



Happy Thanksgiving

It is one of the interesting — and, to some, ironic — facts of history that Thanksgiving did not become an official holiday until October of 1863. Yes, the observance dates back to 1621 when Pilgrim settlers and their Native neighbors held a three-day feast to celebrate the settler's first successful harvest in their new home. And yes, the holiday was celebrated during the Revolutionary War and was "recommended" by President Washington in 1889 in a proclamation that set it for November 26th. That happened to be the fourth Thursday in November and a tradition was born. Sort of. But there was no official national Thanksgiving Day until October 3, 1963 when President Lincoln declared that it be celebrated on the fourth Thursday of November. In his proclamation, Lincoln listed a number of blessings that had been received by the nation in spite of the ongoing war. He cited freedom from aggression by other countries at that most vulnerable of times, productive farms ("ploughs"), mills ("shuttles" of weaving looms), ships, axes and mines, a growing population and an expectation of strength, vigor and "large increase of freedom" in years to come. That optimism, of course, belied the concerns of much of the country. Northerners did not yet realize that the tide had turned decisively the prior July when Union troops had held their ground on a ridge near a cemetery in the southern Pennsylvania hamlet of Gettysburg. They were tiring quickly of this war that was supposed to have been over in months. Southerners believed in their cause and hoped for the best of outcomes but had to be seeing the numerical advantage and industrial might of the North coming to bear more each day. Yet President Lincoln pointed the nation toward what he felt was a proper attitude of thankfulness when he wrote:

"No human counsel hath devised nor hath any mortal hand worked out these great things. They are the gracious gifts of the Most High God, who, while dealing with us in anger for our sins, hath nevertheless remembered mercy. It has seemed to me fit and proper that they should be solemnly, reverently and gratefully acknowledged as with one heart and voice by the whole American people."

All of us here at the Daily Livestock Report wish you and yours a happy and fulfilling day of fellowship and gratitude for your particular and, hopefully, generous "gracious gifts of the Most High God."

Hog futures have been quite volatile the last three months and that volatility was on display once again in the past week.

The nearby lean hog contract was priced at \$62.3/cwt on November 13. In the next six trading sessions, prices have been down an average of 2.5% in three sessions and they have been up an average of 1.7% in three other sessions. The December contract settled at \$62.025 on Monday only to decline 2.1% yesterday and close at \$60.7/cwt. All this volatility reflects the extreme uncertainty about available pork/hog supplies later this year and in 2018 as well as mixed signals with regard to pork demand going into the new year. On the supply side, the supply of pork coming to market has failed to match earlier expectations. The question is whether this is because there are not as many hogs on the ground or if packers have slowed down slaughter in response to worsening margins. We don't think this is an either/or, rather a combination of both. Hog slaughter since the first week of October has been on average 2.490 million head/week, 1.4% higher than a year ago. The USDA September 'Hogs and Pigs' report suggested that slaughter should have increased by around 3.5% during this period. The fact that slaughter failed to match the inventory numbers even in September likely suggests that the survey overstated the case a bit in terms of fall supplies. However, hog weights have been steadily increasing in

recent weeks. The average weight of barrows and gilts owned by producers currently is 3 pounds (+1.4%) higher than it was a year ago (see chart on page 2). The increase in weights is not that unusual, it follows the same pattern as in 2015 or 2012, for that matter. But this is an important factor to consider when looking at estimating pork production for November. So far USDA has provided actual production data only for the week ending November 4. We think production during week ending Nov 11 and Nov 18 may be about half a percent higher than what has been currently reported due to the heavier weights. And we expect production for this week and next week to be on average 1.5% higher than a year ago. If correct, this would imply pork production this month modestly higher than a year ago. Still, this is lower than what many expected back in September when the 'Hogs and Pigs' survey was released. The lower pork supplies have supported the pork cutout, which is currently hovering around \$80 to \$82/cwt. Low belly prices in October and early November have finally brought some demand for this product and prices have escalated. Hams, on the other hand, have seasonally declined but retail features for Christmas should support prices after Thanksgiving. The key factor to watch, in our opinion, is the ability of producers to get current in the next few weeks, the pace of export sales and retail feature prices.



