

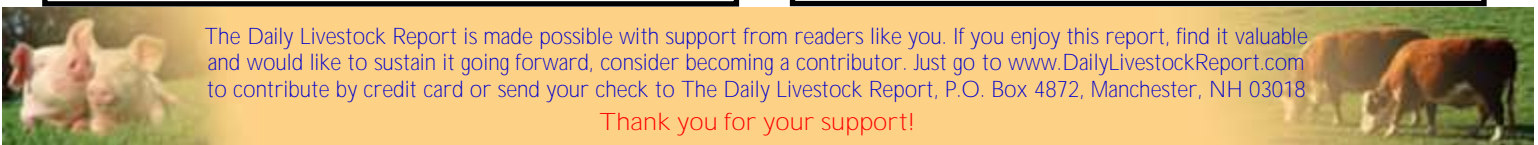
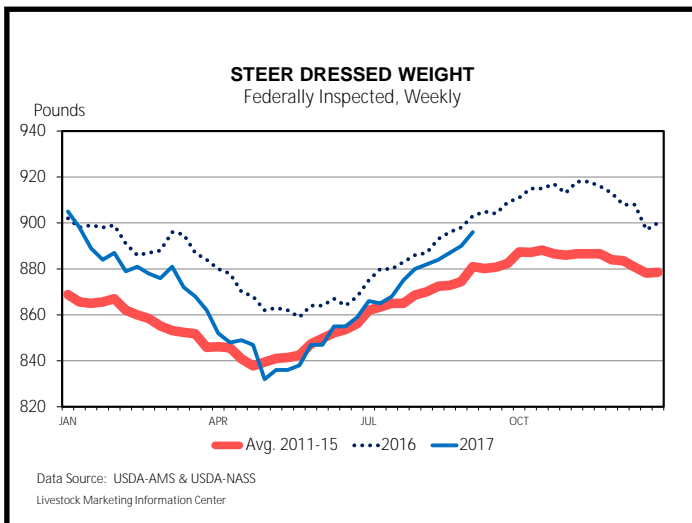
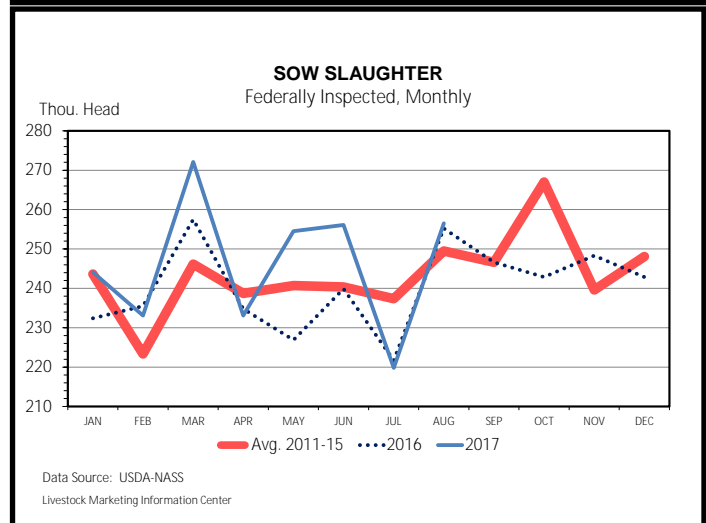
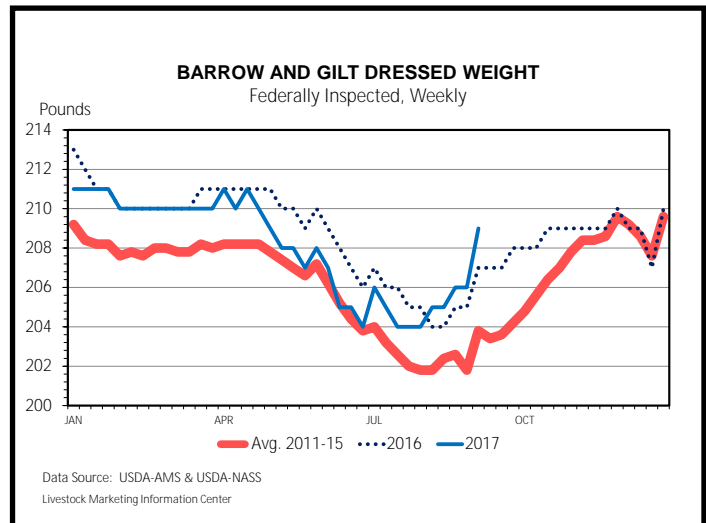
Analysts have been closely monitoring weekly dressed weights of steers and barrows/gilts. The latest data were posted yesterday on the USDA's Agricultural Marketing Service website (Market News section), the data were for the week ending September 9th. As shown in the first graphic, steer dressed weight at Federally Inspected (FI) plants remained below a year ago (down 7 pounds) and have been seasonally rising at a bit more than the normal pace. The question is, will market and weather conditions propel weights above 2016's, and if so how much?

Regarding hogs, the latest weekly FI barrow and gilt dressed weight shot-up (see the second graphic). That was a surprise. The increase in hog weights has contributed to the tonnage of pork that the marketplace is struggling to absorb. If barrow and gilt dressed weight move seasonally higher from here (i.e., tracks the typical increase as depicted by the red line) slaughter hog prices probably have further declines ahead.

We turn now to some background for the USDA National Agricultural Statistics Service (NASS) Quarterly Hogs and Pigs report, which will be released next Thursday. The report is based on surveys of producers as of September 1st. Early next week, compilations of industry analyst pre-report estimates will be publically available. Most analysts have been fine-tuning their estimates by reviewing historical NASS Hogs and Pigs reports, recent slaughter data, etc.

In terms pre-report estimates for the U.S. breeding herd, analysts rely on the FI sow slaughter data. As is apparent in the third graphic, U.S. slaughter for the three months since the last

quarterly report (June-August) only June had a year-over-year increase. The prior NASS report (as of June 1st) estimated the U.S. breeding herd was up 1.5% year-over-year. Since the U.S. slaughters the bulk of Canadian sows, at times the number of U.S. animals kept breeding herd based on sow slaughter relationships requires an adjustment. Such is the case for this report (Canadian sows slaughtered in the U.S. have declined compared to a year ago). We expect most analysts will project year-over-year increases in the number of animals kept for breeding as of September 1st. Those increases will likely be about 1%.



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