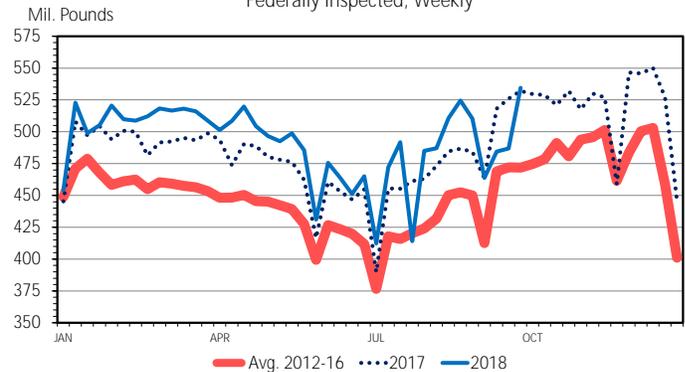


Pork production, on a weekly basis, has oscillated above and below year earlier levels more frequently during the summer quarter than during the first half of the year. Some of this variability may be due to the impact of Hurricane Florence on the pork industry in the Carolinas. During the first half of the year, weekly pork production was greater than a year earlier without exception. This was consistent with USDA estimates of pigs born during the last half of 2017. This summer, weekly pork production has ranged from 10% decline from the same week in 2017 to an 8% increase. The source of this summer's pork production was pigs born last winter, when there was a 4% increase in pigs born compared to the first quarter of 2017.

Preliminary calculations for pork production during the summer quarter suggest an increase of 1-2% from the prior summer. Excluding the 7% decline in production during the second and third weeks of September, production was up 3% for the quarter, compared to a year earlier, which is reasonably consistent with the number of pigs born during the winter quarter. Last week, pork production moved back above a year ago by a slight margin and through Wednesday of this week hog slaughter is up 3% from a year ago.

The late September dip in pork production came at the same time prices for fresh pork at the wholesale level were rebounding. This was notable given the big discount to values seen in prior years during the late spring and early summer months. The reduced supply probably played a big role in the pork product price bounce, especially for products such as loins that are usually destined for domestic consumption. Lower pork loin prices during the last week are

PORK PRODUCTION Federally Inspected, Weekly



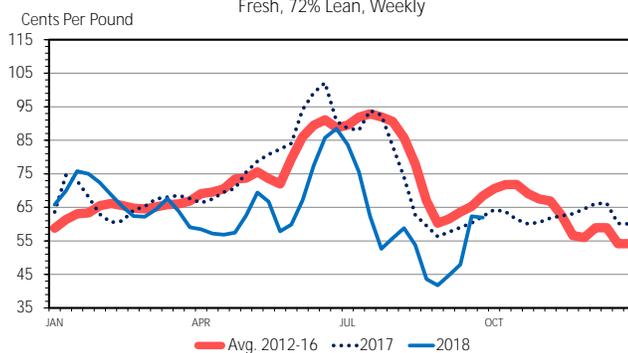
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center

M-S-19
10/01/18

consistent with the increase in hog slaughter that should continue in coming weeks and months.

Pork markets have been buffeted by news of African Swine Fever around the globe and uncertain international trade policies in recent months. Aspects of these developments should be supportive for pork exports and prices of pork products oriented to international markets, such as pork trimmings. The increase in trimmings prices from the low 40's to the low 60's during the last month may already capture some of that potential for price appreciation.

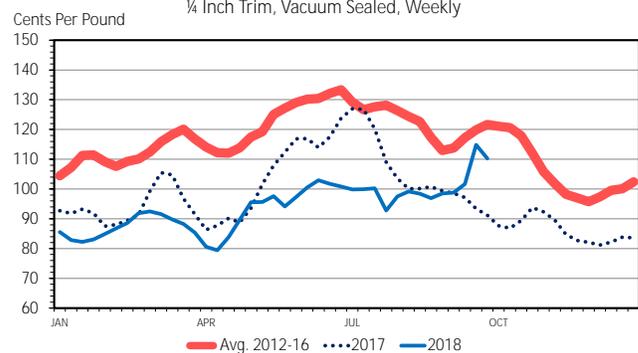
WHOLESALE PORK TRIMMING PRICES Fresh, 72% Lean, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

M-P-30
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WHOLESALE PORK LOIN PRICES ¼ Inch Trim, Vacuum Sealed, Weekly



Data Source: USDA-AMS
Livestock Marketing Information Center

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