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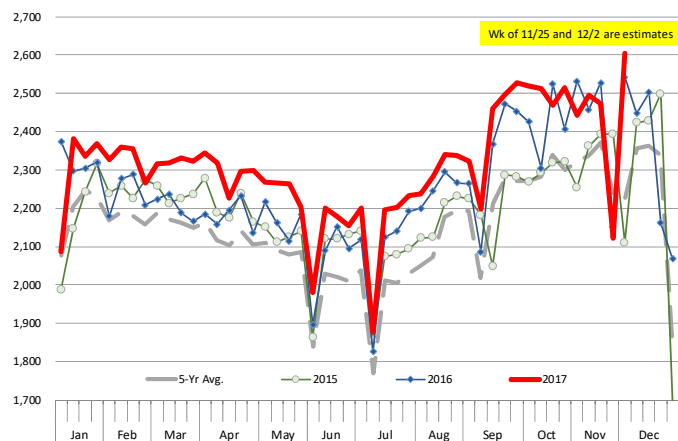
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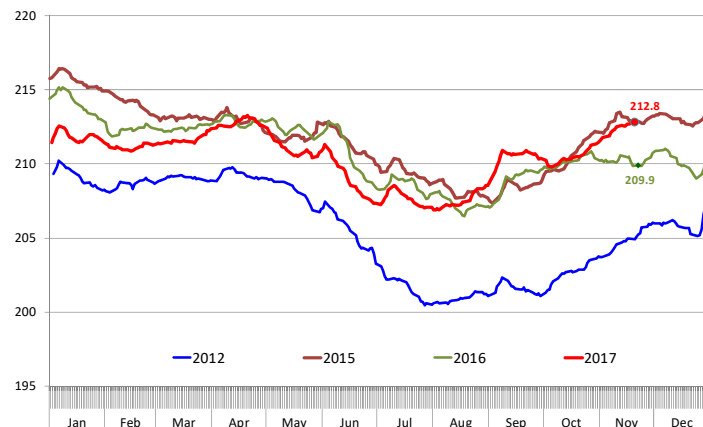
WEEKLY HOG SLAUGHTER, '000 HEAD

Source: USDA

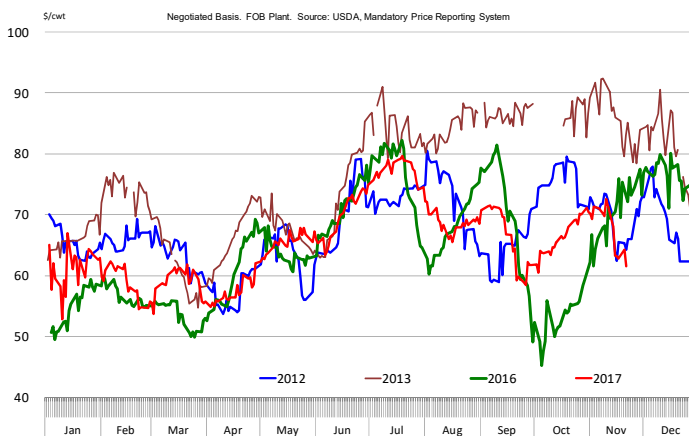


Barrow/Gilt Dressed Carcass Weights, 5-day Moving Avg. - Producer Hogs

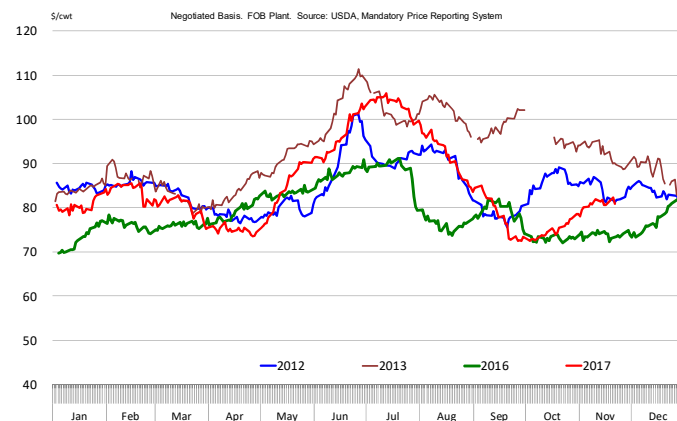
Based on Daily MPR Report, LM_HG201. Data through Nov 20, 2017



HAM PRIMAL VALUE



HOG CARCASS VALUE



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