65 miles from Wilmington NC. It has an estimated daily hog processing capacity of 32,500 head, or 6.7% of the available national capacity. Premium Standard Farms has a facility in Clinton NC, about 62 miles from Wilmington, with a daily capacity of 10,000 head. Three smaller plants in Warsaw and Falcon process an additional 3150 hogs per day. In total the five hog processing plants in the area account for about 9.5% of the available national hog processing capacity.

While much can change between today and Friday morning, at this point NOAA expects Hurricane Florence to hit North Carolina with major hurricane force winds. The last hurricane to significantly impact this region was Hurricane Matthew (Oct 8-9 2016). The path of that storm was different, however, coming up the coast from Florida. While it caused significant damage in some parts of North Carolina, the impact on the national hog industry was relatively small. Hog slaughter was disrupted for a week but major hog processing facilities escaped with only minor damage and hog processing quickly resumed. Given the current path of the storm and its intensity, some are drawing parallels to a much more devastating storm, Hurricane Fran. That storm hit the area on September 5, making landfall just southwest of Wilmington NC with sustained winds of 115 mph. This was a category 3 storm. The impact from this storm was especially devastating in North Carolina, as some counties got as much as 13 inches of rain. Flooding and destruction was widespread, with estimated losses of \$7.2 billion, about 1 million head of poultry lost and 16,000 hogs dead.

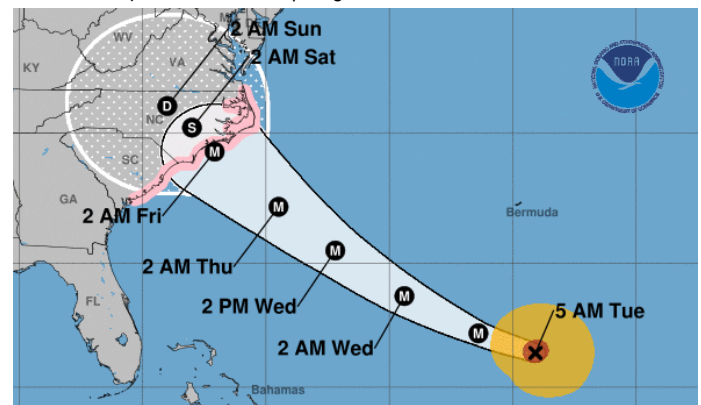
At this time one can only underscore the potential risk from such a storm. The more negative impact on hog prices would come if the storm causes significant damage to large hog processing plants. Hog processing capacity will once again be tested this fall as +2.6 million hogs per week are expected to be processed at some point this fall. We simply cannot afford to have major plants down for a significant amount of time. The chart to the right shows our latest estimate of barrow and gilt weights. Hog weights rose quickly in late July as some plants were down for maintenance. It took a lot of effort, and lost revenue, for producers to gain currentness back. Hog weights moved higher last week as normally happens during a holiday shortened week. Slaughter was 2.262 million head last week, 2.9% higher than last year. It was expected to surpass 2.5 million this week but this is likely to change given the path of the storm. The ferocity of the storm and impact on infrastructure will dictate slaughter numbers for the next few weeks and whether producers are able to get their hogs to market in a timely fashion.

Distribution of US Hogs and Pigs Inventory. 2012 USDA Ag. Census



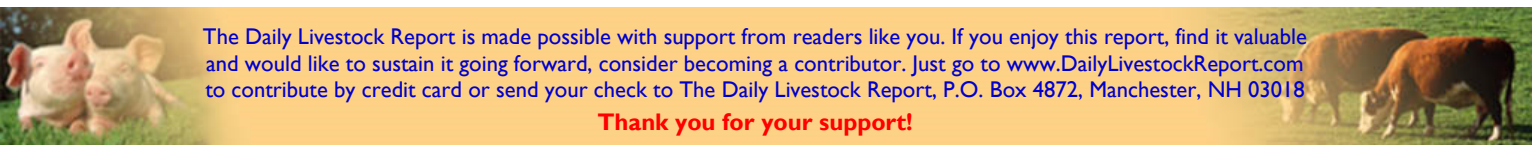
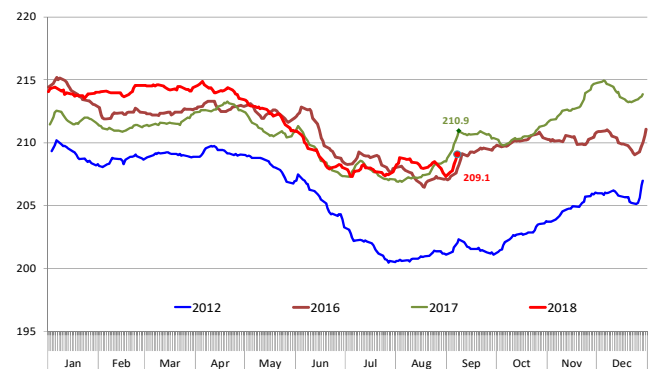
Projected Path of Hurricane Florence. Source: NOAA

M stands for Major Hurricane, wind speed greater than 110 MPH



Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs

Based on Daily MPR Report, LM_HG201. Data through Sep 7, 2018



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