

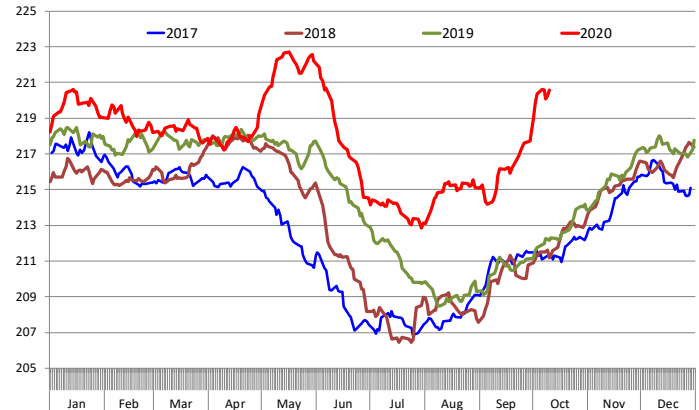
Hog weights have been trending higher in recent weeks as cooler weather and fresh corn helps hogs convert better. While this is normal for this time of year, the issue will likely get more attention given all the talk of hogs that may or may not have gotten backed up during the summer. Indeed, one of the key arguments of those that do not believe the 'backed up hogs' story is that overall carcass weights, especially carcass weights of producer owned hogs, were down sharply in July and August. Some packers have had to pay up for hogs in the cash market in order to keep their slaughter schedules full at a time when USDA inventory data was still saying that there were some 1.270 million more hogs than a year ago in the +180 lb. category. The US hog industry has become more concentrated in recent years, with a larger share of hog supplies either owned by packers outright or owned by enterprises that work in tandem with packers. **According to USDA, so far this year almost 37% of all the hogs that came to slaughter were packer owned.** So it is conceivable that many of those excess +180 lb. hogs were owned by packers. Carcass weight data from USDA MPR report appears to support that view. The first chart to the right shows the average carcass weight of packer owned barrows and gilts. The information is provided daily but to eliminate some of the noise the chart shows a five day moving average. Carcass weights of packer owned hogs have been consistently above year ago levels since May, when slaughter disruptions caused some of the pipeline supplies to get backed up. But weights have been trending higher in recent weeks at a rate that far outpaces previous years. The average weight of packer owned barrows and gilts for the week ending September 4 was 214.2 pounds per carcass, 1.9% higher than the previous year. Since then weights have increased by 6.4 pounds or 3%. Last year the weight increase during this same period was 2.2 pounds or 1%. At this time **the average carcass weight of packer owned hogs at 220.6 is 3.9% higher than the previous year.**

Weights of producer owned barrows and gilts are now trending higher as well and it will be interesting to see how that trend unfolds in the next few weeks, especially if packers try to get their own hogs at the start of the line. Clearly much will depend on the ability of packers to run full slaughter schedules. Last week hog slaughter hit 2.73 million head, a level that many thought would not be possible this fall. Packers will have to do that again and again through November and early December. Rising cases of COVID-19 clearly present a risk although that risk has been with us for a few months and by all accounts packers have managed to navigate it quite well. For the reference period we used above (Sep 4 - Oct 9), carcass weights of producer owned barrows and gilts increased from 206.7 to 211.7, a 5 pound or 2.4% gain. Last year the gain for this period was less than 1 pound or 0.5%.

There is one final point with regard to weights that has been a consistent pet peeve and it has to do with the estimates of hog carcass weights that USDA-AMS uses when it calculates weekly pork production. As the chart to the right shows, there is excellent correlation between the weight information in the MPR report and official statistics. Official statistics are released with a two week lag so USDA-AMS uses its own estimate (probably some trend formula) in order to come up with a production number for the week. Last week USDA-AMS estimated hog carcass weights at 212 pounds, 1 pound less than the actual weights from two weeks ago. We think the weights for last week were probably around 215. This would mean that pork production last week was 2.8% higher than a year ago rather than the 1.4% reported. The bigger point, however, is that **for those looking to get accurate and timely information on hog weights, it makes little sense to consider the Friday estimate and all the sense in the world to focus on the MPR data.**

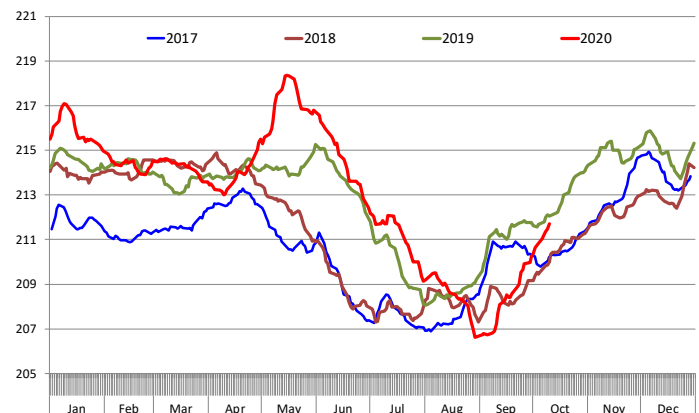
Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Packer Hogs

Based on Daily MPR Report, LM_HG201. Data through Oct 9, 2020. Analysis by Steiner Consulting



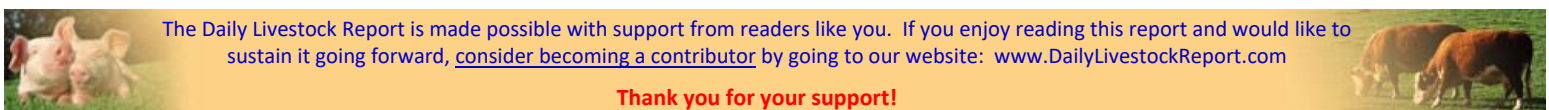
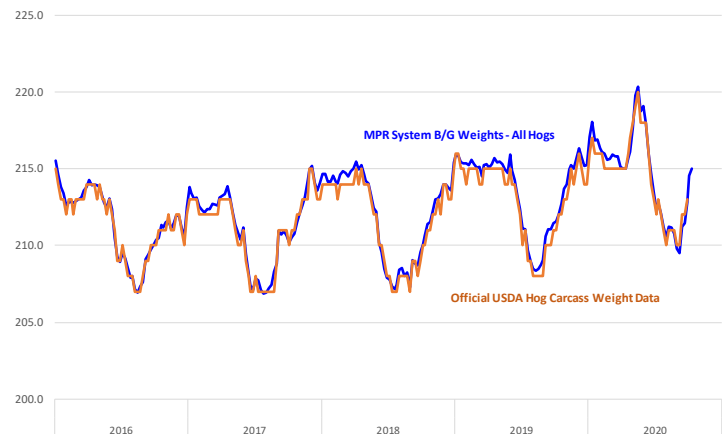
Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs

Based on Daily MPR Report, LM_HG201. Data through Oct 9, 2020. Analysis by Steiner Consulting



Comparison of Barrow/Gilt Weights from MPR Data and USDA-NASS Official Statistics

Data source: USDA-AMS and USDA-NASS. Analysis by Steiner Consulting



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